

**OPTIMIND PHARMA CORP.**  
**(Formerly LOON ENERGY CORPORATION)**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
US\$, unless otherwise stated  
(unaudited)

**NOTIFICATION OF CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed unaudited interim financial statements for the three and six-month periods ended June 30, 2022.

**Optimind Pharma Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**US\$**  
**(Unaudited)**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Current assets		
Cash	\$ 1,259	\$ 519
Prepaid expenses and other receivables (Note 3)	9,321	16,614
Total Assets	<u>\$ 10,580</u>	<u>\$ 17,133</u>
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 35,794	\$ 23,191
Fees payable to related parties (Note 5)	28,498	-
Notes payable to related parties (Note 6)	-	125,696
Convertible debenture (Note 7)	128,169	-
	<u>192,461</u>	<u>148,887</u>
Shareholders' Deficiency		
Share capital (Note 8(a))	17,269,736	17,269,736
Contributed surplus	2,449,626	2,426,346
Deficit	(19,901,243)	(19,827,836)
	<u>(181,881)</u>	<u>(131,754)</u>
Total Liabilities and Shareholders' Deficiency	<u>\$ 10,580</u>	<u>\$ 17,133</u>
Going Concern (Note 2(b))		

See accompanying notes to the financial statements.

**Optimind Pharma Corp.**  
**Condensed Interim Statements of Operations and Comprehensive Loss**  
**US\$**  
**(unaudited)**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Operations				
General and administrative	\$ 38,430	\$ 7,460	\$ 45,655	\$ 24,794
Share-based compensation (Note 8(c))	23,280	4,381	23,280	38,637
Finance costs				
Interest expense (Note 6)	(3,505)	(2,308)	(7,073)	(3,989)
Foreign exchange gain/(loss)	4,671	(832)	2,601	(1,533)
	<u>1,166</u>	<u>(3,140)</u>	<u>(4,472)</u>	<u>(5,522)</u>
Net loss and comprehensive loss	<u>\$ (60,544)</u>	<u>\$ (14,981)</u>	<u>\$ (73,407)</u>	<u>\$ (68,953)</u>
Net loss per share (basic)	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Net loss per share (diluted)	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

See accompanying notes to the condensed interim financial statements.

**Optimind Pharma Corp.**  
**Condensed Interim Statements of Cash Flows**  
**US\$**  
**(unaudited)**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Operating activities				
Net loss	\$ (60,544)	\$ (14,981)	\$ (73,407)	\$ (68,953)
Items not involving cash:				
Share-based compensation (Note 8(c))	23,280	4,381	23,280	38,637
Interest expense (Notes 6, 7)	3,505	2,308	7,073	3,989
Foreign exchange (gain)/loss	(2,614)	923	(527)	1,640
	(36,373)	(7,369)	(43,581)	(24,687)
Changes in non-cash working capital	27,886	(14,401)	48,884	180
	(8,487)	(21,770)	5,303	(24,507)
Financing				
Issuance of notes payable (Note 6)	16,157	20,008	24,336	20,008
Repayments of notes payable (Note 6)	(4,820)	-	(26,789)	-
Notes and interest settled by issuance of convertible debenture (Notes 6,7)	(128,169)	-	(128,169)	-
Issuance of convertible debenture (Note 7)	128,169	-	128,169	-
Foreign exchange loss realized on settlement of notes payable (Note 6)	(2,147)	-	(2,147)	-
	9,190	20,008	(4,600)	20,008
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	45	(166)	37	(126)
Change in cash and cash equivalents	748	(1,928)	740	(4,625)
Cash and cash equivalents, beginning of period	511	2,633	519	5,330
Cash and cash equivalents, end of period	\$ 1,259	\$ 705	\$ 1,259	\$ 705

See accompanying notes to the condensed interim financial statements.

**Optimind Pharma Corp.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**US\$, except share numbers**  
**(Unaudited)**

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
Balances, December 31, 2020	10,250,270	\$17,269,736	\$2,360,566	(\$19,690,460)	(\$60,158)
Share-based compensation	-	-	38,637	-	38,637
Net loss and comprehensive loss	-	-	-	(68,953)	(68,953)
Balances, June 30, 2021	10,250,270	\$17,269,736	\$2,399,203	(\$19,759,413)	(\$90,474)
Balances, December 31, 2021	10,250,270	\$17,269,736	\$2,426,346	(\$19,827,836)	(\$131,754)
Share-based compensation	-	-	23,280	-	23,280
Net loss and comprehensive loss	-	-	-	(73,407)	(73,407)
Balances, June 30, 2022	10,250,270	\$17,269,736	\$2,449,626	(\$19,901,243)	(\$181,881)

See accompanying notes to the financial statements.

**Optimind Pharma Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended June 30, 2022 and 2021**  
**US\$**

**1. Reporting Entity**

Optimind Pharma Corp., formerly Loon Energy Corporation, and its wholly owned subsidiary 1000033135 Ontario Inc. (“**Optimind**” or the “**Company**”) were incorporated pursuant to the provisions of the Business Corporation Act (Alberta) on October 30, 2008 in conjunction with the reorganization by legal plan of arrangement of Loon Energy Inc. (“**Loon Energy**”) and on November 23, 2021 under the laws of Ontario respectively. Optimind’s registered head office is located at 3000 – 77 King St West, Toronto, Ontario, Canada.

The Company entered into a definitive acquisition agreement on November 30, 2021 as amended on December 23, 2021, March 1, 2022, and June 30, 2022 (the "Definitive Agreement") with Optimind Pharma Inc. (“OPI”), a private company incorporated under the Province of Ontario, whereby Optimind has agreed to acquire all of the issued and outstanding shares (the "Target Shares") of OPI (the "Transaction").

Under the terms of the Definitive Agreement, all of the Target Shares will be exchanged on the basis of one common share of the Company for each Target Share. To facilitate the execution of the transaction, on November 23, 2021 the Company incorporated 1000033135 Ontario Inc (the “Subsidiary”). Prior to the Amalgamation, Loon will complete a share consolidation on the basis of one (1) new share for such number of old shares which shall result in 8,650,000 Loon common shares being issued and outstanding following the consolidation.

Optimind has agreed to complete a concurrent financing of a minimum of \$394,000 (Cdn\$ 500,000) and a maximum of \$592,000 (Cdn\$ 750,000) comprised of subscription receipts that are automatically exchangeable for convertible debentures of the resulting issuer which will have the following terms: (i) matures 18 months from commencement of trading of the Resulting Issuer Shares on the Canadian Securities Exchange (“CSE”); (ii) 10% interest per annum and payable on maturity; (iii) convertible at Cdn\$ 0.20 per unit, with each unit comprised of one share and 0.6 warrant, with each full warrant exercisable into a share at Cdn\$ 0.40 per share for two years from the issue date of the convertible debenture; and, (iv) forced conversion of the convertible debenture if the shares close higher than Cdn\$ 0.40 per share for 10 consecutive trading days. OPI has agreed to have a minimum of \$1,380,00 (Cdn\$1,750,000) in cash on closing of the Transaction.

Optimind’s shares were listed on the TSX Venture exchange (“TSX.V”) and were halted from trading on November 15, 2021, pending the OPI Transaction. At the Company’s request, the Company’s shares were delisted from the TSX.V on June 24, 2022. On August 4, 2022, the Company’s shares began trading on the Canadian Securities Exchange (“CSE”) under the symbol OMND.

**2. Basis of Preparation**

**(a) Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements.

These condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the financial statements of the Company for the year ended December 31, 2021, except as described in note 2(c). The disclosures provided herein are incremental to those included within the annual financial statements and certain disclosures which are normally required to be included in the notes to the annual financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the financial statements and notes thereto in the Company’s annual filings for the year ended December 31, 2021.

These condensed interim consolidated financial statements were approved by the Company’s Board of Directors on August 26, 2022.

**Optimind Pharma Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**US\$**

**(b) Going concern**

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. Beginning in 2014 and continuing through 2022, certain members of the Company's Board of Directors advanced cash to fund Optimind's activities and were issued secured promissory notes (the "Notes") by the Company. On June 30, 2022, the Company settled Notes payable and accrued interest due to Mr. Michael Stein, former Director and Chief Executive Officer of Optimind and current significant shareholder, ("Mr. Stein"), in the aggregate amount of \$128,269 by issuance of a convertible debenture (the "Convertible Debenture"). The Convertible Debenture is secured, due on December 31, 2022 and bears interest at 12% per annum, payable quarterly. (Notes 5 and 6)

As at June 30, 2022, the Company had a working capital deficiency of \$181,881 of which \$128,169 (Cdn \$165,167) is the Convertible Debenture payable to Mr. Stein. The need to raise capital to fund the working capital deficiency, ongoing operations, and the acquisition of future business opportunities that may arise, indicates the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. There are no guarantees that additional capital, either through additional equity or debt will be available when needed. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

**(c) Use of estimated and judgments**

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements are described in note 3 to the financial statements for the year ended December 31, 2021.

**(d) Functional and presentation currency**

The financial statements are presented in U.S. dollars. The functional currency of the Company is the U.S. dollar.

**(e) Standards currently adopted**

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after June 30, 2022. There are currently no such pronouncements that are expected to have a significant impact on the Company's financial statements.

**3. Prepaid Expenses and Other Receivables**

Under the terms of the Definitive Agreement, OPI is to reimburse the Company for up to Cdn\$ 30,000 of legal fees incurred in relation to the Transaction plus the costs of the shareholder meeting which was held on January 4, 2022 (see Note 17 Subsequent Events). As at December 31, 2021 the Company had accrued unpaid recoveries of \$13,092 consisting of \$11,724 (Cdn\$ 15,000) of legal fees and \$1,249 (Cdn\$1,597) of shareholder meeting expenses incurred in 2021. The accrued recoveries were received during the first quarter. As at June 30, 2022 no unpaid reimbursements were accrued.

Accounts receivable also includes Goods and Services Tax and Harmonized Sales Tax ("GST/HST") input tax credits receivable for the first and second quarters of 2022. The prior year-end balance includes GST input tax credits of the fourth quarter of 2021 and prepaid listing fees of the TSX which related to the first quarter of 2022 and were recognized as expense in 2022.

**4. Accounts Payable and Accrued Liabilities**

Accounts payable is comprised primarily of legal fees related to the OPI transaction and administrative fees.

**Optimind Pharma Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**US\$**

**5. Fees Payable to Related Parties**

During the six months ended June 30, 2022, the Company recorded consulting fees payable to related parties for management services. As at June 30, 2022, fees, including GST/HST, were payable in the amount of \$28,498.

**6. Notes Payable to Related Parties**

	As at June 30, 2022	As at December 31, 2021
Balance outstanding beginning of year	\$ 125,696	\$ 56,504
Settlement by cash paid to lender	(26,788)	-
Issuance of Notes Payable	24,336	60,313
Accrued interest	7,073	9,060
Settlement by issuance of debenture (Note 6)	(128,169)	-
Foreign exchange adjustment	(2,148)	(181)
Balance outstanding end of period	<u>\$ -</u>	<u>\$ 125,696</u>

Beginning in December 2014 and continuing through 2022, certain members of the Company's Board of Directors advanced cash to fund Optimind's activities. In exchange for the advances, the Company issued secured promissory notes.

On February 26, 2021, Mr. Stein and Mr. Timothy Elliott, Chief Executive Officer and Chairman of the Board of Directors, entered into an Assignment Agreement, under the terms of which, the secured Promissory Note and accrued interest payable to Mr. Elliott was assigned to Mr. Stein.

The Notes Payable were secured, due on demand and bore interest calculated at a rate of 12% per annum and compounded annually on December 31. On December 31, 2021, accrued interest of \$9,060 (2020 - \$965) was added to the Principal and included in the balance upon which interest accrued until June 30, 2022.

During the six months ended June 30, 2022, the Company paid Mr. Stein \$26,788 to partially settle the Promissory Notes and issued new Notes Payable in the amount of \$24,366 to recognize expenses of the company which were paid by Mr. Stein. Interest of \$7,073 was accrued during the period.

On November 30, 2021, the Company and Mr. Stein entered into a Debt Settlement Agreement (the "Settlement Agreement") whereby it was agreed that the Promissory Notes, including accrued interest, would be settled immediately prior to the reverse takeover transaction with Optimind by issuance of shares at a deemed issued price of \$Cdn 0.095 per share.

On June 30, 2022, the Company and Mr. Stein agreed to amend the terms of the Settlement Agreement to settle the outstanding indebtedness of \$128,169 (Cdn\$ 165,167) by way of issuance of a secured Convertible Debenture (the "Debenture"). The indebtedness was settled and the Debenture was issued on June 30, 2022 (Note 7).

**7. Convertible debenture**

On June 30, 2022, the Company issued a secured Convertible Debenture in the amount of \$128,169 (Cdn\$ 165,167) to Mr. Stein to settle outstanding Notes Payable and accrued interest (Note 6). The Debenture matures on December 30, 2022 and is secured by a General Security Agreement.

The Debenture bears interest at 12% per annum. Interest is payable at the end of each calendar quarter. Interest on overdue interest may be compounded monthly and is payable on demand.

If the Company fails to pay any part of the Principal or Interest when due, the interest rate increases to 24% per annum as of the due date of such missed payment, calculated and payable monthly.



**Optimind Pharma Corp.**  
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**US\$**

**7. Convertible debenture (Cont'd)**

The Debenture is convertible into Common Shares of the Company at a price of Cdn\$ 0.05 per share at Mr. Stein's option at any time prior to maturity of the Debenture. On any interest payment date and at Mr. Stein's option, the Company may settle interest payable by issuance of shares at a price of Cdn\$ 0.05 per share. Mr. Stein has agreed to convert any unpaid Principal or Interest prior to completion of the OPI Transaction.

**8. Share Capital**

**(a) Authorized and issued**

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares.

On December 8, 2020, the Company issued 4,265,670 common shares at a stated value of \$Cdn 0.05 (\$US 0.03807), to settle \$86,788 of outstanding Fees Payable to Directors and Officers and \$562,789 of outstanding Notes and Interest Payable. The Company determined that the fair market value to be assigned to the Optimind shares issued from treasury regarding the Debt Settlement would fall within a range of \$Cdn 0.005 per share to \$Cdn 0.05 per share. Management has used a fair market value for the treasury shares issued of \$Cdn 0.05 per share based on NEX trading activity during the period before and after the share issuance together with the TSX.V's minimum share issuance price and approval received from the TSX.V to issue the shares for the Debt Settlement.

Effective December 17, 2020, the Company's shares were consolidated such that one new common share was issued for every four common shares outstanding. For ease of comparison, the number of shares and per share amounts presented throughout these financial statements have been adjusted retroactively.

	As at June 30, 2022	As at December 31, 2021
Shares outstanding, beginning of year	10,250,270	10,250,270
Issuance of shares	-	-
Weighted average number of shares outstanding	10,250,270	10,250,270
Unexercised options	1,000,000	600,000
Convertible debenture	3,303,340	-
Fully diluted number of shares outstanding	14,553,610	10,850,270

**(b) Per share amounts**

The following table summarized the weighted average number of common shares used in calculating the net income or loss per share.

	Six months ended June 30, 2022	2021
Net loss attributable to shareholders	\$ (73,407)	\$ (53,972)
Net loss per share - Basic	\$ (0.01)	\$ (0.01)
Net loss per share - Diluted	\$ (0.01)	\$ (0.01)

**Optimind Pharma Corp.**  
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**US\$**

**(c) Stock options**

	As at June 30, 2022	As at December 31, 2021
Options outstanding, beginning of year	600,000	-
Options granted	400,000	900,000
Options expired	-	(300,000)
Balance outstanding, end of period	1,000,000	600,000

On February 26, 2021, the Company granted 750,000 incentive share purchase options to certain Directors and Officers. The options have an exercise price of \$Cdn 0.13 per share, vest immediately, and expire on February 26, 2024.

On June 4, 2021, two Officers holding 300,000 of the 750,000 Options granted on February 26, 2021 resigned from the Company. Under the terms of the Option agreements, the Options expired 90 days following the date of resignation, on September 2, 2021.

On June 16, 2021, the Company granted 150,000 Options to a Director of the Company. The Options have an exercise price of Cdn\$ 0.13 per share, vest immediately, and expire on February 26, 2024.

On June 30, 2022, the option agreements were amended to revise the exercise price to Cdn\$ 0.07 per share. All other terms of the option agreements remain unchanged.

On June 30, 2022, the Company granted 400,000 Options to a Director of the Company. The Options have an exercise price of Cdn\$ 0.07 per share, vest immediately, and expire on February 26, 2024.

During the six months ended June 30, 2022, the Company recorded share-based compensation of \$23,280 (June 30, 2021 - \$35,784) to recognize the estimated fair value of the options issued on June 30, 2022. The fair value of stock options granted was estimated using the Black-sholes Option Pricing Model with the following assumptions:

Risk-free rate:	2.25%
Expected life:	1.7 years
Expected volatility:	100%
Share price at grant:	Cdn\$ 0.12

**(d) Convertible debenture**

On June 30, 2022, the Company issued a secured Convertible Debenture in the amount of \$128,169 (Cdn\$ 165,167) to Mr. Stein to settle the outstanding Notes Payable and accrued interest (Note 6). The Convertible Debenture matures on December 30, 2022 and is convertible into Common Shares of the Company at a price of Cdn\$ 0.05 per share. Mr. Stein has agreed to convert any outstanding amounts prior to completion of the transaction with OPI.

**9. Related Party Transactions**

During the six months ended June 30, 2022, additional funding was advanced to the Company in the form of secured Notes Payable by Mr. Stein, which totaled \$24,336 and \$26,788 was repaid to Mr. Stein from proceeds of reimbursed expenses. No additional funding was advanced to the Company.

On June 30, 2022, the Company and Mr. Stein agreed to amend the terms of the Settlement Agreement to settle the outstanding Notes Payable indebtedness of \$128,169 (Cdn\$ 165,167) (Note 5) by way of issuance of a secured Convertible Debenture. The indebtedness was settled and the Convertible Debenture was issued on June 30, 2022 (Note 6 and 7).

**Optimind Pharma Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended June 30, 2022 and 2021**  
**US\$**

**9. Related Party Transactions (Cont'd)**

During the six months ended June 30, 2022, consulting fees totaling \$25,363 (Cdn\$ 32,500) were incurred to related parties for management services. As at June 30, 2022, these fees were payable in the amount of \$28,498 (Cdn\$ 36,725), including GST/HST.

Effective October 27, 2021, Mr. Stein resigned as a Director and Officer of the Company for personal reasons.

**10. Novel Coronavirus (“COVID-19”)**

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19” was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures, which include public health measures requiring the closure of non-essential businesses, requesting the public to stay home as much as possible, the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. On April 30, 2020 the Government of Alberta announced a phased relaunch strategy outlining the relaxing of certain measures starting mid-May 2020, conditional on the results of ongoing monitoring of testing results for COVID-19 in the province.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments.

**11. Subsequent Events**

On July 18, 2022, the Company obtained conditional approval to list on the CSE. and on August 4, 2022 the Company's shares began trading on the CSE under the symbol OMND.

On July 27, 2022 Directors and Officers exercised 1,000,000 options at an exercise price of Cdn\$ 0.07 per share, yielding proceeds of \$54,383 (Cdn\$70,000). Proceeds were used to settle Accounts Payable of the Company.

On July 27, 2022, the Company settled \$9,180 (Cdn\$ 11,816) of Fees Due to Related Parties by issuance of 236,328 common shares of the Company at a price equal to Cdn\$ 0.05 per share.

On July 27, 2022, the Company settled the Convertible Debenture including accrued interest thereon, totaling \$129,415 (Cdn\$ 166,579) by issuance of 3,331,577 common shares of the Company at a price equal to Cdn\$ 0.05 per share.

On July 28, 2022, the Company closed the Transaction with Optimind Pharma Inc. The Company now focuses on the business of Optimind Pharma Inc., which includes specializing in prescribing medical cannabis and other alternative treatments for various medical ailments.