MIND CURE HEALTH INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended May 31, 2022

The purpose of this Management's Discussion and Analysis ("MD&A") is to help the reader understand and assess the material changes and trends in Mind Cure Health Inc.'s ("MINDCURE" or the "Company") results and financial position. It presents management's perspective on the Company's current and past activities and financial results, as well as an outlook of planned activities.

This MD&A of the results of operations and financial position for the year ended May 31, 2022, has been prepared and includes financial and other information as of September 12, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2022 (the "Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS").

Caution on Forward-Looking Information

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking information") with respect to MINDCURE. Statements in this MD&A that are forward-looking information are based on currently available competitive, financial, and economic data and operating and other plans as of the date of this MD&A but subject to various risks and uncertainties concerning the specific factors disclosed herein. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", will", "projects", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions "may", "could", "would", "might", or "will" be taken, occur or delivered.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made. While MINDCURE considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of MINDCURE and there is no assurance they will prove to be correct.

Although MINDCURE has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking information, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended. To the extent any forward-looking information contains forecasts or financial outlooks, such information is being provided solely to enable a reader to assess MINDCURE's financial condition and its operational history. Readers are cautioned that this information may not be appropriate for any other purpose, including investment decisions. Such information, as with forward-looking information generally, is, without limitation, based on the assumptions and subject to the risks and other cautionary statements set out above. The actual results achieved will vary from the forecast or financial outlook results and the variations may be material. No representation or warranty of any kind is or can be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from, our projections or the assumptions underlying them. There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in this forward-looking information may differ materially from actual results or events. Because of the risks, uncertainties and assumptions contained herein, readers should not read forward-looking information as guarantees of future performance or results. Nothing in this MD&A is, or should be relied upon as, a promise or representation as to the future. All forward-looking information provided in this MD&A is qualified in its entirety by this cautionary statement, and MINDCURE disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law. Accordingly, readers should not place undue reliance on forward-looking information.

COMPANY OVERVIEW

Mind Cure Health Inc. was incorporated on March 6, 2020, pursuant to the *Business Corporations Act* (British Columbia). The Company's head office is located at 422 Richards Street, Suite 170, Vancouver, British Columbia V6B 2Z4, and its registered office is located at 2500 – 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3.

In August 2020, a wholly owned subsidiary, Mind Cure Health (US) Inc. was incorporated in the State of Nevada, U.S.

In September 2020, the Company closed an initial public offering ("**IPO**") of its common shares and trading of the Company's common shares commenced on September 21, 2020, on the Canadian Securities Exchange (the "**CSE**") under the ticker symbol "MCUR". Also in September 2020, the Company was accepted to list its common shares on the Frankfurt Stock Exchange under the trading symbol "6MH". In October 2020, the Company's common shares were listed in the U.S. on the OTCQB under the ticker symbol "MCURF". In February 2021, the Company's common share purchase warrants commenced trading on the CSE under the ticker symbol "MCUR.WT". In September 2021, the Company graduated from the OTCQB to the OTCQX.

BUSINESS OVERVIEW

MINDCURE was a life sciences company with a mission to identify, develop and commercialize products that enhance mental health and wellness. MINDCURE's business activities were primarily focused on developing digital therapeutics technology and researching psychedelic compounds to rapidly scale science-backed and evidence-based mental health therapy globally.

On February 10, 2022, the Company announced that its Board of Directors formed a special committee (the "**Special Committee**") of independent directors to initiate a review process to explore, review and evaluate a broad range of strategic alternatives with a strategic review process (the "**Strategic Review Process**"). The Strategic Review Process encompassed an evaluation of the Company's current strategic direction, operations, market valuation and capital structure and considered appropriate alternatives for the Company including: continuation as a standalone public company, strategic investor investment, acquisition by or a merger with an industry partner involving all or part of the business or assets and other strategic alternatives that were identified during the strategic review.

On March 16, 2022, the Company announced that the Special Committee concluded the initial phases of its Strategic Review Process. The Special Committee determined that the additional capital required to execute the Company's business plan was unlikely to be found under the current and foreseeable market conditions and that none of the strategic alternatives available to the Company necessitated ongoing developmental expenditures. Accordingly, upon the recommendation of the Special Committee, the Board made the decision to eliminate all expenditures outside those required to preserve the value of the Company's assets, including its public company status with Canadian securities regulators and cash and cash equivalents. Canaccord Genuity Corp. is acting as the Special Committee's financial advisor in connection with the Strategic Review Process.

The Company initiated a Company-wide workforce reduction, other than with respect to its Chief Financial Officer, Vice President of Engineering and certain administrative staff required to wind-down the Company's operations and for limited care and maintenance of the Company and its assets; and halted all non-committed expenditures related to the development and marketing work of its iSTRYM product, the research and development related to its synthetic ibogaine program, and the research and development related to its Desire Project. Mr. Philip Tapley, Chair of the Company's board of directors, assumed the role of the Company's interim CEO.

As of the date of this MD&A, the Company's remaining employees are the interim CEO and the CFO.

The Company's Board is continuing to consider and evaluate strategic alternatives for the Company.

SELECTED ANNUAL INFORMATION

The table below discloses selected financial information for the periods indicated.

	Year ended May 31, 2022 (audited)	**Year ended May 31, 2021** (audited)	**Period from incorporation (March 6, 2020) to May 31, 2020** (audited)
Revenue	Nil	nil	nil
Net Loss	($14,141,082)	($10,173,348)	($78,903)
Weighted average shares	93,854,522	57,312,612	5,021,035
Net loss per share (1)	($0.15)	($0.18)	($0.02)
Total assets	$8,990,697	$21,301,040	$786,489
Total liabilities	$1,888,914	$697,383	$36,564
Shareholders' equity	$7,101,783	$20,603,657	$749,925
Working capital	$7,100,608	$18,315,368	$638,096

(1) Basic and fully diluted net loss per share.

The increase in net loss for the year ended May 31, 2022 compared to the year ended May 31, 2021 was primarily due to: (i) the continued build out (until March 2022) of the Company's employee base and adding consultants to execute on the Company's strategy; (ii) an impairment charge related to iSTRYM; and, (iii) investment losses, offset by a decrease in: (i) investor relations and marketing costs; and, (ii) share-based payments.

Total assets, shareholders' equity and working capital as at May 31, 2022 decreased compared to May 31, 2021 due primarily to the net loss for the year.

SELECTED QUARTERLY INFORMATION

The table below discloses selected financial information for the periods indicated.

	Three months ended May 31, 2022 (unaudited)	Three months ended February 28, 2022 (unaudited)	Three months ended November 30, 2021 (unaudited)	Three months ended August 31, 2021 (unaudited)
Revenue	nil	nil	nil	nil
Net Loss	($5,215,780)	($3,118,981)	($2,965,486)	($2,840,835)
Weighted average shares	93,854,522	93,906,327	93,889,278	93,715,002
Net loss per share (1)	($0.05)	($0.03)	($0.03)	($0.03)
Total assets	$8,990,697	$14,761,141	$17,736,991	$19,397,516
Total liabilities	$1,888,914	$2,320,776	$2,348,931	$1,310,262
Shareholders' equity	$7,101,783	$12,440,365	$15,388,060	$18,087,254
Working capital	$7,100,608	$8,791,317	$11,588,384	$15,063,856

	Three months ended May 31, 2021 (unaudited)	Three months ended February 28, 2021 (unaudited)	Three months ended November 30, 2020 (unaudited)	Three months ended August 31, 2020 (unaudited)
Revenue	nil	nil	nil	nil
Net Loss	($4,317,150)	($3,232,215)	($2,300,371)	($323,612)
Weighted average shares	93,181,174	61,542,696	31,203,114	30,270,000
Net loss per share (1)	($0.05)	($0.05)	($0.07)	($0.01)
Total assets	$21,301,040	$24,724,398	$5,805,290	$738,262
Total liabilities	$697,383	$647,802	$528,273	$158,773
Shareholders' equity	$20,603,657	$24,076,596	$5,277,017	$579,489
Working capital	$18,315,368	$23,416,123	$5,156,036	$467,660

(1) Basic and fully diluted net loss per share.

FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED MAY 31, 2022

Revenue for three and twelve months ended May 31, 2022

As the Company is in an early stage phase, there were no revenues to report for the three and twelve months ended May 31, 2022.

Operating Expenses for the three months ended May 31, 2022

For the three months ended May 31, 2022, the Company incurred a loss and comprehensive loss of $5,215,780 compared to a loss and comprehensive loss of $4,317,150 for the three months ended May 31, 2021. The loss for the three months ended May 31, 2022 was higher primarily due to: (i) increased expenses to build out (until March 2022) the Company's employee base and the addition of consultants to execute on the Company's strategy; (ii) losses on the investments in Awakn Life Sciences Inc. ("AWKN") and ATMA Journey Centers Inc. ("ATMA"); and (iii) an impairment charge related to iSTRYM, offset by lower investor relations and marketing expenditures.

Expenses for the three months ended May 31, 2022 included: consulting fees and employee payroll of $728,586 paid to various third party consultants and employees for product development, business and financing strategies and administration (quarter ended May 31, 2021 $690,445); director and management fees of $697,364 (quarter ended May 31, 2021 $143,073) paid to directors, officers and management consultants; investor relations and marketing expenditures of $57,359 in order to create awareness of the

Company's business strategies (quarter ended May 31, 2021 $2,761,180); advertising and promotion expenses of $12,668 related to sponsorships and product promotion (quarter ended May 31, 2021 $135,050); professional fees of $337,635 consisting primarily of legal fees incurred for general corporate matters, trademark applications, contract negotiations with consultants and employees and fees related to the Strategic Review Process (quarter ended May 31, 2021 $188,404); transfer agent and filing fees of $20,293 for ongoing monthly listing and filing fees (quarter ended May 31, 2021 $11,610); losses on the investments in AWKN and ATMA of $902,853 (quarter ended May 31, 2021 $nil); and an impairment charge related to iSTRYM of $2,541,303 (quarter ended May 31, 2021 $nil).

Operating Expenses for the twelve months ended May 31, 2022

For the twelve months ended May 31, 2022, the Company incurred a loss and comprehensive loss of $14,141,082, compared to a loss and comprehensive loss of $10,173,348 for the twelve months ended May 31, 2021. The increased loss for the twelve months ended May 31, 2022 was primarily due to: (i) increased expenses to build out (until March 2022) the Company's employee base and the addition of consultants to execute on the Company's strategy; (ii) an impairment charge related to iSTRYM and, (iii) a loss on the investments in AWKN and ATMA; offset by: (i) lower share-based payments; and, (ii) lower investor relations and marketing expenses.

Expenses during the twelve months ended May 31, 2022 included: consulting fees and employee payroll of $3,609,448 paid to various third party consultants and employees for product development, business and financing strategies and administration (year ended May 31, 2021 $1,831,600); director and management fees of $2,280,190 (year ended May 31, 2021 $691,651) paid to directors, officers and management consultants; investor relations and marketing expenditures of $1,187,585 were incurred to create awareness of the Company's business strategies (year ended May 31, 2021 $4,226,904); advertising and promotion expenses of $262,690 related to sponsorships and product promotion (year ended May 31, 2021 $204,549); professional fees of $726,789 consisting primarily of legal fees for general corporate matters, trademark applications, contract negotiations with consultants and employees (year ended May 31, 2021 $746,270); transfer agent, listing and filing fees of $113,133 for ongoing monthly listing and filing fees (year ended February 28, 2021 $115,742); stock-based compensation of $562,229 representing the non-cash value as measured by the Black-Scholes option pricing model to reflect the fair value of stock options granted to certain directors, officers and consultants under the Company's equity incentive plan (year ended May 31, 2021 $2,316,218); write down of inventory of $182,435 (year ended May 31, 2021 $nil); business development expenses of $399,482 including a market assessment report (year ended May 31, 2021 $112,768), losses on the investments in AWKN and ATMA of $1,496,436 (year ended May 31, 2021 gain of $387,500); and an impairment charge related to iSTRYM of $2,541,303 (year ended May 31, 2021 $nil).

LIQUIDITY AND CAPITAL RESOURCES

The Company does not currently generate cash from operations. To date, the Company has funded its operations from the sale of equity securities.

As at May 31, 2022, the Company had cash and cash equivalents of $8,711,172 and working capital of $7,100,608, sufficient to cover a minimum of one year's expected financial obligations.

Cash used in operating activities during the year ended May 31, 2022, was $9,208,601. The significant uses in cash were for employee payroll, consulting fees, investor relations, marketing and professional fees.

Cash used in investing activities during the year ended May 31, 2022, was $382,681 primarily for iSTRYM development expenses offset by net proceeds for the sale of AWKN shares.

Cash from financing activities during the year ended May 31, 2022 was $21,111 which was proceeds from the exercise of warrants and stock options.

The Company will continue to use its existing capital resources for care and maintenance of the Company while the Board considers and evaluates strategic alternatives for the Company.

Financing Activities

On June 7, 2021, the Company issued 28,620 common shares of the Company, at a deemed price of $0.38 per share, to an independent consultant. The shares were subject to a hold period of four months and a day from the date of issuance.

On July 5, 2021, the Company issued 24,686 common shares of the Company, at a deemed price of $0.45 per share, to an independent consultant. The shares were subject to a hold period of four months and a day from the date of issuance.

On August 5, 2021, the Company issued 40,185 common shares for warrants exercised at $0.25 per common share.

On September 1, 2021, the Company issued 55,325 common shares for stock options exercised at $0.20 per common share.

On September 3, 2021, the Company issued 59,296 common shares of the Company at a price of $0.38 per share to an independent consultant. The shares were subject to a hold period of four months and a day from the date of issuance.

On October 6, 2021, the Company issued 36,618 common shares of the Company at a price of $0.31 per share to an independent consultant. The shares were subject to a hold period of four months and a day from the date of issuance.

Contractual Obligations

As at the date of this MD&A, the Company had no contractual obligations requiring payments in the next five years or thereafter.

Capital Expenditures

As of the date of this MD&A, the Company had no obligations related to capital expenditures.

FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and with financial service firms. The majority of cash is deposited in bank accounts held with a major bank in Canada and a full-service financial services firm. As most of the Company's cash and cash equivalents is held by one bank and one financial services firm, there is a concentration of credit risk. This risk is managed by using a Canadian chartered bank. Credit risk related to cash and cash equivalents is assessed as low.

The Company is exposed to credit risk related to its accounts receivable, as these receivables are based on refundable tax credits owed to the Company by the Canadian government, which are at risk of being denied. The credit risk to the accounts receivable is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As of May 31, 2022, the Company had working capital of $7,100,608, sufficient to cover a minimum of one year's expected financial obligations. On March 16, 2022, the Company eliminated all reoccurring expenditures outside those required to preserve the value of the Company's assets, including its public company status with Canadian securities regulators and cash and cash equivalents. Liquidity risk is assessed as low.

Foreign exchange risk

The Company is exposed to currency risk to the extent that monetary operational expenses are denominated in both CAD and USD while functional currency of CAD in used for reporting. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company had the following balances in monetary assets and monetary liabilities which are subject to fluctuation against CAD:

		Denominated in: US$
Cash	$	6,624
Accounts payable and accrued liabilities		(1,248,865)
Total net US$	$	(1,242,241)
Foreign currency rate		1.2648
Equivalent to Canadian dollars	**$**	**(1,571,186)**

Based on the above net exposures as at May 31, 2022, and assuming that all other variables remain constant, a 10% change of the USD against the CAD would impact net loss by approximately by $157,119 (2021 – $47,527).

Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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. As at May 31, 2022, the Company did not have any financial instruments subject to interest rate risk.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence. The capital structure of the Company consists of equity, cash and near cash investments. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets and liabilities measured at fair value using level inputs as at May 31, 2022:

	As at May 31, 2022		
	Level 1	**Level 2**	**Level 3**
Financial Assets			
Cash	$ 662,228	$ -	$ -
Cash equivalents	8,048,944	-	-
Financial Liabilities			
Accounts payable and accrued liabilities	1,888,914	-	-

Accounts receivable, accounts payable and accrued liabilities approximates their fair value due to the short-term maturity.

In determining the value of Level 3 investments, the Company considers general market trends, conditions, and transactions, to value the Company's Level 3 investments. The Company used a market approach.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The following table sets out a breakdown of all material components of certain costs of the Company for the year ended May 31, 2022.

Item	**For the year ended May 31, 2022**
Consulting fees and employee payroll	3,609,448
Filing fees	113,133
Director and management fees	2,280,190
Professional fees	726,789
Share-based compensation	562,229
Research expenses	48,253

In addition, the Company's development costs for the year ended May 31, 2022 for iSTRYM were $1,992,567.

The following table provides a review of the variances between the use of proceeds, estimated versus actual, for the funds raised in the IPO on September 17, 2020, the private placement on November 19, 2020 and the bought deal on February 10, 2021. The periods included in the actual use of proceeds are from June 1, 2020 to May 31, 2022. See footnotes for additional comments.

	Estimated Use of Proceeds [1]					
	IPO Sep 2020 [2] [3]	Private Placement Nov 2020 [4]	Bought Deal Feb 2021 [5] [6]	Combined Estimated Use of Proceeds	Actual use of Proceeds [7]	
Costs associated with financings	$105,489	$50,000	$575,000	$730,489	$986,134	(8)
General and administrative expenses	$640,800	$810,000	$3,300,000	$4,750,800	$7,405,747	(9)
Costs associated with achieving business objectives	$2,021,000	$0	$750,000	$2,771,000	$1,487,875	(10)
Research & Development	$0	$1,500,000	$7,850,000	$9,350,000	$1,994,777	(11)
Technological offerings and capabilities	$0	$0	$5,600,000	$5,600,000	$4,892,219	(12)
Investor relations and marketing	$238,800	$1,000,000	$3,100,000	$4,338,800	$5,845,516	(13)
Unallocated working capital	$318,805	$240,000	$320,432	$879,237		
	$3,324,894	$3,600,000	$21,495,432	$28,420,326	$22,612,270	

Footnotes

(1) Estimated use of proceeds are net of agent and finance fees, when applicable.

(2) Estimated use of IPO proceeds includes cash on hand of $574,094 plus the exercise of the Agent's 15% overallotment option increasing the total available funds to $3,324,894.

(3) Estimated use of proceeds are for a 12-month period - September 2020 to August 2021.

(4) Estimated use of proceeds are for a 12-month period - November 2020 to October 2021.

(5) Estimated use of Bought Deal proceeds reflects the exercise of the Agent's 15% overallotment option increasing the total available funds to $21,495,432

(6) Estimated use of proceeds are for a 12-month period - February 2021 to March 2022.

(7) Actual use of proceeds are actual costs from June 1, 2021 to May 31, 2022.

(8) Negative variance is due to higher than expected legal costs and expenses related to the IPO and Bought Deal.

(9) Variance reflects increased costs related to staffing and operational expenses and severance payouts in March 2022

(10) $2,771,000 was originally intended to be used for development and distribution of the Company's nootropic product portfolio (which has been discontinued). As at May 31, 2022, approximately $0.5 million was used for the nootropic product portfolio, $0.5 million was used for the AWAKN investment and approximately $0.4 million was used for various strategic initiatives.

(11) Variance reflects research and development expenditures that had yet to be scheduled, however effective March 16, 2022, all R&D activity was terminated.

(12) Variance reflects estimated costs to complete the development of technology offerings and capabilities, however, effective March 16, 2022, all development activity was terminated.

(13) Variance reflects the Company investing greater resources into building awareness of the Company, its business objectives and product awareness.

ADDITIONAL DISCLOSURES

Off-Balance Sheet Arrangements

No off-balance sheet arrangements were made in this reporting period.

Related Party Transactions

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 corporate officers. During the year ended May 31, 2022, the following transactions with related parties are summarized as follows:

		For the year ended May 31, 2022	For the year ended May 31, 2021
Management, officer and director remuneration	$	2,280,190	691,651
Professional fees		-	139,328
Share-based payments		388,790	1,329,254
	$	**2,668,980**	**2,160,233**

Included in the accounts payable and accrued liabilities as at May 31, 2022, is a total amount due to related parties of $44,847 (2021: $22,889).

Share-based payment for directors represent the costs of directors' grants under the Company's equity incentive plan and are recognized within share-based payments.

Significant Accounting Policies including Initial Adoption

Critical Accounting Estimates, Judgments and Assumptions

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting judgements:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operations, meet its liabilities for the ensuing year as they fall due, involves judgment based on historical experience and other factors including the expectation of future events that are believed to be reasonable under the circumstances. Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Critical accounting estimates:

Intangible assets

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

Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

All inventories are periodically reviewed for impairment due to slow-moving and obsolete inventory. The provisions for obsolete, slow-moving or defective inventories are recognized in profit or loss. Previous write-downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

Foreign Currency

In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates," management determined the functional currency of the Company based on the currency of the primary economic environment in which the Company operates. These financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company and its subsidiaries.

Foreign currency transactions are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the period end rate of exchange. Foreign exchange gains and losses resulting from such translations are recognized in profit or loss.

Research and development expenditure

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

Share-based payments

The cost of equity-settled transactions with employees are measured at the fair value of the equity instruments granted in exchange for the rendering of services on the grant date. The fair value is determined based on market prices if available, taking into account terms and conditions upon which the equity instruments are granted. If market prices are not available, an acceptable option pricing model is used to determine fair value.

As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments. In cases where the fair value of the goods or services received as consideration for equity instruments cannot be reliably measured, they are measured by reference to the fair value of the equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss, together with a corresponding increase in equity, during the period in which the performance and/or service conditions are satisfied, ending on the date on which the relevant party become fully entitled to the award (the "vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or income recognized in profit or loss represents the change between the cumulative expense recognized at the end of the reporting period and the cumulative expense recognized at the end of the previous reporting period.

Where vesting is conditional upon a market condition, an expense is recognized over the vesting period irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied.

The fair value of stock options is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Warrants

The Company follows the relative fair value method with respect to the measurement of Common Shares and warrants issued as units. The proceeds from the issuance of units are allocated between share capital and warrants. The warrant component is recorded in equity reserve. Unit proceeds are allocated to Common Shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing. If and when the warrants are exercised, consideration paid by the warrant holder, together with the amount previously recognized in warrant reserve, is recorded as an increase to share capital.

Deferred tax assets and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

Valuation of Investments

The Company recognizes its investments at fair value. The basis in determining fair value is market prices from independent sources, if available. If there is no market price, then the fair value is determined using level 3 inputs which involve considerable estimates as the inputs used to value these financial instruments are based on unobservable market data. These level 3 inputs may include assessing the discounted cash flows of the investee, determining the net book value of the investee in comparison to the Company's cost of investment and reviewing the price-per-share of recently completed financings of the investee.

New accounting standards and interpretations not yet adopted

The Company's significant accounting policies are set out in note 3 of the Financial Statements. This MD&A should be read in conjunction with the Financial Statements. Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Outstanding Share Data

The Company's shares are listed on the CSE under MCUR and as at September 12, 2022, the outstanding share data was as follows:

- Authorized share capital – unlimited common shares, with no par value.
- 93,906,327 common shares issued and outstanding (May 31, 2022 – 93,906,327)
- 5,200,000 incentive stock options outstanding (May 31, 2022 – 8,566,250)
- 29,689,583 warrants outstanding (May 31, 2022 – 29,689,583)

The following table summarizes the issuance, exercise, and expiry of options for the year ended May 31, 2022 and until the date of this MD&A. The weighted-average remaining life of all outstanding options as at May 31, 2022 was 2.76 years. The weighted-average remaining life of all outstanding options as at the date of this MD&A is 1.94 years.

	Number of options	Weighted average exercise price
Balance, May 31, 2020	-	$ -
Granted	10,745,000	0.41
Exercised	(255,000)	0.29
Forfeited	(25,000)	0.71
Expired	(250,000)	0.20
Balance, May 31, 2021	**10,215,000**	**0.41**
Granted	1,495,000	0.28
Exercised	(55,325)	0.20
Forfeited	(2,056,250)	0.36
Expired	(1,032,175)	0.48
Balance, May 31, 2022	**8,566,250**	**0.39**
Expired	(3,366,250)	**0.44**
Balance, September 12, 2022	**5,200,000**	**$ 0.36**

The following table summarizes the issuance and exercise of warrants for the year ended May 31, 2022 and until the date of this MD&A. The weighted-average remaining life of all outstanding warrants as at May 31, 2022 was 2.78 years. The weighted-average remaining life of all outstanding warrants as at the date of this MD&A is 2.49 years.

	Number of Warrants	Weighted average exercise price
Balance, May 31, 2020	-	$ -
Issued	30,413,091	0.71
Exercised	(683,323)	0.25
Balance, May 31, 2021	**29,729,768**	**0.72**
Exercised	(40,185)	0.25
Balance, May 31, 2022	**29,689,583**	**$ 0.72**
Balance, September 12, 2022	**29,689,583**	**$ 0.72**

The following table summarizes the issuance of deferred share units ("DSUs") for the year ended May 31, 2022 and until the date of this MD&A.

	Number of DSUs	Weighted average price
DSUs outstanding at May 31, 2021	-	$ -
DSUs granted	1,601,376	$ 0.15
DSUs outstanding at May 31, 2022	1,601,376	$ 0.15
DSUs granted	1,026,778	0.07
DSUs outstanding at September 12, 2022	2,628,154	$ 0.12

Risk Factors

There are a number of risk and uncertainties that could impact the Company's ability to successfully execute its key strategies and may materially affect future events, performance or results, including without limitation the following risk factors discussed in greater detail below. The occurrence of any of such risks, or other risks not presently known to the Company or that the Company currently believes are immaterial, could materially and adversely affect the Company's business or operations, investments, prospects, cash flows, results of operations or financial condition.

Negative Operating Cash Flow

The Company currently has a negative operating cash flow and may continue to have that for the foreseeable future. To date, the Company has not generated any revenues. The Company's ability to generate revenues and potential to become profitable will depend largely on being able to identify, evaluate and complete a transaction whereby the Company acquires assets, by way of purchase, amalgamation, merger or arrangement with another company or by other means ("Transaction"). 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, it cannot predict the level of such profitability.

Dilution

A Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to shareholders, which dilution may be significant and which may also result in a change of control of the Corporation.

The Common Shares involve a certain degree of risk. Any person currently holding or considering the purchase of Common Shares or any other securities of the Company that may be offered or that are issued and outstanding from time to time, should be aware of these factors and should consult with his or her legal, tax and financial advisors prior to making an investment in the Common Shares or any other securities of the Company that may be offered or that are issued and outstanding from time to time. The Common Shares and any other securities of the Company that may be offered or that are issued and outstanding from time to time should only be purchased by persons who can afford to lose all of their investment.

Legal Proceedings

There are no legal proceedings, current or pending, to which the Company is a party or to which any of its assets are subject.

Appointment of Auditor

Davidson & Co LLP, Vancouver, BC, Canada was re-appointed as the Company's auditor on September 7, 2021.

Disclosure Controls and Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Financial Statements and (ii) the Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Interim Filings ("**NI 52-109**"), the certificate required for venture issuers (as such term is defined in NI 52-109) does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with the Company's IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate required pursuant to NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Approval and Further Information

The Board of Directors of the Company has approved the disclosure contained in this MD&A. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.