

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

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2022 AND 2021
(Unaudited- expressed in Canadian Dollars)**

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

OPTIMIND PHARMA CORP.

(formerly, Loon Energy Corporation)

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Optimind Pharma Corp. (formerly, Loon Energy Corporation)
Interim Consolidated Statements of Financial Position
(in Canadian dollars)
(Unaudited)

ASSETS	August 31, 2022		February 28, 2022
CURRENT			
Cash	\$	1,142,529	\$ 1,352,293
Restricted cash (Note 11)		-	506,457
Accounts receivable		12,136	-
HST receivable		6,997	-
Other receivables		-	1,810
		<u>1,161,662</u>	<u>1,860,560</u>
Investment in associates (Note 5)		430,500	310,000
Right-of-use asset (Note 8)		109,740	124,704
Intangible assets (Notes 6, 7)		657,471	664,377
Goodwill (Note 6)		856,602	856,602
TOTAL ASSETS	\$	3,215,975	\$ 3,816,243
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
CURRENT			
HST payable	\$	-	\$ 1,692
Accounts payable and accrued liabilities		61,812	132,229
Subscription receipts (Note 11)		-	506,457
Other payables		729	-
Current portion of lease liabilities (Note 9)		<u>24,615</u>	<u>23,540</u>
		<u>87,156</u>	<u>663,918</u>
Non-current portion of lease liabilities (Note 8)		97,139	109,459
Convertible debentures (Note 11)		455,648	-
Deferred tax liability (Notes 6)		-	3,095
TOTAL LIABILITIES		<u>639,943</u>	<u>776,472</u>
SHAREHOLDERS' EQUITY			
Share capital (Note 10)		4,684,402	3,386,902
Contributed surplus		54,765	-
Accumulated deficit		<u>(2,163,135)</u>	<u>(347,131)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,576,032</u>	<u>3,039,771</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	3,215,975	\$ 3,816,243

Organization and nature of operations (Note 1)
Basis of presentation and going concern (Note 2)
Subsequent events (Note 16)

Approved on behalf of the Board of Directors:

/s/ Tomas Sipos, Director

/s/ Tushar Arora, Director

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

Optimind Pharma Corp. (formerly, Loon Energy Corporation)
Interim Consolidated Statements of Loss and Comprehensive Loss
For the periods ended:
(in Canadian dollars)
(Unaudited)

	For the three months ended August 31, 2022	For the three months ended August 31, 2021	For the six months ended August 31, 2022	For the Period from December 16,2020 to August 31, 2021
Revenue	\$ 27,618	\$ 30,817	\$ 67,615	\$ 48,049
Expenses:				
Accounting and related fees	\$ 6,000	\$ 6,000	\$ 12,000	\$ 8,000
Amortization of intangible assets (Note 7)	3,453	3,453	6,906	4,604
Amortization of right-of-use assets (Note 8)	7,482	7,482	14,964	9,976
Consulting fees (Note 12)	189,894	61,198	297,483	167,324
Contract work	23,712	10,211	43,786	12,857
Computer and software expenses	2,668	817	2,823	1,195
Interest expense	4,862	-	4,862	-
Interest accretion (Notes 9,11)	9,065	6,593	14,968	8,838
Insurance	2,425	-	2,425	2,375
Legal expenses	147,669	-	167,076	905
Maintenance and property taxes	9,600	-	9,600	-
Office and general	7,668	2,084	9,192	3,830
	\$ (414,498)	\$ (97,838)	\$ (586,085)	\$ (219,904)
Listing expense (Note 4)	(1,300,629)	-	(1,300,629)	-
Loss before income taxes	\$ (1,715,127)	\$ (67,021)	\$ (1,819,099)	\$ (171,855)
Deferred tax recovery	-	-	3,095	-
Loss and comprehensive loss	\$ (1,715,127)	\$ (67,021)	\$ (1,816,004)	\$ (171,855)
 Loss per share-Basic and Diluted	 \$ (0.025)	 \$ (0.001)	 \$ (0.027)	 \$ (0.006)
Weighted average number of shares outstanding-Basic and Diluted	69,842,768	57,472,350	68,197,388	27,546,163

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

Optimind Pharma Corp. (formerly, Loon Energy Corporation)
Interim Statements of Changes in Shareholders' Equity
(in Canadian dollars)
(Unaudited)

	Number of common shares outstanding	Share capital	Equity portion of convertible debentures	Deficit	Total
Shares issued for business acquisition (Note 6)	45,000,000	\$ 1,350,000	\$ -	\$ -	\$ 1,350,000
Shares issued for investment in associates (Note 5)	7,000,000	210,000	-	-	210,000
Shares issued for services (Note 12)	1,500,000	45,000	-	-	45,000
Private placements (Note 10)	13,052,008	1,957,801	-	-	1,957,801
Share issuance costs (Note 10)	-	(175,899)			(175,899)
Net loss for the period	-	-	-	(171,855)	(171,855)
Balance as at August 31, 2021	66,552,008	\$ 3,386,902	\$ -	\$ (171,855)	\$ 3,150,649
Balance as of February 28, 2022	66,552,008	\$ 3,386,902	\$ -	\$ (347,131)	\$ 3,039,771
Reverse takeover of subsidiary (Note4)	8,649,999	\$ 1,297,500	-	-	1,297,500
Equity portion of convertible debentures (Note 11)	-	-	54,765	-	54,765
Net loss for the period	-	-	-	(1,816,004)	(1,816,004)
Balance as at August 31, 2022	75,202,007	\$ 4,684,402	\$ 54,765	\$ (2,163,135)	\$ 2,576,032

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

Optimind Pharma Corp. (formerly, Loon Energy Corporation)
Interim Consolidated Statements of Cash Flows
For the periods ended:
(in Canadian dollars)
(Unaudited)

	August 31, 2022	December 16, 2020 to August 31, 2021
OPERATING ACTIVITIES		
Net loss	\$ (1,816,004)	\$ (171,855)
Non-cash items included in net loss and other adjustments:		
Amortization of intangible assets	6,906	4,604
Amortization of right -of-use asset	14,964	9,976
Interest accretion (Notes 9,11)	14,968	8,838
Issue of common shares for services	-	45,000
Deferred tax recovery	(3,095)	-
Loss from acquisition of subsidiary	1,300,629	-
Changes in non-cash working capital:		
Accounts receivables	(12,136)	-
Other receivables	1,810	(1,810)
Deferred costs	-	(45,000)
HST receivable/ payable	2,542	(463)
Other payables	729	-
Accounts payable and accrued liabilities	(84,777)	4,000
CASH USED IN OPERATING ACTIVITIES	(573,464)	(146,710)
INVESTING ACTIVITIES		
Investment in associates in cash	(120,500)	-
CASH USED IN INVESTING ACTIVITIES	(120,500)	-
FINANCING ACTIVITIES		
Common shares issued for cash	-	1,957,801
Share issue expenses	-	(175,899)
Subscription receipts for convertible debentures	543	-
Repayment of lease liabilities	(22,800)	(15,200)
CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(22,257)	1,766,702
NET CHANGE IN CASH DURING THE PERIOD	(716,221)	1,619,992
CASH, BEGINNING OF PERIOD	1,858,750	-
CASH, END OF PERIOD	\$ 1,142,529	\$ 1,619,992
Cash consists of:		
Cash	\$ 1,157,872	\$ 1,619,992
Restricted cash	\$ -	-
	\$ 1,664,872	\$ 1,619,992
Cash paid for interest and income taxes	\$ -	\$ -

Non-cash transactions:

The following were noncash transactions during the period ended August 31, 2022:

8,649,999 common shares valued at \$0.15 per share for a consideration of \$1,297,500 were issued for the reverse merger transaction

The following were noncash transactions during the period ended August 31, 2021:

- The Company issued 45,000,000 common shares fair valued at \$1,350,000 for a business acquisition.
- The Company issued 7,000,000 common shares fair valued at \$210,000 for investment in associates.
- The Company issued 1,500,000 common shares fair valued at \$45,000 for services.

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

1. Organization and Nature of Operations

Optimind Pharma Corp., formerly Loon Energy Corporation, ("**Optimind**" or the "**Company**") was 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 completed a triangular amalgamation (the "Transaction") pursuant to the terms of the acquisition agreement dated July 28, 2022, among Optimind, its wholly owned subsidiary 1000033135 Ontario Inc. and Optimind Pharma Inc. 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 Agreement, all of the Target Shares were 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 resulted in 8,649,999 Loon common shares being issued and outstanding following the consolidation.

Optimind's shares were listed on the TSX Venture exchange ("TSX.V"). 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. The Company's corporate head office is located at 77 King Street W, Suite 3000, Toronto, Ontario, Canada, M5K 1G8. The Board of Directors of the Company authorized these financial statements for issuance on October 31, 2022.

2. Basis of Presentation and Going Concern

Basis of Preparation

These condensed interim financial statements have been prepared on the historical cost basis except for financial instruments recorded at fair value. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar, which is also the Company's reporting currency.

Statement of Compliance

These condensed interim consolidated financial statements (the "Financial Statements") are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), using accounting policies of International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The condensed interim financial statements should be read in conjunction with the annual audited financial statements for the period ended February 28, 2022, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim financial statements are based on accounting policies as described in the February 28, 2022 audited financial statements.

2. Basis of Presentation and Going Concern (Cont'd)

Going Concern Assumption

These financial statements have been prepared using IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business, for the next fiscal year. At August 31, 2022, the Company had cash of \$1,142,529, working capital of \$1,074,506 and an accumulated deficit of \$2,163,135. The continuing operations of the Company are dependent on funding provided by equity investors. The Company intends to finance its future requirements through a combination of equity and/or debt issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms.

Since March, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. 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 and the impact on the financial results and condition of the Company in future periods.

These uncertainties may cast significant doubt about the ability of the Company to continue as a going concern. These financial statements do not include any adjustments to the carrying value or presentation of assets or liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

Significant Accounting Judgments and Estimates

The preparation of these financial statements in compliance with IFRS requires management to make certain critical accounting estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the period reported.

Critical Judgements

The preparation of these financial statements requires management to make judgements regarding the going concern of the Company (discussed above), as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency for the Company has been determined to be the Canadian dollar.

Management had to apply judgement with respect to whether the assignment and acquisition of the assets and business of Redytogo Clinic at London, Ontario were asset or business acquisition. The assessments required management to assess the inputs, processes and outputs of the business acquired at the time of acquisition. Pursuant to the assessment, the acquisition was considered business acquisition.

2. Basis of Presentation and Going Concern (Cont'd)

Significant Accounting Judgments and Estimates (Cont'd)

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

Significant estimates made by management affecting the financial statements include:

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Determination of Purchase Price Allocation

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Management exercises judgment in estimating the probability and timing of when cash flows are expected to be achieved, which is used as the basis for estimating fair value. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss. The fair value of identified intangible assets is determined using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

2. Basis of Presentation and Going Concern (Cont'd)

Significant Accounting Judgments and Estimates (Cont'd)

Carrying values of goodwill and other intangible assets

The values associated with goodwill and other intangible assets involve significant estimates and assumptions, including those with respect to the determination of cash generating units ("CGUs"), future cash inflows and outflows, discount rates and useful asset lives. At least annually, the carrying amount of goodwill and other intangible assets are reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the CGUs based on the higher of value in use or fair value less costs of disposal using discounted estimated future cash flows. These significant estimates require considerable judgment which could affect the Company's future results if the current estimates of future performance and fair value change.

Leases

The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as store profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of the lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

3. Significant Accounting Policies

The accounting policies set out in the financial statements for the period ended February 28, 2022, have been applied consistently to all periods presented in these interim financial statements.

4. Reverse merger transaction

Effective July 28, 2022, Optimind was part of a triangular amalgamation among Optimind, its wholly owned subsidiary 1000033135 Ontario Inc. and Optimind Pharma Inc. 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 Agreement, all of the Target Shares were exchanged on the basis of one common share of the Company for each Target Share. 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 resulted in 8,649,999 Loon common shares being issued and outstanding following the consolidation. On Completion of the transaction, the Company changed its name to Optimind Pharma Corp.

Under IFRS, this was considered a Reverse Merger and Recapitalization (commonly referred to as a Reverse Take Over or "RTO"). The Company issued 8,649,999 shares to the shareholders of former corporation valued at \$0.15 per share, with a total value of \$1,297,500 for the acquisition.

The fair value of the acquired assets and liabilities assumed is as follows:

Assets acquired by the Company:	\$	11,231
Liabilities assumed by the Company:		(14,360)
Net assets (liabilities) assumed	\$	(3,129)
Consideration:		
8,649,999 common shares issued at a fair value of \$0.15 per share	\$	(1,297,500)
Listing expense	\$	(1,300,629)

5. Investment in Associates

Manitari Pharma Inc. ("Manitari")

The Company owns a 40% interest in Manitari giving it significant influence over its operations. The Company issued 7,000,000 common shares to acquire a 40% ownership and control of 40 common shares in this private entity. Manitari has applied for a Psilocybin dealers license to produce Psilocybin for use in micro doses in-clinic for Psilocybin-PEP, made accessible to qualified non-native patients through North America. As the Company does not have the current ability to control the key operating activities of Manitari, it is accounted for using the equity method. As at August 31, 2022, the Company had advanced cash of \$220,500 to Manitari in addition to its 40% ownership and control, by issue of 7,000,000 common shares valued at \$210,000.

A summary of the assets, liabilities and operations of Manitari are presented below:

		August 31, 2022	February 28, 2022
Financial position			
Current assets	\$	2,120	\$ 500
Non-current assets	\$	218,380	\$ 99,500
Current liabilities	\$	-	\$ -
Non-current liabilities	\$	220,500	\$ 100,000
For the period ended		August 31, 2022	August 31, 2021
Statement of earnings (loss)			
Revenue	\$	-	\$ -
Expenses	\$	-	\$ -
Operating income (loss)	\$	-	\$ -
Net earnings (loss)	\$	-	\$ -

6. Business Acquisition of Redytogo Limited

On April 27, 2021, the Company acquired the right, title and interest in the assets and business of Redytogo Clinic operating in London, Ontario. The acquisition and assignment included proprietary information in or associated with the business and any and all the intellectual property relating to the business of non-OHIP treatment operations, including Ketamine treatments and cannabis referrals. As a consideration for the Transaction, the Company issued 45,000,000 common shares of the Company at a price of \$0.03 per share for a total consideration of \$1,350,000 (the "Purchase Price").

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets acquired.

Consideration	\$
45,000,000 common shares issued at \$0.03 per share	1,350,000
	1,350,000
Purchase Price allocation	\$
Goodwill	856,602
Deferred tax liability	(182,489)
<u>Intangible assets</u>	
Customer Relationships (amortized over a period of 8 years)	110,500
Brand (Indefinite life)	565,387
	1,350,000

7. Intangible Assets

	Customer Relationships	Brand	Total
	\$	\$	\$
Cost:			
December 16, 2020	-	-	-
Additions	110,500	565,387	675,887
February 28, 2022	110,500	565,387	675,887
Additions	-	-	-
August 31, 2022	110,500	565,387	675,887
Accumulated amortization:			
December 16, 2020	-	-	-
Charge for the period	11,510	-	11,510
February 28, 2022	11,510	-	11,510
Charge for the period	6,906	-	6,906
August 31, 2022	18,416	-	18,416
Net Book Value:			
At August 31, 2022	92,084	565,387	657,471
At February 28, 2022	98,990	565,387	664,377

8. Right-of-use Asset

The following shows the movement of the Company's right-of-use asset.

	Right of Use Asset
	\$
Cost:	
December 16, 2020	-
Additions	149,645
February 28, 2022	149,654
Additions	-
August 31, 2022	149,645
Accumulated amortization:	
December 16, 2020	-
Charge for the period	24,941
February 28, 2022	24,941
Charge for the period	14,964
August 31, 2022	39,905
Net Book Value:	
At August 31, 2022	109,740
At February 28, 2022	124,704

Right-of-use asset includes office space amortized over the period of lease.

9. Lease Liability

At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 18% which is the Company's incremental borrowing rate.

	\$
Additions on May 1, 2021	149,645
Accretion on lease obligation	21,354
Lease payments made	(38,000)
February 28, 2022	132,999
Accretion on lease obligation	11,555
Lease payments made	(22,800)
August 31, 2022	121,754
<hr/>	
Less than one year	24,615
Greater than one year	97,139
Total lease obligation	121,754

The Company's future minimum lease payments are as follows:

	\$
Due in the next 12 months	45,600
Due in the 1-2 years	45,600
Due in 2-3 years	45,600
Due in 3-4 years	30,400
	167,200

10. Capital Stock

The Company is authorized to issue the following shares:

- Unlimited number of common shares

a) Common shares

The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

At August 31, 2022, the Company has 75,202,007 common shares issued and outstanding.

b) Share issuances

During the six- month period ended August 31, 2022

- The Company issued 8,649,999 common shares valued at \$0.15 per share, in connection with the acquisition as discussed in note 4

During the period from December 16, 2020 to August 31, 2021

- On April 27, 2021, the Company issued 45,000,000 common shares at \$0.03 per share to acquire right, title and interest in the assets and business of Redytogo Clinic operating in London, Ontario (Note 6)
- On April 30, 2021, the Company issued 7,000,000 common shares at \$0.03 per share to acquire a 40% ownership and control of Manitari Pharma Inc. (Note 5).
- On April 30, 2021, the Company issued 1,500,000 common shares at \$0.03 per share for services.
- On August 4, 2021, the Company issued 13,052,008 common shares at \$0.15 per share in private placements and raised \$1,957,801.

In conjunction with the above private placements, the Company incurred cash share issuance costs of \$175,899.

As at August 31, 2022 and February 28, 2022, the Company has no stock options of warrants outstanding.

11. Subscription receipts and convertible debentures

The Company had received cash in escrow for \$507,000 for subscription receipts. Each subscription receipt is exercisable into one \$1,000 principal amount convertible debenture of the Company, on the Going Public Event, which shall have the following terms:

- (i) Matures 18 months from commencement of trading of the Resulting Issuer Shares on the Canadian Stock Exchange;
- (ii) 10% interest per annum payable on maturity
- (iii) Convertible at \$0.20 per unit, with each unit comprised of one share and 0.6 warrant, with each full warrant exercisable into a share at \$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 \$0.40 per share for 10 consecutive trading days

“Going Public Event” means any one of (i) an initial public offering by the Company; (ii) completion of a qualifying transaction with a Capital Pool Company on the TSX Venture Exchange (TSXV); or (iii) a merger, amalgamation, reorganization, consolidation or plan of arrangement of the Company with a reporting issuer in Canada or a reporting company in the United States or a public entity in a jurisdiction outside of Canada and the United States on terms determined by the board of directors of the Company.

Effective July 28, 2022, Optimind was part of a triangular amalgamation among Optimind, its wholly owned subsidiary 1000033135 Ontario Inc. and Optimind Pharma Inc. Subscription receipts for the face value of \$507,000 were accordingly converted to convertible debentures which now mature on January 28, 2024. Of this amount, \$54,765 was allocated to the equity component of the Debentures and the remaining amount allocated to the liability component, to be accreted over the term of the Debentures.

As at August 31, 2022, the Company’s Debentures were comprised of the following:

	Equity component of convertible debenture		Liability component of convertible debenture		Total
Balance, July 28 2022	\$	54,765	\$	452,235	\$ 507,000
Accretion		-		3,413	3,413
Balance, August 31, 2022	\$	54,765	\$	455,648	\$ 510,413

12. Related Party Transactions

Related parties include key management personnel, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Key management of the Company are the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO")

Transactions with key management personnel not disclosed elsewhere in the financial statements include the following:

	Six months ended August 31, 2022	Incorporation on December 16, 2020 to August 31, 2021
Consulting fees paid to the CEO	\$ 13,560	\$ 6,780
Common shares issued for services to the CEO	-	45,000
Consulting fees paid to the CFO	\$ 32,940	\$ -
	<u>46,500</u>	<u>51,780</u>

	Three months ended August 31, 2022	Three months ended August 31, 2021
Consulting fees paid to the CEO	\$ 6,780	\$ 6,780
Common shares issued for services to the CEO	-	-
Consulting fees paid to the CFO	\$ 21,640	\$ -
	<u>28,420</u>	<u>6,780</u>

At August 31, 2022, there was \$nil due to the CEO and \$nil due to the CFO for services.

At February 28, 2022 there was \$nil due to the CEO and \$nil due to the CFO for services.

13. Financial Instruments

The Company's financial instruments consist of cash, restricted cash, accounts receivable, accounts payable, other payables and convertible debentures. The fair value of the Company's accounts receivable, accounts payable and other payables approximate carrying value, due to their short-term nature. The Company's cash and restricted cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

Financial risk management and objectives

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and commodity price risk).

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk as during the period ended August 31, 2022, 74% of its revenue was from 4 customers (May 31, 2021: 83% from one customer).

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

The Company manages its liquidity needs by carefully monitoring scheduled costs. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods. Funding for long term liquidity needs is based on the ability of the Company to successfully complete private placements.

As at August 31, 2022, the Company had sufficient unrestricted cash of \$1,142,529 to settle current liabilities of \$87,156.

13. Financial Instruments (Cont'd)

Financial risk management and objectives (Cont'd)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(b) Price risk

The Company is not exposed to significant price risk as it does not possess investments in publicly traded securities.

(c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant current risk.

14. Capital Management

The Company considers its capital to be shareholders' equity, which is comprised of share capital and deficit, which as at August 31, 2022 totaled \$2,576,032. The Company's capital structure is adjusted based on the funds available to the Company such that it may continue to seek new opportunities. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The sources of future funds presently available to the Company are through the sale of equity capital of the Company. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's management of capital during the period.

15. Segment Information

The Company is in the business of non-OHIP treatment operations, including Ketamine treatments and cannabis referrals. In addition, the Company has a 40% ownership interest in Manitari, which has applied for a Psilocybin dealers license to produce Psilocybin

For the period ended August 31, 2022 and 2021, the Company's entire revenue comprises of Ketamine and cannabis referrals. All assets are in Canada.

16. Subsequent events

On September 16, 2022, Optimind completed the acquisition of MindSetting Institute, a leader in psychedelic enhanced therapy training and educational programming. The acquisition was completed pursuant to an asset purchase agreement (the "APA") with Beatrice Society. Pursuant to the APA, the Company has issued a total of 22,500,000 common shares to the vendor which are subject to the following release terms: (i) 11,500,000 common shares are subject to a time release escrow as follows: (A) 5,343,750 are released on January 17, 2023; (B) 1,968,750 are released on March 17, 2023; (C) 1,968,750 are released on June 17, 2023; and, (D) (B) 1,968,750 are released on September 17, 2023; and (ii) 11,500,000 common shares are subject to earn-out milestones as follows: (A) 2,812,500 common shares; (B) 5,625,000 common shares; and (C) 2,812,500 common shares, with each of three earn-out milestones related to continued development of the protocols and courses for the acquired assets and intellectual property. The MindSetting assets acquired by Optimind include course modalities, including fully asynchronous, online synchronous and hybrid learning opportunities.