OPTIMIND PHARMA CORP.
(Formerly LOON ENERGY CORPORATION)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MAY 31, 2023 AND 2022

(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 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)

		May 31, 2023		February 28, 2023
ASSETS				
CURRENT				
Cash	$	292,927	$	552,219
Accounts receivable		29,452		33,507
Sales tax receivable		108,415		82,079
		430,794		667,805
Equity Investments (Note 14)		50,000		50,000
Right-of-use asset (Note 8)		87,294		94,776
Intangible assets (Notes 6(a), 6(b), 7)		371,250		371,250
Goodwill (Notes 6 (a))		-		-
Loan to related party		174,500		170,500
TOTAL ASSETS	**$**	**1,113,838**	$	**1,354,331**
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	75,498	$	92,409
Convertible debentures (Note 11)		526,201		503,951
Current portion of lease liabilities (Note 9)		29,430		28,142
		631,129		624,502
Lease liabilities (Note 9)		73,457		81,317
Deferred tax liability (Notes 6 (a))		8,759		8,759
TOTAL LIABILITIES		713,345		714,578
SHAREHOLDERS' EQUITY				
Share capital (Note 10(a))		4,026,952		4,024,952
Contributed surplus		40,252		40,252
Share based payment reserve(Note 10(b))		162,400		-
Accumulated deficit		(3,829,111)		(3,425,451)
TOTAL SHAREHOLDERS' EQUITY		400,493		639,753
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**1,113,838**	$	**1,354,331**

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

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
(in Canadian dollars)
(Unaudited)

		For the three months ended May 31, 2023		For the three months ended May 31, 2022
Revenue	$	41,273	$	39,997
Operating expenses:				
Accounting and related fees	$	6,000	$	6,000
Amortization of intangible assets (Note 7)		-		3,453
Amortization of right-of-use assets (Note 8)		7,482		7,482
Consulting fees (Note 12)		83,313		107,589
Contract work		22,285		20,074
Computer and software expenses		878		155
Interest expense (Notes 11)		12,779		-
Interest accretion (Notes 9,11)		14,299		5,903
Insurance		-		-
Legal and professional expenses		4,133		19,407
Maintenance and property taxes		4,117		-
Office and general		4,348		1,524
Research and development		120,000		-
Share based compensation		162,400		-
Transfer agent and regulatory fees		2,899		-
Total operating expenses	$	444,933	$	171,587
Loss before income taxes		(403,660)		(131,590)
Deferred tax recovery		-		3,095
Loss and comprehensive loss	$	(403,660)	$	(128,495)
Loss per share-Basic and Diluted	$	(0.004)	$	(0.002)
Weighted average number of shares outstanding-Basic and Diluted		97,958,948		66,552,008

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

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

	Number of common shares outstanding		Share capital		Equity portion of convertible debentures		Share based compensation reserve		Deficit		Total
Balance as of February 28, 2022	66,552,008	$	3,386,902		-				(347,131)		3,039,771
Net loss for the period	-		-		-				(128,495)		(128,495)
Balance as of May 31, 2022	**66,552,008**	**$**	**3,386,902**		**-**			**$**	**(475,626)**	**$**	**2,911,276**
Balance as of February 28, 2023	97,931,991	$	4,024,952	$	40,252	$	-	$	(3,425,451)	$	639,753
Shares issued for services (Note 10(a))	80,000		2,000		-				-		2,000
Share based compensation	-		-				162,400				162,400
Net loss for the period	-		-		-		-		(403,660)		(403,660)
Balance as at May 31, 2023	**98,011,991**	**$**	**4,026,952**	**$**	**40,252**	**$**	**162,400**	**$**	**(3,829,111)**	**$**	**400,493**

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 three months ended:
(in Canadian dollars)
(Unaudited)

		May 31, 2023		May 31, 2022
OPERATING ACTIVITIES				
Net loss	$	(403,660)	$	(128,495)
Non-cash items included in net loss and other adjustments:				
Amortization of intangible assets		-		3,453
Amortization of right -of-use asset		7,482		7,482
Interest accretion (Notes 9,11)		14,299		5,903
Issue of common shares for services		2,000		-
Share based compensation		162,400		-
Deferred tax recovery		-		(3,095)
Interest on convertible debentures		12,779		-
Changes in non-cash working capital:				
Accounts receivables		4,055		(27,497)
Other receivables		-		1,810
Sales tax receivable		(26,336)		2,560
Other payables		-		4,140
Accounts payable and accrued liabilities		(16,911)		(3,782)
CASH USED IN OPERATING ACTIVITIES		**(243,892)**		**(137,521)**
INVESTING ACTIVITIES				
Investment in associates in cash		(4,000)		(45,500)
CASH USED IN INVESTING ACTIVITIES		**(4,000)**		**(45,500)**
FINANCING ACTIVITIES				
Subscription receipts for convertible debentures		-		543
Repayment of lease liabilities		(11,400)		(11,400)
CASH PROVIDED (USED) BY FINANCING ACTIVITIES		**(11,400)**		**(10,857)**
NET CHANGE IN CASH DURING THE PERIOD		**(259,292)**		**(193,878)**
CASH, BEGINNING OF PERIOD		**552,219**		**1,858,750**
CASH, END OF PERIOD	$	**292,927**	$	**1,664,872**
Cash consists of:				
Cash	$	**292,927**		1,157,872
Restricted cash	$	**-**		507,000
Cash paid for interest	$	**-**	$	-
Cash paid for taxes	$	**-**	$	-
Non-cash transactions:				

The following were noncash transactions during the three-month period ended May 31, 2023:

a) The Company issued 80,000 common shares fair valued at $2,000 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”) and on November 23, 2021 under the laws of Ontario respectively. On July 28, 2022, the Company completed a triangular amalgamation (the “Transaction”) with its wholly owned subsidiary 1000033135 Ontario Inc. and Optimind Pharma Inc. (“OPI”), a private company incorporated under the Province of Ontario. During the transaction, the Company acquired all of the issued and outstanding shares of OPI (the "Target Shares") by share exchange, including Redytogo Limited which is 100% owned by OPI. All of the Target Shares were exchanged on the basis of one common share of the Company for one 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, the Company completed a share consolidation of its outstanding common shares on a 1.713084 for one basis. After the share consolidation, the Company issued 8,649,983 of the resulting issuer’s common shares to the former shareholders of Loon Energy Corporation.

Loon Energy Corporation’s shares were listed on the TSX Venture exchange (“TSX.V”). At the Company’s request, Loon Energy Corporation’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 July 28, 2023.

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 year ended February 28, 2023, 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, 2023 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 May 31, 2023, the Company had cash of $292,927, a working capital deficit of $200,335 and an accumulated deficit of $3,829,111. 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.

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.

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

Significant Accounting Judgments and Estimates (Cont'd)

Critical Judgements (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.

Useful life of intangible assets

The intangible asset is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience and takes into consideration the anticipated life of the asset, the potential for technological obsolescence, and regulations.

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

Significant Accounting Judgments and Estimates (Cont'd)

Impairment of goodwill and other intangible assets

The impairment assessment 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.

Impairment of investment in associate

The impairment assessment for the investment in associate involve significant estimates and assumptions. At least annually, the carrying amount investment in associate is reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the associate 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 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.

Share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

3. Significant Accounting Policies

The accounting policies set out in the financial statements for the period ended February 28, 2023, have been applied consistently to all periods presented in these interim financial statements.

(in Canadian dollars)

4. Reverse merger transaction

On July 28, 2022, the Company completed a triangular amalgamation (the “Transaction”) with its wholly owned subsidiary 1000033135 Ontario Inc. and Optimind Pharma Inc. (“OPI”), a private company incorporated under the Province of Ontario. During the transaction, the Company acquired all of the issued and outstanding shares of OPI (the "Target Shares") by share exchange, including Redytogo Limited which is 100% owned by OPI. All of the Target Shares were exchanged on the basis of one common share of the Company for one 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, the Company completed a share consolidation of its outstanding common shares on a 1.713084 for one basis. After the share consolidation, the Company issued 8,649,983 of the resulting issuer’s common shares to the former shareholders of Loon Energy Corporation.

Under *IFRS 3 Business combination*, this was considered a reverse acquisition. The Company issued 8,649,983 shares to the former shareholders of Loon Energy Corporation valued at $0.03 per share, with a total value of $259,500 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:		(14,359)
Net assets (liabilities) assumed	$	(3,128)
Consideration:		
8,649,983 common shares issued at a fair value of $0.03 per share	$	(259,500)
Listing expense	$	(262,628)

5. Investment in Associates

Manitari Pharma Inc. ("Manitari")

In May 2021, the Company acquired 40% ownership of Manitari which made the Company to have significant influence over Manitari's operations, but not control. The financial results of Manitari will be included in the Company's results according to the equity method.

The consideration transferred for the 40% ownership included 7,000,000 common shares of the Company and $100,000 of cash. The 7,000,000 common shares were valued at $210,000. Manitari has applied for a Psilocybin dealers license to produce Psilocybin for use in micro doses in-clinic for Psilocybin-PEP, will be accessible to qualified non-native patients through North America. As at February 28, 2023, the management impaired the investment in Manitari to zero due to lack of revenue.

As of May 31, 2023, the Company had advanced cash of $174,500 to Manitari (February 28, 2023: $170,500) to finance Manitari's operation. The cash advance has been recorded as loan to related party as at May 31, 2023 and as at February 28, 2023. This loan is unsecured, non-interest bearing and due on demand.

(in Canadian dollars)

6(a) Business Acquisition of Redytogo Limited

On April 27, 2021, the Company acquired the right, title and interest in the assets and business of Readytogo 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 the consideration for the acquisition, the Company issued 45,000,000 common shares of the Company at a price of $0.03 per share for a total value 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

As of February 28, 2023, the Company recorded impairment in goodwill for $856,602 and impairment in intangible assets comprising of customer relations for $85,178 and brand for $565,387.

(in Canadian dollars)

6(b) Acquisition of Mindsetting Institute

On September 16, 2022, Optimind completed the acquisition of Mindsetting Institute, a leader in psychedelic enhanced therapy training and educational programming. In consideration for the acquisition, the Company issued a total of 22,500,000 common shares for a total consideration of $371,250 (the “Purchase Price”), which shares 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.

At the time of the Transaction, MIndsetting did not constitute a business as defined under IFRS 3 – business combinations, and therefor the Transaction is accounted for as an asset acquisition. Management assessed that it is very likely that Mindsetting Institute will meet the earn-out milestones on time and recognized 11,500,000 common shares for earn-out as the acquisition cost. Management recognized the Intangible-Mindsetting at value of $371,250.

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the Purchase Price.

Consideration		
22,500,000 Common Shares	$	371,250
Purchase Price allocation		
Intangible-Mindsetting	$	371,250

(in Canadian dollars)

7. Intangible Assets

	Customer Relationships	Brand	Mindsetting*	Total
	$	$	$	$
Cost:				
December 16, 2020	-	-	-	-
Additions	110,500	565,387	-	675,887
February 28, 2022	110,500	565,387	-	675,887
Additions	-	-	371,250	371,250
Impairment	(110,500)	(565,387)	-	(675,887)
February 28, 2023	-	-	371,250	371,250
Additions	-	-	-	-
May 31, 2023	-	-	371,250	371,250
Accumulated amortization:				
December 1, 2022	-	-	-	-
Amortization	11,510	-	-	11,510
February 28, 2022	11,510	-	-	11,510
Amortization	13,812	-	-	13,812
Impairment	(25,322)		-	(25,322)
February 28, 2023	-	-	-	-
Amortization	-	-	-	-
May 31, 2023	-	-	-	-
Net Book Value:				
At May 31, 2023	-	-	371,250	371,250
At February 28, 2023	-	-	371,250	371,250

As at February 28, 2023, the Company recorded an impairment of its intangible assets totalling $650,565 due to the lack of revenues.

***** These intangible assets are currently in the development phase and are not in use. Amortization will be recorded on these intangible assets from the date when they are put to use.

(in Canadian dollars)

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, 2022	-
Additions	149,645
February 28, 2022	149,654
Additions	-
February 28, 2023	149,645
Additions	-
May 31, 2023	149,645
Accumulated amortization:	
December 16, 2022	-
Charge for the period	24,941
February 28, 2022	24,941
Charge for the period	29,928
February 28, 2023	54,869
Charge for the period	7,482
May 31, 2023	62,351
Net Book Value:	
At May 31, 2023	87,294
At February 28, 2023	94,776

Right-of-use assets include office space amortized over the period of lease.

(in Canadian dollars)

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	22,060
Lease payments made	(45,600)
February 28, 2023	109,459
Accretion on lease obligation	4,828
Lease payments made	(11,400)
May 31, 2023	102,887

Less than one year	29,430
Greater than one year	73,457
Total lease obligation	102,887

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	$41,800
	$133,000

10(a) Capital Stock

The Company is authorized to issue the following shares:

- Unlimited number of common shares

(in Canadian dollars)

10(a) Capital Stock (Cont'd)

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 May 31, 2023, the Company has 98,011,991 common shares issued and outstanding.

a) Share issuances

<u>During the period ended May 31, 2023</u>

- The Company issued 80,000 shares fair valued at $2,000 to the COO for services.

<u>During the year ended February 28, 2023</u>

- The Company issued 8,649,983 common shares valued at $0.03 per share, in connection with the reverse merger transaction as discussed in note 4.
- The Company issued 22,500,000 common shares valued at $0.0165 per share, in connection with the acquisition of Mindsetting Institute as discussed in note 6(b).
- The Company issued 180,000 shares fair valued at $5,800 to the COO for services and 50,000 shares fair valued at $1,500 to a consultant for services.

As at May 31, 2023 and February 28, 2023, the Company has no warrants outstanding.

10(b) Share based compensation

The Company has established a stock option plan whereby officers, directors, employees and service providers may be granted options to purchase common shares at a fixed price. Vesting and expiry provisions are determined at the date of grant. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases.

On March 8, 2023, the Company granted options to its directors, officers and consultants to purchase up to 5,900,000 common shares. These options were issued at an exercise price of $0.05 per share and vest immediately. These options have a term of four (4) years expiring on March 8, 2027. The Company expensed $162,400 related to the vesting of the options. The fair value of each option used for the purpose of estimating the stock-based compensation is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free rate		4.00%
Expected dividends		0%
Expected forfeiture rate		0%
Expected volatility		129%
Expected life		4 years
Unvested stock-based compensation expense as of May 31, 2023	$	-

(in Canadian dollars)

10(b) Share based compensation (Cont'd)

Continuity of the Company's options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, February 28, 2022	**-**	**-**
Granted	-	-
Outstanding, February 28, 2023	**-**	**-**
Granted	5,900,000	$0.05
Expired	-	-
Exercised	-	-
Outstanding May 31, 2023	**5,900,000**	**$0.05**

As at May 31, 2023, the Company had the following share purchase options outstanding and exercisable:

Number of options Outstanding	**Exercisable**	**Exercise Price**	**Remaining Life (Years)**	**Expiry Date**
5,900,000	5,900,000	$0.05	3.77	March 8, 2027
5,900,000	5,900,000	$0.05	3.77	

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. As at February 28, 2022, $506,457 was recorded as restricted cash and subscription receipts.

Effective August 4, 2022, the Company commenced trading on the CSE. Accordingly, the restricted cash was released and subscription receipts for the face value of $507,000 were converted to convertible debentures with mature date on January 28, 2024. Of this amount, $40,252 was allocated to the equity component of the Debentures and $452,235 was allocated to the liability component which will be accreted over the term of the Debentures. Due to the temporary difference between the face value of Debentures and the liability component, the Company recorded the deferred tax liability of $14,513.

(in Canadian dollars)

11. Subscription receipts and convertible debentures (Cont'd)

As at May 31, 2023, the Company's Debentures were comprised of the following:

		Equity component of convertible debenture		Liability component of convertible debenture
Balance, July 28 2022	**$**	**40,252**	**$**	**452,235**
Accrued interest				30,003
Accretion expenses		-		21,713
Balance, February 28, 2023	**$**	**40,252**	**$**	**503,951**
Accrued interest				12,779
Accretion expenses		-		9,471
Balance, May 31, 2023	**$**	**40,252**	**$**	**526,201**

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") and the Chief Operating officer ("COO")

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

		Three months ended May 31, 2023		Three months ended May 31, 2022
Consulting fees to the CEO	$	6,000	$	6,780
Common shares issued for services to the COO		2,000		-
Consulting fees to the CFO	$	10,000	$	11,300
		18,000	$	18,080

At May 31, 2023, there was $10,000 (February 28, 2023: $nil) due to the related parties 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 May 31, 2023, 86% of its revenue was from 4 customers (May 31, 2022: 87% from three customers).

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 May 31, 2023, the Company had unrestricted cash of $292,927 to settle current liabilities of $631,129.

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, equity prices, and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company 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. Equity Investment

The Company has a 1% interest in the outstanding shares of Beatrice Society Holdings Inc., ("Beatrice"), a private corporation incorporated under the laws of the Province of Ontario and does not have any significant influence over Beatrice's operations.

15. Capital Management

The Company considers its capital to be shareholders' equity, which is comprised of share capital and deficit, which as at May 31, 2023 totaled $400,493. 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.

16. 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 three-month periods ended May 31, 2023 and 2022, the Company's entire revenue comprises of Ketamine and cannabis referrals. All assets are in Canada.