UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number: 001-41616

Lucy Scientific Discovery Inc.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	Not Applicable
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

301-1321 Blanshard Street
Victoria, British Columbia, Canada V8W 0B6
(Address of Principal Executive Offices)

(778) 410-5195
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading symbol	Name of Exchange on which registered
Common Shares, no par value	LSDI	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 13, 2023, there were 17,646,296 common shares of the registrant issued and outstanding.

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Cautionary Note on Forward-Looking Statements

This Quarterly Report on Form 10-Q, or Quarterly Report, contains forward-looking statements concerning our business, operations and financial performance, as well as our plans, objectives and expectations for our business operations and financial performance and condition. All statements other than statements of historical or current facts contained in this Quarterly Report, including statements regarding our future results of operations and financial positions, business strategy, product candidates, planned preclinical studies and clinical trials, results of clinical trials, research and development costs, regulatory approvals, commercial strategy, timing and likelihood of success, as well as plans and objectives of management for future operations, are forward-looking statements. These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other important factors that are in some cases beyond our control, and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "is expected to," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. Forward-looking statements contained in this Quarterly Report, but are not limited to, statements about:

- our ability to generate commercially viable products through our research, development and cultivation efforts;
- our ability to establish and market our planned contract research services;
- regulatory developments in Canada, the United States and other countries and changes in the current regulatory regime applicable to psychotropics;
- estimates of our addressable market, future revenue, expenses, capital requirements and our needs for additional financing;
- our ability to obtain funding for our operations, including funding necessary to complete the expansion of our operations and development of our products and product candidates;
- the expected uses of the net proceeds from our initial public offering, or IPO;
- the implementation of our business model and strategic plans for our products, technologies and businesses;
- our expectations regarding our ability to establish and maintain intellectual property protection for our products and technologies and our ability to operate our business without infringing on the intellectual property rights of others;
- our expectations regarding the completion of our facility and our manufacturing capabilities;
- companies and technologies in our industry with which we may compete;
- our ability to attract and retain key scientific and engineering personnel;
- our expectations regarding the period during which we qualify as an emerging growth company under the JOBS Act;
- business disruptions affecting our operations due to the global COVID-19 pandemic;
- our expectations regarding market trends; and
- other risks and uncertainties, including those listed under the caption "Risk Factors."

We have based these forward-looking statements largely on our current expectations, estimates, forecasts and projections about our business, the industry in which we operate and financial trends that we believe may affect our business, financial condition, results of operations and prospects, and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of risks, uncertainties and assumptions described in the section titled "Risk Factors" and elsewhere in this Quarterly Report. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur at all, and our actual results may differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein until after we distribute this Quarterly Report, whether as a result of any new information, future events or otherwise.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

LUCY SCIENTIFIC DISCOVERY INC.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Expressed in US Dollars, except share amounts)
(unaudited)

	September 30, 2023	June 30, 2023
	$	$
ASSETS		
Current assets		
Cash	**237,614**	1,673,874
Prepaid expenses, current	**1,213,503**	1,219,180
Accounts receivable	**—**	7,048
Other assets – GST receivable	**10,062**	62,649
Other receivable	**—**	336,706
Deferred financing costs	**128,052**	523,041
Total current assets	**1,589,231**	3,822,498
Non-current assets		
Property, plant, and equipment	**667,539**	764,650
Prepaid expenses, noncurrent	**1,549,782**	1,663,333
Right of use asset	**976,177**	1,025,033
Intangible assets	**1,464,901**	1,484,250
Long-term deposits	**18,491**	18,882
TOTAL ASSETS	**6,266,121**	8,778,646
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**1,198,625**	1,291,063
Due to related parties	**628,063**	1,019,894
Notes payable	**59,172**	60,423
Lease liability, current	**339,974**	338,819
Total current liabilities	**2,225,834**	2,710,199
Non-current liabilities		
Lease liability, noncurrent	**1,338,420**	1,389,558
TOTAL LIABILITIES	**3,564,254**	4,099,757
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, no par value; unlimited shares authorized; 17,646,296 and 17,462,963 shares issued and outstanding as at September 30, 2023 and June 30, 2023, respectively	**49,032,701**	48,934,278
Accumulated deficit	**(46,413,848)**	(44,415,798)
Accumulated other comprehensive income	**83,014**	160,409
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	**2,701,867**	4,678,889
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	**6,266,121**	8,778,646

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

LUCY SCIENTIFIC DISCOVERY INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the three months ended September 30, 2023 and 2022
(Expressed in US Dollars, except share numbers)
(unaudited)

	2023	2022
	$	$
Operating expenses		
Selling, general and administrative expense	**1,510,346**	828,559
Impairment loss	**97,111**	—
Total operating expenses	**1,607,457**	828,559
Operating loss	**1,607,457**	828,559
Non-operating expense (income)		
Interest expense	**390,604**	543,221
Other income	**(11)**	(39)
Total non-operating expense (income)	**390,593**	543,182
Income tax expense	**—**	—
Net loss	**(1,998,050)**	(1,371,741)
Foreign exchange translation adjustment, net of tax of $nil	**(77,395)**	400,780
Comprehensive loss	**(2,075,445)**	(970,961)
Net loss per common share		
Basic and diluted	**(0.11)**	(0.13)
Weighted average number of common shares outstanding		
Basic and diluted	**17,581,305**	10,443,560

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

LUCY SCIENTIFIC DISCOVERY INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF STOCKHOLDERS DEFICIT
(Expressed in US Dollars, except share numbers)
(unaudited)

	Common shares			Accumulated Other	Total
	Number of shares	Paid-in capital	Accumulated deficit	Comprehensive income (loss)	Equity (deficit)
		$	$	$	$
Balance, June 30, 2022	10,443,560	30,790,410	(35,427,342)	(141,018)	(4,777,950)
Foreign exchange translation adjustment, net of tax of $nil	—	—	—	400,780	400,780
Net loss	—	—	(1,371,741)	—	(1,371,741)
Balance, September 30, 2022	**10,443,560**	**30,790,410**	**(36,799,083)**	**259,762**	**(5,748,911)**
Balance, June 30, 2023	17,462,963	48,934,278	(44,415,798)	160,409	4,678,889
Shares issued for settlement of due to related parties	100,000	98,000	—	—	98,000
Shares issued for consulting agreement	187,500	177,188	—	—	177,188
Shares cancelled for donation cancellation agreement	(104,167)	(257,032)	—	—	(257,032)
Warrants issued for consulting agreement	—	80,267	—	—	80,267
Foreign exchange translation adjustment, net of tax of $nil	—	—	—	(77,395)	(77,395)
Net loss	—	—	(1,998,050)	—	(1,998,050)
Balance, September 30, 2023	**17,646,296**	**49,032,701**	**(46,413,848)**	**83,014**	**2,701,867**

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

LUCY SCIENTIFIC DISCOVERY INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended September 30, 2023
(Expressed in US Dollars)
(unaudited)

	2023	2022
	$	$
Operating activities		
Net loss	**(1,998,050)**	(1,371,741)
Items not involving cash:		
Amortization expense	**47,195**	19,072
Interest expense	**387,192**	536,790
Impairment loss	**97,111**	—
Amortization of debt discount	—	2,842
Shares issued for services	—	43,688
Shares issued for consulting agreement	**177,188**	—
Share cancelled for donation cancellation agreement	**(257,032)**	—
Shares to be issued for consulting agreement	**18,000**	—
Warrants issued for consulting agreement	**80,267**	—
Unrealized foreign exchange transaction adjustment	—	255,915
Changes in non-cash working capital:		
Prepaid expenses	**60,192**	(11,189)
Accounts receivable	**7,048**	—
Other assets – GST receivable	**51,695**	1,691
Other receivable	**332,339**	—
Accounts payable and accrued liabilities	**96,340**	184,722
Lease liability	**(14,299)**	(70,240)
Due to related parties	**(373,639)**	161,921
Net cash flows used in operating activities	**(1,288,453)**	(246,529)
Investing activities		
Sale of digital assets	—	34,106
Purchase of intangible assets	**(123,000)**	—
Net cash (used in) provided by investing activities	**(123,000)**	34,106
Financing activities		
Net proceeds from Convertible Notes	—	200,000
Deferred share issuance costs	—	(25,352)
Net cash flows provided by financing activities	—	174,648
Effect of foreign exchange on cash	**(24,807)**	794
Decrease in cash	**(1,436,260)**	(36,981)
Cash, beginning of period	**1,673,874**	53,379
Cash, end of period	**237,614**	16,398
Supplemental disclosures of cash flow information:		
Interest paid in cash	**3,412**	—
Income taxes paid in cash	—	—
Non-Cash activities for financing activities:		
Shares issued for settlement of due to related parties	**98,000**	—
Renewal of lease	—	1,144,349
Deferred offering costs accrued but unpaid	—	8,407

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

LUCY SCIENTIFIC DISCOVERY INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(unaudited)

NOTE 1 — NATURE OF THE ORGANIZATION AND BUSINESS

Lucy Scientific Discovery Inc. (“we,” “our,” “us,” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 17, 2017. The Company previously specialized in developing supply chain products, services, and distribution channels for the cannabis industry in the areas of cannabis production, cannabis extracts, edibles and other pharmaceutical grade products. The Company changed its name from Hollyweed North Cannabis Inc. to Lucy Scientific Discovery Inc. and, under a new business model, is engaged in the research, manufacturing and commercialization of psychedelic products. The Company’s registered office is Suite 301 — 1321 Blanshard Street, Victoria, British Columbia, Canada.

Subsidiaries that are active and wholly-owned by the Company to facilitate its business activities include:

- TerraCube International Inc. — On October 4, 2017, the Company acquired control of TerraCube International Inc. (“TerraCube”), formerly Crop2Scale International Inc. which was incorporated under the Business Corporations Act of British Columbia. TerraCube innovates, develops and produces highly controlled agricultural grow environments for plant manufacturing and replication.

- LSDI Manufacturing Inc. — On June 29, 2017, the Company incorporated LSDI Manufacturing Inc. (“LMI”), under the Business Corporations Act of British Columbia for the purposes of cannabis extraction and manufacturing of adult-use and pharmaceutical products. LMI held a Health Canada Processor’s License under the Cannabis Act but has never engaged in plant-touching activities up to the date the Board of Directors approved these consolidated financial statements. On August 10, 2021, the Health Canada Standard Processor’s License was voluntarily withdrawn by LMI with the revocation effective September 3, 2021. In August 2021, Health Canada’s Office of Controlled Substances granted us a Controlled Drugs and Substances Dealer’s Licence under Part J of the Food and Drug Regulations promulgated under the Food and Drugs Act (Canada), or a Dealer’s Licence. The Dealer’s Licence authorizes us to develop and produce (through cultivation, extraction or synthesis) certain restricted substances. The Company intends to develop and produce these restricted substances as pharmaceutical-grade active pharmaceutical ingredients and their raw material.

- LSDI Retail Inc. — On June 5, 2023, the Company incorporated LSDI Retail Inc. under the laws of the state of Delaware for the purpose of the sale of the Company’s products through online distribution platform.

- Lucy Therapeutic Discoveries Inc. — On June 15, 2023, the Company incorporated LSDI Therapeutics Inc. under the laws of the state of Delaware to facilitate the acquisition of intellectual property from Wesana Health Holdings Inc. (“Wesana”) on June 30, 2023, as further described in Note 7.

- Lucy Scientific Discovery USA Inc. — On November 17, 2022, the Company incorporated Lucy Scientific Discovery USA Inc. under the laws of the state of Delaware for the purpose of entering into employment agreements with key executive officers of the Company.

Impact of COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, and led to an economic downturn. To date, COVID-19 has not had any material impact on the Company’s operations; however, it is possible that estimates in these unaudited condensed consolidated interim financial statements may change in the near term as a result of COVID-19 variants.

Going Concern

The Company has incurred net losses in recent periods and has accumulated a deficit of $46,413,848 as of September 30, 2023. The Company has funded operations in the past primarily by the sale and issuance of our common shares, from the issuance of convertible and non-convertible promissory notes, and our initial public offering ("IPO"). We will continue to be dependent upon equity and debt financings or collaborations or other forms of capital at least until we are able to generate positive cash flows from product sales, if ever.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, its ability to identify future investment opportunities, to obtain the necessary debt or equity financing, generating profitable operations from the Company's future operations or the success of an initial public offering. These factors raise substantial doubt regarding the Company's ability to continue as a going concern during the next twelve months. These unaudited condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated interim balance sheet as of June 30, 2023, which has been derived from audited consolidated financial statements, and the unaudited condensed consolidated interim financial statements as of and for the three months ended September 30, 2023 and 2022, have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") regarding interim financial reporting and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and footnote disclosures in these unaudited condensed consolidated interim financial statements, normally included in financial statements prepared in accordance with U.S. GAAP, have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the unaudited condensed consolidated interim financial statements reflect all adjustments necessary for a fair statement of the Company's financial position at September 30, 2023, the Company's operating results for the three months ended September 30, 2023 and 2022, and the Company's cash flows for the three months ended September 30, 2023 and 2022. The unaudited condensed consolidated interim financial statements and notes should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended June 30, 2023. The unaudited condensed consolidated interim financial statements include the accounts of the Company and our subsidiaries in which we have controlling financial interest. All inter-company balances and transactions among the companies have been eliminated upon consolidation.

Use of Estimates

The preparation of the unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenue, and expenses as well as the related disclosures. The Company must often make estimates about effects of matters that are inherently uncertain and will likely change in subsequent periods. Actual results could differ materially from those estimates.

Functional and Presentation Currency

The Company's reporting currency is the United States Dollar ("USD"). The Company's functional currency is the local currency, Canadian Dollar ("CAD"). Assets and liabilities of these operations are translated into USD at the end-of-period exchange rates; income and expenses are translated using the average exchange rates for the reporting period. Resulting cumulative translation adjustments are recorded as a component of stockholder's equity (deficit) in the unaudited condensed consolidated interim balance sheet in accumulated other comprehensive income (loss).

Significant Accounting Policies

The Company's significant accounting policies are disclosed in the audited consolidated financial statements for the years ended June 30, 2023 and 2022, which are contained in the Company's Form 10-K for the year ended June 30, 2023. The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in note 2 to the annual audited consolidated financial statements except as noted below:

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that the Company adopts as of the specified effective date. The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) no longer an emerging growth company or (ii) has affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, these unaudited condensed consolidated interim financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

NOTE 3 — PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits consist of the following:

	September 30, 2023	June 30, 2023
	$	$
Advertising [(a)]	**2,187,500**	2,187,500
Consulting [(b)]	**469,494**	585,279
Insurance	**53,739**	65,140
Other	**52,552**	44,594
Total	**2,763,285**	2,882,513
Current portion	**1,213,503**	1,219,180
Non-current portion	**1,549,782**	1,663,333

(a) On January 16, 2023, the Company entered into a strategic investment agreement with Hightimes Holding Corp., ("Hightimes"), 1252240 BC LTD, a wholly owned subsidiary of Hightimes, and Trans-High Corporation, a wholly-owned subsidiary of Hightimes, pursuant to which Hightimes granted to us $833,333 of annual advertising and marketing credits, for three consecutive years, in exchange for 625,000 of our common shares.

(b) On February 13, 2023, the Company issued 250,000 common shares pursuant to a two-year marketing agreement.

NOTE 4 — OTHER RECEIVABLE

During the year ended June 30, 2023, a past consultant of the Company obtained a garnishing order in an action against the Company whereby $336,706 (CAD$445,799) of cash held at the Company's bank was garnished and paid into the British Columbia Supreme Court. The amount was recorded as restricted cash as at June 30, 2023 on the audited consolidated statement of financial position. On August 1, 2023 the British Columbia Supreme Court ordered that the garnished funds be repaid to the Company and the funds were received during the three months ended September 30, 2023. The Company has no ongoing obligation to the consultant and the legal action has been concluded.

NOTE 5 — DIGITAL ASSETS

During the three months ended September 30, 2022, the Company sold approximately 34,106 Tether for $34,106 in cash. The 34,106 Tether was acquired during the year ended June 30, 2021 for cash of $34,106.

NOTE 6 — PROPERTY, PLANT AND EQUIPMENT

On February 25, 2021, the Company entered an agreement whereby the Company acquired certain equipment for consideration of 990,741 Class B common non-voting shares with a fair value of $1,687,032 (CAD$2,140,000). At the time of acquisition, the equipment had a fair value of $843,500. The excess of fair value of the Class B common non-voting shares above the fair value of the equipment of $843,532 was recorded as compensation expense within selling, general and administrative expenses on the consolidated statement of operations and comprehensive loss during the year ended June 30, 2021. At June 30, 2023, the equipment had a fair value of $764,650. The excess of carrying value above the fair value of the equipment of $78,850 was recorded as impairment loss on the consolidated statement of operations and comprehensive loss during the year ended June 30, 2023. At September 30, 2023, the equipment had a fair value of $667,539. The excess of carrying value of the equipment of $97,111 was recorded as impairment loss on the unaudited consolidated condensed interim statement of loss and comprehensive loss during the three months ended September 30, 2023.

The equipment is not in use and therefore no depreciation has been taken for the three months ended September 30, 2023 and 2022.

NOTE 7 — INTANGIBLE ASSETS

On June 30, 2023, pursuant to an asset purchase agreement dated June 30, 2023 (the "Agreement"), the Company closed on the acquisition of intellectual property and related assets relating to Wesana psilocybin and cannabidiol combination investigational therapy, SAN-013 ("Intellectual Property") for consideration consisting of: (a) 1,000,000 shares of the Company's common stock with an aggregate issuance date fair value of $914,250, and (b) $570,000 in cash. The Company paid $300,000 on March 20, 2023 with the remaining $270,000 due in the following 4 installments: (i) $123,000 due on or before July 1, 2023; (ii) $48,991 due on or before October 1, 2023; (iii) $48,991 due on or before January 1, 2024; and (iv) $49,018 due on or before April 1, 2024. The instalment payments are included within accounts payable and accrued liabilities on the unaudited condensed consolidated interim balance sheet.

Under the screen test requirements under ASC 805, *Business Combinations*, the Company concluded that the Intellectual Property represented substantially all of the fair value of the gross assets acquired and, accordingly, determined the set was not considered a business, such that the Company applied asset acquisition accounting and recorded the acquisition of the Intellectual Property as an intangible asset in the amount of $1,484,250 that will be amortized on a straight-line basis over the remaining weighted average useful life of 19.2 years. During the three months ended September 30, 2023, the Company recorded amortization expense of $19,349 (three months ended September 30, 2022- $nil) with respect to the intangible assets.

The estimated future amortization expense is as follows:

Year ended June 30,	**Amount**
2024	$ 58,046
2025	77,395
2026	77,395
2027	77,395
2028	77,395
Thereafter	1,097,275
	$ 1,464,901

NOTE 8 — RIGHT OF USE ASSET AND LEASE LIABILITY

The lease liability relates to a warehouse leased by the Company (the “Warehouse Lease”). The lease commenced on August 1, 2017 with an initial term of 5 years expiring on July 31, 2022. On August 1, 2022, the Company exercised its option to renew for 5 years. The new term starts on August 1, 2022 and ends on July 31, 2027, with an option to extend the lease for an additional five years. The renewal option needs to be exercised no less than six months from the expiry date. As of lease renewal, the Company anticipated exercising the option to renew and as such has determined the lease term to be 10 years in determining the lease liability. The discount rate used was 16%, equivalent to the interest rate the Company would incur to borrow funds equal to the future lease payments on a collateralized basis over a similar term and in a similar economic environment. As a result, the Company increased its right-of-use asset by $1,144,349 and lease liability by $1,144,349 related to the Warehouse Lease on August 1, 2022. During the three months ended September 30, 2023, the Company recorded amortization expense of $27,846 (three months ended September 30, 2022- $19,072) with respect to the right of use asset.

Leases with an initial term of less than 12 months are not recorded on the statement of financial position. We recognize lease expense for these leases on a straight-line basis over the lease term.

The long-term deposit of $18,491 (CAD$25,000) relates to a security deposit on the Warehouse Lease which is expected to be returned to the Company at the completion of the lease, including renewal periods.

The maturity of the lease liability is as follows:

Year ended June 30,	Amount
2024	$ 250,077
2025	369,395
2026	408,623
2027	429,871
2028	323,629
Thereafter	1,281,442
Total lease payments	3,063,037
Less: Unamortized interest	(1,384,643)
Total lease liability	**$ 1,678,394**

NOTE 9 — LINE OF CREDIT

On November 5, 2020, the Company established a line of credit of $4,937,130 (CAD$6,675,000). The line of credit is secured by the Company’s assets, bears an interest rate of 8% per annum and matures on November 5, 2023. The Company may draw up to $369,822 (CAD$500,000) per quarter under the line of credit beginning January 15, 2021. Pursuant to entering the line of credit, the Company issued the lender warrants to purchase 3,906,209 common shares of the Company at an exercise price of $1.60 (CAD$2.16) per common share until November 5, 2025. On January 22, 2021, the Company amended the warrants whereby in the event that the Company effects a closing or closings of convertible notes is the minimum aggregate of (i) $1,000,000, the exercise price of 1,111,112 warrants shall be adjusted to $0.015 (CAD$0.018), (ii) $2,000,000, the exercise price of 2,222,223 warrants shall be adjusted to $0.015 (CAD$0.018), and (iii) $3,000,000, the exercise price of 3,333,334 warrants shall be adjusted to $0.015 (CAD$0.018).

The warrants were valued at $4,775,535 and recorded as deferred financing costs to be recognized over the term of the line of credit. During the three months ended September 30, 2023, the Company recorded interest expense of $387,192 (three months ended September 30, 2022 — $378,915) related to the warrants.

On January 22, 2021, pursuant to the warrant amendment, the Company reclassified 3,906,209 warrants valued at $4,775,535 to warrant liability as the exercise price became variable based on the amount of convertible notes payable raised. The incremental fair value resulting from the warrant amendment of $1,079,468 was recorded as interest expense on the condensed consolidated interim statement of operations and comprehensive loss.

On December 8, 2021, the Company reclassified 3,906,209 warrants valued at $6,392,476 to share capital as the exercise price became fixed for the remaining warrants outstanding since the Company had successfully raised $3,000,000 in convertible notes, resolving the contingency affecting the exercise price.

NOTE 10 — STOCKHOLDERS' EQUITY

Share Capital

Stock Split

On December 1, 2021, the Company authorized an 18:1 reverse stock split of its issued and outstanding Class B common stock. Also on December 1, 2021, the Company amended its articles to create a single class of common shares and cancel the Class A voting common shares and Class B non-voting common shares. Pursuant to the amendment, the Class A voting common shares and Class B non-voting common shares were converted on a one-for-one basis into common shares of the Company.

Common Stock Issuances and Transfers

During the three months ended September 30, 2023, the Company had the following common stock transactions:

On July 4, 2023, the Company issued 100,000 common shares and made a cash payment of $226,586 (CAD$300,000) pursuant to a mutual settlement and release agreement.

On July 5, 2023, the Company cancelled 104,167 common shares which had previously been issued pursuant to a donation to the Austin Community Foundation.

On August 1, 2023, the Company issued 187,500 common shares to the former Chief Executive Officer with respect to the settlement of an award equal to the quotient obtained by dividing (x) $750,000 by (y) the closing price of the Company's common shares on the closing date of the IPO.

During the three months ended September 30, 2022, the Company had no common stock transactions.

Share Purchase Options

The following is a summary of the changes in share purchase options Plan during the three months ended September 30, 2023 and 2022:

	Number of options	Weighted average exercise price ($)	Weighted average remaining life (years)	Aggregate intrinsic value ($)
Balance at June 30, 2022	621,697	2.34 (CAD3.01)	1.91	—
Expired[1]	(54,266)	2.35 (CAD3.22)	—	—
Balance at September 30, 2022	567,431	2.18 (CAD2.99)	1.82	—
Balance at June 30, 2023	561,115	2.20 (CAD2.91)	1.74	—
Balance at September 30, 2023	**561,115**	**2.16 (CAD2.91)**	**1.49**	—

(1) On September 17, 2022, 54,266 share purchase options expired, unexercised.

During the three months ended September 30, 2023, the Company recognized share-based payment expense of $nil (three months ended September 30, 2022 - $nil) related to vested share purchase options. As at September 30, 2023, total unrecognized share-based payment expense related to the outstanding share purchase options was $nil.

The Company has computed the fair value of options granted using the Black-Scholes option pricing model. The expected term is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the "simplified" method to develop an estimate of the expected term of "plain vanilla" employee option grants. The Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

In addition to the options discussed above, the Company plans to issue 1,642,861 share purchase options to various officers and the executive chairman. The exercise price of these share purchase options will be the closing price of the Company's common shares on the closing date of an IPO. These share purchase options will vest as to 25% of the underlying common shares on the grant date, and the balance of these share purchase options will vest and become exercisable with respect to 45,635 common shares in 36 equal monthly instalments commencing on the 13th month following the date of grant and continuing until the 48th month following the date of grant, subject to continued employment with us through each vesting date. No expense has been recorded through September 30, 2023 with respect to these options.

Warrants

The Company has computed the fair value of warrants issued using the Black-Scholes option pricing model. The expected term used for warrants issued is the contractual term. The Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

Pursuant to entering the line of credit, on January 15, 2021, the Company issued 3,906,209 warrants to purchase 3,906,209 common shares of the Company at an exercise price of $1.60 (CAD$2.16) per common share until November 5, 2025. On January 22, 2021, the Company amended the warrants whereby in the event that the Company effects a closing or closings of convertible notes is the minimum aggregate of (i) $1,000,000, the exercise price of 1,111,112 warrants shall be adjusted to $0.015 (CAD$0.018), (ii) $2,000,000, the exercise price of 2,222,223 warrants shall be adjusted to $0.015 (CAD$0.018), and (iii) $3,000,000, the exercise price of 3,333,334 warrants shall be adjusted to $0.015 (CAD$0.018).

On December 8, 2021, the Company reclassified 3,906,209 warrants valued at $6,392,476 to share capital as the exercise price became fixed for the remaining warrants outstanding since the Company had successfully raised $3,000,000 in convertible notes, resolving the contingency affecting the exercise price. On December 8, 2021, the Company issued 3,477,919 common shares pursuant to the exercise of 3,477,919 warrants with an exercise price of $0.015 (CAD$0.018) per warrant.

The following is a summary of the warrants for the three months ended September 30, 2023 and 2022:

	Number of options	Weighted average exercise price ($)	Weighted average remaining life (years)	Aggregate intrinsic value ($)
Balance at June 30, 2022	428,290	1.58 (CAD2.16)	3.35	—
Balance at September 30, 2022	**428,290**	**1.58 (CAD2.16)**	**3.10**	—
Balance at June 30, 2023	428,290	1.63 (CAD2.16)	2.35	—
Granted(1)	93,750	1.25	4.83	—
Balance at September 30, 2023	**522,040**	**1.54 (CAD2.16)**	**2.59**	—

(1) On July 28, 2023, the Company granted 93,750 share purchase warrants with an exercise price of $1.25 and a term of five years.

The Company applied the following assumptions in the Black-Scholes option pricing model:

	July 28, 2023	June 30, 2023
	$	$
Expected life warrants (years)	**5.00**	—
Expected volatility	**100%**	—
Expected dividend yield	**0%**	—
Risk-free interest rate	**4.02%**	—
Black-Scholes value of each warrant	**0.86**	—

NOTE 11 — RELATED PARTY TRANSACTIONS

Included under due to related parties on our consolidated balance sheet as of September 30, 2023 is $628,063 (June 30, 2023 - $1,019,894) that relates to wages, short-term benefits and contracted services for key management personnel. The amounts are unsecured and non-interest bearing.

On July 4, 2023, the Company issued 100,000 common shares and made a cash payment of $226,586 (CAD$300,000) pursuant to a mutual settlement and release agreement.

On August 1, 2023, the Company issued 187,500 common shares to its former Chief Executive Officer with respect to the settlement of an award equal to the quotient obtained by dividing (x) $750,000 by (y) the closing price of the Company's common shares on the closing date of the IPO.

The Company plans to issue 1,642,861 share purchase options to various officers and the executive chairman. The exercise price of these share purchase options will be the closing price of the Company's common shares on the closing date of an IPO. These share purchase options will vest as to 25% of the underlying common shares on the grant date, and the balance of these share purchase options will vest and become exercisable with respect to 45,635 common shares in 36 equal monthly instalments commencing on the 13th month following the date of grant and continuing until the 48th month following the date of grant, subject to continued employment with us through each vesting date. No expense has been recorded through September 30, 2023 with respect to these options.

NOTE 12 — FINANCIAL INSTRUMENTS

The Company has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data.

The Company's financial assets and financial liabilities are measured at amortized cost. As at June 30, 2023 and June 30, 2022 the carrying value of the cash, accounts receivable, other assets – GST receivable, accounts payable and accrued liabilities and amounts due to related parties approximates the fair value due to the short-term nature of these instruments.

The notes payable are categorized as Level 2 and have been recorded at amortized cost. The carrying value approximates its fair value due to its relatively short-term nature. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

NOTE 13 — SUBSEQUENT EVENTS

In connection with the preparation of the condensed consolidated interim financial statements, the Company evaluated subsequent events through November 13, 2023, which was the date the condensed consolidated interim financial statements were issued, and determined that the following subsequent events occurred as of that date:

Other

In October 2023, the Company committed to a plan to sell property, plant and equipment resulting in a reclassification to assets held for sale in accordance with ASC 360, *Property, Plant, and Equipment*.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial conditions and results of operations should be read together with our condensed consolidated interim financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q, or Quarterly Report, and our Form 10-K for the year ended June 30, 2023, or the Annual Report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Some of the information with respect to our plans and strategy for our business, including forward-looking statements that involve risks and uncertainties. As a result of many factors, including those set forth in the section entitled "Risk Factors in Part II, Item 1A of this Quarterly Report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. You should carefully read the section entitled "Risk Factors" in Part II, Item 1A of this Quarterly Report to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements.

Overview

We are an early-stage psychotropics contract manufacturing company focused on becoming the premier contract research, development, and manufacturing organization for the emerging psychotropics-based medicines industry. In August 2021, Health Canada's Office of Controlled Substances granted us a Controlled Drugs and Substances Dealer's Licence under Part J of the Food and Drug Regulations promulgated under the Food and Drugs Act (Canada), or a Dealer's Licence. A Dealer's Licence authorizes us to develop, sell, deliver, and manufacture (through extraction or synthesis) certain pharmaceutical-grade active pharmaceutical ingredients, or APIs, used in controlled substances and their raw material precursors. Our mission is to make our products and research services available to our clients for the development of medicines and experimental therapies to address certain psychiatric health disorders and other medical needs. Since current Canadian regulations prohibit the commercial sales of APIs and other products we intend to produce, APIs and such other products would only be authorized for sale in Canada for clinical testing purposes in an "institution," for the purpose of determining the hazards and efficacy of the drug, and for laboratory research in an institution by qualified investigators. Our mission is to make our products and research services available to our clients for the development of medicines and experimental therapies to address certain psychiatric health disorders and other medical needs. We cannot guarantee that we will receive such further approvals from Health Canada, and a failure to receive such further approvals would have a material adverse effect on our business and result in an inability to generate revenue from said substances. Further, as of the date of this Quarterly Report, we have not manufactured all of the psychedelics-based products allowable under the Dealer's Licence.

The success of our business plan is dependent on our activities being permissible under applicable laws and upon the occurrence of regulatory changes for psychotropics-based medicines. In Canada, the psychedelic compounds that we are approved to produce under our Dealer's Licence, psilocybin, psilocin, lysergic acid diethylamide, or LSD, N,N-Dimethyltryptamine, or N,N-DMT, and 3,4-Methylenedioxymethamphetamine, or MDMA, and 4-Bromo-2,5-Dimethoxybenzeneethanamine, or 2C-B, are regulated under the Controlled Drugs and Substances Act, or CDSA. Certain psychedelic substances, including psilocybin, psilocin, mescaline and DMT, are classified as Schedule III drugs and the CDSA prohibits the possession of a Schedule III drug absent authorization under the CDSA or a related regulation, and are illegal to possess Schedule III substances without a prescription. In the United States, these substances are classified under the Controlled Substances Act (21 U.S.C. § 811), or the CSA, and the Controlled Substances Import and Export Act, or the CSIEA, and as such, medical and recreational use is illegal under the U.S. federal laws. Under the CSA, the Drug Enforcement Agency, or DEA, regulates chemical compounds with a potential for abuse as Schedule I, II, III, IV or V substances. Schedule I substances may not be prescribed, marketed or sold in the United States. Most, if not all, state laws in the United States classify psilocybin, LSD, MDMA, DMT and 2C-B as Schedule I controlled substances. For any product containing any of these substances to be available for commercial marketing in the United States, the applicable substance must be rescheduled, or the product itself must be scheduled, by the DEA to Schedule II, III, IV or V. If the DEA does not reschedule psilocybin, LSD, MDMA, DMT and 2C-B as II, III, IV or V, such substances will be subject to individually-allotted manufacturing and procurement quotas, which may have a material adverse effect on our business and result in an inability to generate sufficient revenue from said substances to be profitable. Additionally, regardless of the scheduling of a finished, approved therapeutic product, if the API used in the final dosage form is a Schedule I or II controlled substance, it would be subject to such quotas as the API could remain listed on Schedule I or II. Moreover, even if the finished dosage form of a psychedelics-based medicine developed by one of our clients is approved by the FDA, and if such product is listed by the DEA as a Schedule II, III, or IV controlled substance, its manufacture, importation, exportation, domestic distribution, storage, sale and legitimate use will continue to be subject to a significant degree of regulation by the DEA.

An increasing number of the leading universities, hospitals and other public, private, and government institutions throughout the world have launched research programs and are conducting clinical studies aimed at understanding the therapeutic potential of a range of psychedelic substances, including the John Hopkins Center for Psychedelic and Consciousness Research at Johns Hopkins University, the Imperial College of London Centre for Psychedelic Research, the Center for the Science of Psychedelics at the University of California, Berkeley, the Depression Evaluation Service at Columbia University, the Center for Psychedelic Psychotherapy and Trauma Research at the Icahn School of Medicine at Mount Sinai Health System, New York City's largest academic medical system, and the Center for the Neuroscience of Psychedelics at Massachusetts General Hospital, among many others.

To address mounting demands for alternative therapies incorporating the use of psychedelics and other psychotropics, we intend to leverage our 25,000 square foot facility located near Victoria, British Columbia, for research, development, and large-scale production of high-quality biological raw materials, APIs, and finished biopharmaceutical products. Supported by an executive leadership and advisory team consisting of highly experienced biotechnology and pharmaceutical industry experts, we will seek to position our company to be at the forefront of new discovery in this rapidly emerging market.

Since our inception, we have devoted substantially all of our resources to establishing our 25,000 square foot manufacturing and research facilities, which is located near Victoria, British Columbia, researching potential products related to psychotropics-based therapies, pursuing the approval of our Dealer's Licence from Health Canada, organizing and staffing our company, developing our business strategy, establishing our intellectual property portfolio, raising capital and engaging in other general and administrative activities to support and expand these efforts. To date, we have financed our operations primarily with proceeds from the sales of our common shares, convertible and non-convertible promissory notes, and from a bridge loan agreement. Until such time as we can generate significant revenue from our contract manufacturing and research services, as to which no assurance can be given, we expect to finance our cash needs through public or private equity or debt financings, third-party funding and marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches. However, we may be unable to raise additional funds or enter into such other arrangements when needed or on commercially reasonable terms, or at all.

We have incurred net losses in each year since inception. Our net loss was $1,988,050 for the three months ended September 30, 2023. As of September 30, 2023, we had an accumulated deficit of $46,413,848 and we had cash and cash equivalents of $237,614. Our net losses may fluctuate significantly from quarter to quarter and year to year, depending on the timing of our research efforts, the expansion of our product and research offerings and the timing of our other operating activities. Because of the numerous risks and uncertainties associated with our business, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. We expect to incur increased expenses as we:

- complete the buildout of our manufacturing and research facilities;
- continue to establish our contract manufacturing and research services;
- conduct research related to potential API and finished product offerings in the psychotropics space;
- seek regulatory authorization to distribute and export our product offerings;
- acquire or license products or technologies;
- obtain, maintain, protect and enforce our intellectual property portfolio;
- seek to attract and retain new and existing skilled personnel;
- create additional infrastructure to support our operations as a public company and incur increased legal, accounting, investor relations and other expenses; and
- experience delays or encounter issues with any of the above.

To the extent that that psychotropics-based medicines receive approval from the FDA or Health Canada and the market for our products expands into commercial-scale projects, we expect to incur significant additional expenses in connection with product manufacturing, marketing, and distribution.

Recent Developments

On July 11, 2023, we announced the launch of Twilight by Lucy, a blend of Amanita and Reishi mushrooms that include a variety of other nootropics promoting improved cognitive function and enhanced sleep quality. This release comes on the heels of the recent launch of Mindful by Lucy. Both of these products are now available for purchase on the company's official online store, www.buytrippy.com, as well as through Hightimes.com and other channels. Twilight by Lucy is a product designed to enhance and optimize consumer's nightly sleep. The introduction of Twilight alongside Mindful underscores Lucy's dedication to providing solutions in the psychotropic marketplace.

On July 24, 2023, Christopher McElvany resigned from his positions as the Company's President and Chief Executive Officer and resigned as a member of the Company's Board. The Company and Mr. McElvany agreed that his last day of employment was July 14, 2023. Mr. McElvany did not resign as a result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

On July 24, 2023, the Board ratified the appointment of Richard Nanula (a member of the Board since February 2022) as CEO.

On September 6, 2023, we entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") with Hightimes to acquire the intellectual property of High Times. Hightimes owns all of the issued and outstanding shares of common stock of HT-Lucy Acquisition Corp., a Delaware corporation. Pursuant to the Stock Purchase Agreement, Hightimes agreed to sell to us all of the common stock of HT-Lucy Acquisition Corp. upon the terms and subject to the conditions of the Stock Purchase Agreement. In exchange for the common stock of HT-Lucy Acquisition Corp., we shall pay Hightimes as consideration (i) the number of shares of common stock of the Company that represents 19.9% of the total issued and outstanding shares of the Company at the closing; and (ii) semi-annual earn-out payments (the "Hightimes Earn-Out Payments") payable for the five (5) consecutive fiscal years ending on June 30, 2029, in amounts equal to three (3) times the adjusted EBITDA of HT-Lucy Acquisition Corp., calculated pursuant to the terms of the Stock Purchase Agreement. We have the discretion to pay the Hightimes Earn-Out Payments with either Buyer Common Stock or cash. At the closing, we will also cause HT-Lucy Acquisition Corp. to enter into an intellectual property license agreement pursuant to which HT-Lucy Acquisition Corp. will grant to an affiliate of Hightimes the exclusive right and license to utilize certain intellectual property rights to operate retail stores and to manufacture and sell THC products in the United States in return for a license fee of $1.0 million per year, increasing to $2.0 million per year upon Federal legalization.

On September 12, 2023, we entered into an amalgamation agreement (the "Amalgamation Agreement") with Bluesky Biologicals Inc. ("Bluesky") to acquire the Bluesky. Bluesky, through Bluesky Wellness Inc., owns a portfolio of plant-based wellness brands including Keoni, Keoni Sport, Blush Wellness and AMMA Healing. Pursuant to the Amalgamation Agreement, Bluesky will amalgamate with a wholly-owned subsidiary of the Company upon the terms and subject to the conditions of the Amalgamation Agreement. We shall pay Bluesky as consideration (i) the number of shares of common stock of the Company that represents 19.9% of the total issued and outstanding shares of the Company at the closing; and (ii) earn-out payments (the "Bluesky Earn-Out Payments") payable for the four (4) consecutive fiscal years ending on June 30, 2028, the six (6) month period ended June 30, 2024, and the six (6) month period ending December 31, 2028, in amounts equal to two and one half (2.5) times the adjusted EBITDA of Bluesky., calculated pursuant to the terms of the Amalgamation Agreement. We have the discretion to pay the Bluesky Earn-Out Payments with either the Company's common shares or cash.

COVID-19 Impacts

We are continuing to closely monitor the impact of the global COVID-19 pandemic on our business, and we are taking proactive efforts designed to protect the health and safety of our employees and consultants and to maintain the continuity of our business. We believe that the measures we are implementing are appropriate, and we will continue to monitor and seek to comply with guidance from governmental authorities and adjust our activities as we deem appropriate.

While the COVID-19 pandemic has not yet resulted in a significant impact to the development of our business and operations, as the pandemic continues, we could see an impact on our ability to advance our manufacturing and research programs, obtain supplies from key suppliers or interact with regulators, ethics committees or other important agencies due to limitations in regulatory authority, employee resources or otherwise. In any event, if the COVID-19 pandemic continues and persists for an extended period of time, we could experience significant disruptions to our development timelines, which would adversely affect our business, financial condition, results of operations, and growth prospects.

In addition, while the potential economic impact brought by, and the duration of, the COVID-19 pandemic may be difficult to assess or predict, the pandemic could result in significant and prolonged disruption of global financial markets, reducing our ability to access capital, which could in the future negatively affect our liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect our business and the potential value of our common shares.

The extent of the impact of the COVID-19 pandemic on our efforts, our ability to raise sufficient additional capital on acceptable terms, if at all, and the future value of and market for our common shares will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, travel restrictions, quarantines, social distancing and business closure requirements in Canada, the United States and in other countries, and the effectiveness of actions taken globally to contain and treat COVID-19.

Components of Operating Results

Net Product Sales

Net product sales consist primarily of sales of Mindful by Lucy which was launched in March 2023 and Twilight by Lucy which was launched in July 2023. The online order and receipt of full payment creates the customer contract. Revenue is measured based on the amount of consideration that we receive from customers when they place an order, reduced by estimates for return allowances. Performance obligation is the delivery of the ordered product to the customer and the performance condition is satisfied, and revenue is recognized, when control of the goods is transferred to the customer, which generally occurs upon our delivery to a third-party carrier. There were no product sales during the three months ended September 30, 2023 as the Company was changing its payment processor. Sales commenced again in October 2023.

Cost of Sales

Cost of sales primarily consists of the purchase price of Mindful by Lucy and Twilight by Lucy, shipping costs, payment processing and related transaction costs, and applicable sales taxes. . There were no product sales during the three months ended September 30, 2023 as the Company was changing its payment processor. Sales commenced again in October 2023.

Selling, General and Administrative Expenses

Selling, general and administrative expense consists primarily of employee-related expenses, including salaries, share-based compensation expense, benefits, and travel for our personnel in executive, finance and accounting, human resources, and other administrative functions, as well as fees paid for accounting, legal and tax services, consulting fees and facilities costs. General and administrative expense also includes corporate facility costs, including allocated rent and utilities, insurance premiums, legal fees related to corporate matters, and fees for auditing, accounting, and other consulting services.

Impairment loss

Impairment loss relates to the Company’s equipment as fair market value exceeded the carrying amount.

Interest Expense

Interest expense relates to interest charges associated with warrants issued under our line of credit. We anticipate that the warrants will be fully expensed in November 2023, which will result in a reduction of interest expense in future periods.

Foreign Currency Translation Adjustment

The amount of foreign currency translation adjustment will fluctuate from period to period with changes in foreign exchange rates between Canadian dollars and U.S. dollars.

Results of Operations

Comparison of the Three Months Ended September 30, 2023 and 2022

The following table summarizes our results of operations for the periods indicated:

For the three months ended September 30:	**2023**	2022
	$	$
Selling, general and administrative expense	**1,510,346**	828,559
Impairment loss	**97,111**	—
Total expenses	**1,607,457**	828,559
Other expense (income)		
Interest expense	**390,604**	543,221
Other income	**(11)**	(39)
Net loss	**(1,998,050)**	(1,371,741)
Foreign currency translation adjustment, net of tax of $nil	**(77,395)**	400,780
Comprehensive loss	**(2,075,445)**	(970,961)

Selling, general and administrative expenses. Selling, general and administrative expenses were $1,510,346 for the three months ended September 30, 2023, compared to $828,559 for the three months ended September 30, 2022. The increase is attributable to increased expenses as a result of operating as a public company, including expenses related to audit, legal, regulatory and tax-related services associated with maintaining compliance with SEC rules and regulations and those of any national securities exchange on which our securities are traded, additional insurance expenses, investor relations activities and other administrative and professional services.

Impairment loss. Impairment loss was $97,111 for the three months ended September 30, 2023 related to the Company's equipment as fair market value exceeded the carrying amount, compared to impairment loss of $nil for the three months ended September 30, 2022. The increase in impairment loss is attributable to a surplus of equipment in the marketplace.

Interest expense. Interest expense was $390,604 for the three months ended September 30, 2023, compared to interest expense of $543,221 for the three months ended September 30, 2022. During the three months ended September 30, 2023, interest expense included $387,192 related to warrants issued in connection with the line of credit. During the three months ended September 30, 2022, interest expense included $378,915 related to the warrants issued in connection with the line of credit. Interest expense decreased due to the automatic conversion of convertible notes and repayment and conversion of notes payable on IPO.

Other income. Other income was $11 for the three months ended September 30, 2023, compared to other income of $39 for the three months ended September 30, 2022.

Foreign Currency Translation Adjustment. Foreign currency translation adjustment was a loss of $77,395 for the three months ended September 30, 2023, compared to income of $400,780 for the three months ended September 30, 2022. The increase in net loss is due to the strengthening of the US Dollar relative to the Canadian Dollar.

Liquidity and Capital Resources

Sources of Liquidity

Since inception, we have incurred operating losses and negative cash flows from our operations. Our operations have been financed primarily by the sale and issuance of our common shares, from the issuance of convertible and non-convertible promissory notes, and our IPO. We will continue to be dependent upon equity and debt financings or collaborations or other forms of capital at least until we are able to generate positive cash flows from product sales, if ever.

Our comprehensive loss was $2,075,445 for the three months ended September 30, 2023. As of September 30, 2023, we had an accumulated deficit of $46,413,848 and cash of $273,614. Our primary use of cash is to fund operating expenses, which consist primarily of selling, general and administrative expenditures and expenditures for research and development activities when liquidity permits. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in accounts payable and accrued expenses. Our strategy for managing liquidity over the long-term is based on achieving positive cash flows from operations to internally fund operating and capital requirements. We continually monitor factors that may affect our liquidity. These factors include research and development costs, operating costs, capital costs, income tax refunds, foreign currency fluctuations, seasonality, market immaturity and a highly fluid environment related to state and federal law passage and regulations.

Working Capital

At September 30, 2023 and June 30, 2023, we had a working capital deficiency of $636,603 and working capital of $1,112,299, respectively, as follows:

As of:	September 30, 2023	June 30, 2023
	$	$
Cash	**237,614**	1,673,874
Prepaid expenses and deposits	**1,213,503**	1,219,180
Accounts receivable	—	7,048
Other assets – GST receivable	**10,062**	62,649
Other receivable	—	336,706
Deferred financing costs, current	**128,052**	523,041
Total current assets	**1,589,231**	3,822,498
Accounts payable and accrued liabilities	**1,198,625**	1,291,063
Due to related parties	**628,063**	1,019,894
Notes payable, current	**59,172**	60,423
Lease liability, current	**339,974**	338,819
Total current liabilities	**2,225,834**	2,710,199
Working capital (deficiency)	**(636,603)**	1,112,299

Cash Flows

Comparison of the Three Months Ended September 30, 2023 and 2022

The following table summarizes our results of operations for the periods indicated:

Net cash provided by (used in)	September 30, 2023	September 30, 2022
	$	$
Operating activities	**(1,288,453)**	(246,529)
Investing activities	**(123,000)**	34,106
Financing activities	—	174,648
Effect of exchange rate changes on cash	**(24,807)**	794
Cash, beginning of period	**1,673,874**	53,379
Cash, end of period	**237,614**	16,398

Operating Activities

Cash used in operating activities during the three months ended September 30, 2023 was $1,288,453. The cash used in operating activities is attributable to the following:

- Net loss of $1,988,050 due primarily to spend on selling, general and administrative expenses and non-cash interest expense. Included in net loss are non-cash items of $549,921 for the three months ended September 30, 2023.

- Movements in prepaid expenses and deposits increased cash by $60,192 related to insurance payments and warrants issued for consulting.

- Movements in accounts receivable which increased cash by $7,048 due to timing of receipt from product sales.

- Movements in other assets including GST receivable which increased cash by $51,695 due to timing of receipt from the Canadian government.

- Movements in other receivable which increased cash by $332,339 due to timing of receipt of funds garnished and paid into the British Columbia Supreme Court and subsequently received by the Company.

- Movements in accounts payable and accrued liabilities which increased cash by $96,340 due to timing of payments to vendors.

- Movements in lease liability which decreased cash by $14,299 due to contractual lease payments.

- Movements in due to related parties which decreased cash by $373,639 due to payments for various related parties and a mutual settlement and release agreement.

Cash used in operating activities during the three months September 30, 2022 was $246,529. The cash used in operating activities is attributable to the following:

- Net loss of $1,371,741 due primarily to spend on selling, general and administrative expenses and non-cash interest and change in fair value of warrant liability. Included in net loss are non-cash items of $858,307 for the three months ended September 30, 2022.

- Movements in prepaid expenses and deposits decreased cash by $11,189.

- Movements in other assets including GST receivable which increased cash by $1,691 due to timing of receipt from the Canadian government.

- Movements in accounts payable and accrued liabilities which increased cash by $184,722 due to timing of payments to vendors.

- Movements in lease liability which decreased cash by $70,240 due to contractual lease payments.

- Movements in due to related parties which increased cash by $161,921 due to deferral of payments for various related parties.

Investing Activities

Cash used in investing activities during the three months ended September 30, 2023 was $123,000 related to payment of balances due on the acquisition of intellectual property and related assets of Wesana Health Holdings Inc.

Cash provided by investing activities during the three months ended September 30, 2022 was $34,106 related to the sales of digital assets which had been purchased through funds received on issuance of convertible notes.

Financing Activities

Cash provided by financing activities for the three months ended September 30, 2023 was $nil.

Cash provided by financing activities for the three months ended September 30, 2022 was $174,648, which was the result of funds raised from the issuance of convertible notes which was partially offset by deferred issuance costs.

Indebtedness

In November 2020, we entered into a credit agreement with Origo BC Holdings Ltd., ("the Origo Credit Agreement"). Under the Origo Credit Agreement, we obtained a line of credit in an aggregate principal amount of up to $4,937,130, of which we can request an advance of up to $369,822 in any calendar quarter. The Origo Credit Agreement has a term of three years, and all borrowings thereunder bear interest at a rate of 8% per annum. In the event of default, all outstanding indebtedness under the Origo Credit Agreement will bear interest at a rate of 15% per annum. As of September 30, 2023, there were no amounts outstanding under the Origo Credit Agreement.

Funding Requirements

We have incurred significant operating losses since our inception and expect to continue to incur significant operating losses for at least the next several years. Moreover, we expect our losses to increase as we enhance our manufacturing and research facilities and product offerings. We may also incur expenses in connection with the in-licensing or acquisition of additional product candidates. Furthermore, following the completion of the IPO on February 13, 2023, we expect to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that we did not incur as a private company. Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, manufacturing and development services, manufacturing costs, legal and other regulatory expenses and general overhead costs.

At the time of issuance of our financial statements as of and for the three months ended September 30, 2023, we concluded that there was substantial doubt about our ability to continue as a going concern for one year from the issuance of the consolidated financial statements. We have based our projections of operating capital requirements on assumptions that may prove to be incorrect and we may use all of our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with our research and manufacturing efforts, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements depend on many factors, including, but not limited to:

- any necessary enhancements to our manufacturing and research facilities;
- our need to purchase additional equipment;
- our acquisition or development of additional intellectual property or technologies;
- the cost of commercialization activities, including marketing, sales and distribution costs;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of any such agreements that we may enter into;
- the expenses needed to attract and retain skilled personnel;
- our need to implement additional internal systems and infrastructure, including financial and reporting systems, and other costs associated with being a public company;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing our intellectual property portfolio; and
- the impact of the COVID-19 pandemic.

Further, our development and commercialization operating plans may change, and we may need additional funds to meet operational needs and capital requirements for manufacturing or research and development activities and commercialization of our products. Because of the numerous risks and uncertainties associated with the development, manufacturing and commercialization of our products, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated operations.

We may finance our cash needs through public or private equity or debt offerings or other sources such as strategic collaborations. However, we may be unable to raise additional funds or enter into such other arrangements when needed or on terms that are acceptable to us, or at all. To the extent that we raise additional capital by issuing our equity securities, our existing stockholders may experience substantial dilution, and the terms of these securities may include liquidation or other preferences that could harm the rights of a common shareholder. Any agreements for future debt or preferred equity financings, if available, may involve covenants limiting or restricting our ability to take specific actions, such as incurring additional indebtedness, making capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or grant licenses on terms that may not be favorable to us. We may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

Despite the risks and uncertainties, management believes that we will have sufficient working capital to meet our liquidity needs through twelve months from the issuance date of the financial statements included in this Quarterly Report.

Off-Balance Sheet Arrangements

During the periods presented we did not have, nor do we currently have, any off-balance sheet arrangements as defined in the rules and regulations of the SEC.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in the notes to our audited financial statements included elsewhere in this Quarterly Report, we believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Share-Based Payments

We account for our stock-based compensation as expense in the statements of operations based on the awards' grant date fair values. We account for forfeitures as they occur by reversing any expense recognized for unvested awards.

We estimate the fair value of options granted using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires inputs based on certain subjective assumptions, including (a) the expected stock price volatility, (b) the calculation of expected term of the award, (c) the risk-free interest rate and (d) expected dividends. Due to the historical lack of a public market for our common stock and a lack of company-specific historical and implied volatility data, we have based our estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. The historical volatility is calculated based on a period of time commensurate with the expected term assumption. The computation of expected volatility is based on the historical volatility of a representative group of companies with similar characteristics to us, including stage of product development and life science industry focus. We use the simplified method as allowed by the Securities and Exchange Commission, or SEC, Staff Accounting Bulletin, or SAB, No. 107, Share-Based Payment, to calculate the expected term for options granted to employees as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the share purchase options. The expected dividend yield is assumed to be zero as we have never paid dividends and have no current plans to pay any dividends on our common stock. The fair value of stock-based payments is recognized as expense over the requisite service period which is generally the vesting period.

Common Stock Valuation

As there was no public market for our common stock prior to February 13, 2023, the estimated fair value of our common stock has historically been determined by our board of directors, with input from management based upon the most recent cash common share offering to arms' length parties. In addition to considering the most recent cash arms' length third party offering, our board of directors considered various objective and subjective factors to determine the fair value of our common stock as of each grant date, including:

- the progress of our research and development programs, including the status and results of preclinical studies for our product candidates;
- our stage of development and commercialization and our business strategy;

- external market conditions affecting the biotechnology industry and trends within the biotechnology industry;
- our financial position, including cash on hand, and our historical and forecasted performance and operating results;
- the lack of an active public market for our common stock;
- the likelihood of achieving a liquidity event or sale of our company in light of prevailing market conditions; and
- the analysis of initial public offerings and the market performance of similar companies in the biotechnology industry.

The assumptions underlying these valuations represented management's best estimate, which involved inherent uncertainties and the application of management's judgment. As a result, if we had used different assumptions or estimates, the fair value of our common stock and our stock-based compensation expense could have been materially different.

Subsequent to February 13, 2023, the fair value of our common stock has been determined based on the quoted market price of our common stock on the date of grant and discounted for any trading restrictions.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. We recognize liabilities and contingencies for anticipated tax audit issues based on our current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, we record our best estimate of the tax liability including the related interest and penalties in the current tax provision.

We believe that we have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, we recognize deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Useful Lives of Property, Plant and Equipment and Intangibles

Property, plant, and equipment and intangible assets are amortized or depreciated over their useful lives. Useful lives are based on management's estimate of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

Impairment

Long-lived assets, including intangible assets are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, or CGU. Judgments and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

Recently Adopted Accounting Pronouncements

See the section titled "Notes to Condensed Consolidated Interim Financial Statements — Note 2" included elsewhere in this Quarterly Report for additional information.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a "smaller reporting company," as that term is defined in Rule 229.10(f)(1), we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, including our President and Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial and accounting officer), do not expect that our disclosure controls or our internal control over financial reporting will prevent all error and all fraud. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our President and Chief Executive Officer and our Chief Financial Officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on this evaluation, our President and Chief Executive Officer and our Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our President and Chief Executive Officer and our Chief Financial Officer, to allow for timely decisions regarding required disclosures, and recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

The Company has certain material weaknesses in internal controls as described below:

- Company lacks an effective control environment;
- Company has not formally designed and implemented risk assessment controls;
- Company has not formally designed and implemented monitoring controls; and
- Company lacks segregation of duties in several areas, and its review controls are not considered operating effectively due to historical misstatements.

Changes in Internal Control

During the three months ended September 30, 2023, there were no changes in our internal controls over financial reporting, which were identified in connection with our management's evaluation required by paragraph (d) of rules 13a-15 and 15d-15 under the Exchange Act, that materially affected, or is reasonably likely to have a materially affect, on our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not aware of any pending legal actions that would, if determined adversely to us, have a material adverse effect on our business and operations.

We may, from time to time, become involved in disputes and proceedings arising in the ordinary course of business. In addition, as a public company, we are also potentially susceptible to litigation, such as claims asserting violations of securities laws. Any such claims, with or without merit, if not resolved, could be time-consuming and result in costly litigation. There can be no assurance that an adverse result in any future proceeding would not have a potentially material adverse effect on our business, results of operations, and financial condition.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in the section titled “Risk Factors” included in our Annual Report on Form 10-K for the year ended June 30, 2023. Our business involves significant risks. You should carefully consider the risks and uncertainties described in our Form 10-K, together with all of the other information in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Form 10-K. The risks and uncertainties described in our Form 10-K are not the only ones we face. Additional risk and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

During the three months ended September 30, 2023, the Company issued the shares of common stock listed below pursuant to the exemption from the registration requirements of the Securities Act of 1933, as amended, afforded by Section 4(a)(2) thereof for the sale of securities not involving a public offering:

On July 4, 2023, the Company issued 100,000 common shares and made a cash payment of $226,586 (CAD$300,000) pursuant to a mutual settlement and release agreement.

On July 5, 2023, the Company cancelled 104,167 common shares which had previously been issued pursuant to a donation to the Austin Community Foundation.

On August 1, 2023, the Company issued 187,500 common shares to the former Chief Executive Officer with respect to the settlement of an award equal to the quotient obtained by dividing (x) $750,000 by (y) the closing price of the Company’s common shares on the closing date of the IPO.

Repurchase of Shares of Company Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2*	Certification of Principal Financial and Accounting Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).					X

* This certification is being furnished solely to accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Lucy Scientific Discovery Inc.	
Date: November 13, 2023	By:	/s/ Richard Nanula
		Richard Nanula President and Chief Executive Officer (Principal Executive Officer)
Date: November 13, 2023	By:	/s/ Brian Zasitko
		Brian Zasitko Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Nanula, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lucy Scientific Discovery Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2023

By: /s/ Richard Nanula
Richard Nanula
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Brian Zasitko, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lucy Scientific Discovery Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2023

By: /s/ Brian Zasitko
Brian Zasitko
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Lucy Scientific Discovery Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard Nanula, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2023

By: /s/ Richard Nanula
Richard Nanula
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Lucy Scientific Discovery Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian Zasitko, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2023

By: /s/ Brian Zasitko
Brian Zasitko
Chief Financial Officer
(Principal Financial Officer)