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

Consolidated Financial Statements

For the Years Ended February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

OPTIMIND PHARMA CORP.

(**Formerly, LOON ENERGY CORPORATION**)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Optimind Pharma Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Optimind Pharma Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at February 29, 2024 and February 28, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statement of changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 29, 2024 and February 28, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the consolidated financial statements, which indicates that the Company incurred net losses during the years ended February 29, 2024 and February 28, 2023 and, as of February 29, 2024, the Company's current liabilities exceeded its total assets. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. The matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Except for the matter of the Material Uncertainty Related to Going Concern described above, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended February 29, 2024, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a

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matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Julia Zhou.

DNTW Toronto LLP

June 28, 2024
Markham, Ontario

Chartered Professional Accountants
Licensed Public Accountants

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

ASSETS		February 29, 2024		February 28, 2023
CURRENT				
Cash	$	28,696	$	552,219
Accounts receivable		24,361		33,507
Sales tax receivable		135,125		82,079
		188,182		667,805
Equity Investments (Note 14)		50,000		50,000
Right-of-use asset (Note 8)		-		94,776
Intangible assets (Notes 6(a), 6(b), 7)		-		371,250
Loan to related party (Note 5)		-		170,500
TOTAL ASSETS	**$**	**238,182**	$	**1,354,331**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	241,562	$	92,409
Convertible debentures (Note 11)		125,637		503,951
Current portion of lease liabilities (Note 9)		-		28,142
		367,199		624,502
Lease liabilities (Note 9)		-		81,317
Deferred tax liability (Notes 11)		-		8,759
TOTAL LIABILITIES		367,199		714,578
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital (Note 10(a))		4,522,943		4,024,952
Contributed surplus (Note 11)		8,674		40,252
Share based payment reserve (Note 10(b))		162,400		-
Accumulated deficit		(4,823,034)		(3,425,451)
TOTAL SHAREHOLDERS' DEFICIENCY		(129,017)		639,753
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	**$**	**238,182**	$	**1,354,331**

Organization and nature of operations (Note 1)
Basis of presentation and going concern (Note 2)
Subsequent events (Note 18)

Approved on behalf of the Board of Directors:

/s/, "David Goodman", Director.

/s/ "David Yu", Director.

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

Optimind Pharma Corp. (formerly, Loon Energy Corporation)
Consolidated Statements of Loss and Comprehensive Loss
(in Canadian dollars)

		For the Year ended February 29, 2024		For the Year ended February 28, 2023
Revenue	$	122,959	$	170,113
Operating expenses:				
Accounting and related fees	$	4,000	$	24,000
Amortization of intangible assets (Note 7)		-		13,812
Amortization of right-of-use assets (Note 8)		19,952		29,928
Consulting fees (Note 12)		350,702		551,406
Contract work		64,400		84,555
Computer and software expenses		2,856		3,906
Interest expense (Notes 11)		46,046		30,571
Interest accretion (Notes 9,11)		45,254		43,773
Insurance		444		2,425
Legal and professional expenses		108,398		316,953
Maintenance and property taxes		-		33,684
Office and general		43,040		16,841
Research and development		120,000		-
Share based compensation (Note 10(b))		162,400		-
Transfer agent and regulatory fees		13,638		25,633
Total operating expenses	$	981,130	$	1,177,487
Loss before the following items		(858,171)		(1,007,374)
Gain on termination of lease (Note 8)		16,436		-
Listing expenses (Note 4)		-		(262,628)
Impairment of intangible assets (Note 6(b), Note 7)		(371,250)		(650,565)
Impairment of loan to related party (Note 5)		(193,357)		
Impairment of investment in associates (Note 5)		-		(310,000)
Impairment of goodwill (Note 6(a))		-		(856,602)
Loss before income taxes	$	(1,406,342)	$	(3,087,169)
Deferred tax recovery		8,759		8,849
Loss and comprehensive loss	$	(1,397583)	$	(3,078,320)
Loss per share-Basic and Diluted	$	(0.01)	$	(0.04)
Weighted average number of shares outstanding-Basic and Diluted		99,517,352		81,991,295

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

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

	Number of common shares outstanding	Share capital	Contributed surplus	Share based compensation reserve	Deficit	Total
Balance as of February 28, 2022	**66,552,008**	**$ 3,386,902**	**$ -**	**$ -**	**$ (347,131)**	**$ 3,039,771**
Reverse takeover of subsidiary (Note 4)	8,649,983	259,500	-	-	-	259,500
Shares issued for acquisition of MindSetting Institute (Note 6(b))	22,500,000	371,250	-	-	-	371,250
Equity portion of convertible debentures (Note 11)	-	-	40,252	-	-	40,252
Shares issued for services (Note 12)	230,000	7,300	-	-	-	7,300
Net loss for the period	-	-	-	-	(3,078,320)	(3,078,320)
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))	660,000	9,000	-	-	-	9,000
Shares issued on conversion of convertible debentures (Note 11)	18,296,500	488,991	(31,578)	-	-	457,413
Share based compensation	-	-	-	162,400	-	162,400
Net loss for the period	-	-	-	-	(1,397,583)	(1,397,583)
Balance as of February 29, 2024	**116,888,491**	**$ 4,522,943**	**$ 8,674**	**$ 162,400**	**$ (4,823,034)**	**$ (129,017)**

The accompanying notes are an integral part of these financial statements

Optimind Pharma Corp. (formerly, Loon Energy Corporation)

Consolidated Statements of Cash Flows
For the periods ended:
(in Canadian dollars)

		February 29, 2024		February 28, 2023
OPERATING ACTIVITIES				
Net loss	$	(1,397,583)	$	(3,078,320)
Non-cash items included in net loss and other adjustments:				
Amortization of intangible assets		-		13,812
Amortization of right -of-use asset		19,952		29,928
Interest accretion (Notes 9,11)		45,254		43,773
Issue of common shares for services		9,000		7,300
Share based compensation		162,400		-
Deferred tax recovery		(8,759)		(8,849)
Impairment of intangibles		371,250		650,565
Impairment of investment in associates		193,357		310,000
Impairment of goodwill		-		856,602
Listing expense		-		262,628
Interest on convertible debentures		46,046		-
Gain on termination of lease		(16,436)		-
Changes in non-cash working capital:				
Accounts receivables		9,146		(31,697)
Sales tax receivable		(53,046)		(72,540)
Accounts payable and accrued liabilities		149,153		(24,176)
CASH USED IN OPERATING ACTIVITIES		**(470,266)**		**(1,040,974)**
INVESTING ACTIVITIES				
Loan to related party		(22,857)		(170,500)
Investment in equity		-		(50,000)
CASH USED IN INVESTING ACTIVITIES		(**22,857**)		(**220,500**)
FINANCING ACTIVITIES				
Subscription receipts for convertible debentures		-		543
Repayment of lease liabilities		(30,400)		(45,600)
CASH PROVIDED (USED) BY FINANCING ACTIVITIES		**(30,400)**		**(45,057)**
NET CHANGE IN CASH DURING THE PERIOD		**(523,523)**		**(1,306,531)**
CASH, BEGINNING OF PERIOD		**552,219**		**1,858,750**
CASH, END OF PERIOD	$	**28,696**	$	**552,219**
Cash consists of:				
Cash paid for interest	$	**-**	$	**567**
Cash paid for taxes	$	**-**	$	**-**

Non-cash transactions:

The following were non-cash transactions during the year ended February 29, 2024:

a) 18,296,500 common shares issued at $0.025 per share for conversion of $397,750 convertible debt plus accrued interest of $59,663, for a total consideration of $457,413.
b) The Company issued 660,000 common shares fair valued at $9,000 for services.

The following were non-cash transactions during the prior year ended February 28, 2023:

c) 8,649,983 common shares valued at $259,500 were issued for the reverse merger transaction.
d) The Company issued 22,500,000 common shares valued at $371,250 for an asset acquisition.

The accompanying notes are an integral part of these 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 June 28, 2024.

2. Basis of Presentation and Going Concern

Basis of Preparation

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments recorded at fair value. In addition, these 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

The consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 1, "Presentation of Financial Statements" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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

Going Concern Assumption

These consolidated 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 February 29, 2024, the Company had cash of $28,696 (2023 - $552,219), working capital deficit of $179,017 (2023 – working capital of $43,303) and an accumulated deficit of $4,823,034 (2023 - $3,425,451). The continuing operations of the Company are dependent on funding provided by 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.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Consolidated financial statements include the accounts of the Company, OPI, and Redytogo Limited for the years ended February 29, 2024 and February 28, 2023. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

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 consolidated 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)

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 involves 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.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Cash

Cash comprises of cash held in bank and in trust. The Company does not invest in any asset-backed deposits or investments.

3. Significant Accounting Policies (Cont'd)

Income taxes

Income tax on profit or loss for the period comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous periods.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

Loss per share

Loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Development costs are capitalized only if the costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset.

3. Significant Accounting Policies (Cont'd)

Intangible assets (Cont'd)

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the statement of net loss and comprehensive loss in the expense category that is consistent with the function of the intangible assets.
Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortization is recorded using the straight-line method and is intended to amortize the cost of the assets over their estimated useful lives as follows:

Customer Relationships	8 years straight line
Brand	Indefinite

Impairment

The carrying amount of the Company's assets is reviewed for any indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount.

3. Significant Accounting Policies (Cont'd)

Financial Instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The following is the Company's accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3. Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Classification
Cash	Amortized cost
Accounts receivable	Amortized cost
Equity investment	Amortized cost
Loan to related party	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible debentures	Amortized cost

3. Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying value of the Company's financial instruments approximate their fair value due to their immediate or short term to maturity, or their ability for liquidation at comparable amounts.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in a separate line item. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Compound financial instruments

Compound financial instruments issued by the Company are comprised of convertible debentures that can be converted into common shares. The Compound financial instruments are segregated into their debt and equity components or derivative liability components at the date of issue, in accordance with the substance of the contractual agreements. The conversion feature of the convertible promissory notes is presumed to be classified as a derivative financial liability unless it meets all the criteria to recognize as equity instrument. One of criteria is that the conversion option exchanges a fixed amount of shares for a fixed amount of cash ("fixed for fixed").

If the conversion feature meets the fixed for fixed criteria, the conversion option will be classified as equity components. Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of the compound financial instruments is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognizing the components of the instrument separately.

If the conversion feature does not meet the fixed for fixed criteria, the conversion option will be recorded as derivative financial liability, which must be separately accounted for at fair value on initial recognition. The carrying amount of the debt component, on initial recognition, is recalculated as the difference between the proceeds of the convertible promissory notes as a whole and the fair value of the derivative financial liabilities. Subsequent to initial recognition, the derivative financial liability is re-measured at fair value at the end of each reporting period with changes in fair value recognized in the statement of operation for each reporting period, while the debt component is accreted to the face value of the debt using the effective interest method.

Transaction costs are allocated to the debt and equity components in proportion to the allocation of the proceeds on initial recognition. Transaction costs allocated to equity components will be accounted for as a deduction from equity, net of any related income tax benefit; cost allocated to the derivative financial liability component are expensed; and cost allocated to the debt component are offset against the carrying amount of the liability and included in the determination of the effective interest rate.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the computed financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or upon expiration, when the carrying value of the equity portion is transferred to common shares or contributed surplus.

3. Significant Accounting Policies (Cont'd)

Revenue

Revenue is derived from business of Redytogo Clinic operating in London, Ontario relating to the business of non-OHIP treatment operations, including Ketamine treatments and cannabis referrals. Revenue is derived from referral funds, from the participating licensed producer of cannabis and from participating pharmacies for Ketamine.

The Company recognizes revenue when the referred services provided and the referred sales incurred.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method according to *IFRS 3, Business Combinations*. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes.

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non- controlling interest in the acquire over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

The Company uses its best estimates and assumptions to accurately value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. On conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in profit and loss.

Goodwill

Goodwill is initially measured at cost and is calculated as the excess of the purchase price for an acquired business over the fair value of acquired net identifiable assets and liabilities and is allocated to the cash-generating units ("CGU") to which it relates. Goodwill is not amortized but is evaluated for impairment against the carrying amount of the CGU annually or more often if events or circumstances indicate that there may be an impairment. The carrying amount of a CGU includes the carrying amount of assets, liabilities and goodwill allocated to the CGU. If the recoverable amount is less than the carrying value, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the CGU and then to the other non-financial assets of the CGU proportionately based on the carrying amount of each asset. Any impairment loss is charged to income in the period in which the impairment is identified. Goodwill is stated at cost less accumulated impairment losses. Subsequent reversals of goodwill impairment are prohibited.

Reverse merger acquisition

Loon Energy Corporation was a capital pool company, which did not constitute a business as defined under IFRS 3 – business combination at the time of the Transaction and is therefore not within the scope of IFRS. However, the Transaction has some features of a reverse acquisition under IFRS 3. In the absence of a Standard that specifically applies to this transaction, the Company applied by analogy the guidance in IFRS 3 for reverse acquisitions in accordance with IAS 8 accounting policies, changes in accounting estimates and errors.

Application of the reverse acquisitions guidance by analogy results in the private operating entity OPI being identified as the accounting acquirer, and the listed non-operating entity Loon Energy Corporation being identified as the accounting acquiree. The accounting acquirer OPI is deemed to have issued shares to obtain control of the accounting acquiree Loon Energy Corporation. Because the Transaction is not within the scope of IFRS 3, the Company accounted for it as an asset acquisition and the consideration as a share-based payment transaction which was accounted for in accordance with IFRS 2.

Investment in associate

Associates are entities over which the Company has significant influence, but not control. The financial results of the Company's investments in its associates are included in the Company's results according to the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of profits or losses of associates after the date of acquisition. The Company's share of profits or losses is recognized in the statement of loss and its share of other comprehensive loss or loss of associates is included in other comprehensive loss. Unrealized gains on transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the statement of loss.

The Company assesses at each period end whether there is any objective evidence that its investments in associates are impaired. If impaired, the carrying value of the Company's shares of the underlying assets of associates is written down to its estimated recoverable amount, being the higher of fair value less costs of disposal and value in use, and charged to the statement of loss.

Equity investments

The determination of fair value of the Company's equity investments at other than initial cost is subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Company-specific information is considered when determining whether the fair value of a long-term investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing equity investments. Use of this valuation approach may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable. Adjustment to the fair value of equity investments will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded equity investments may differ from values that would be realized if a ready market existed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Lease and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Related party transactions

A related party is a person or entity that is related to the Company; that has control or joint control over the Company; that has significant influence over the Company; or is a member of the key management personnel of the Company. An entity is related to the Company if the entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others). A related party transaction is a transfer of resources, services, or obligations between the Company, and a related party, regardless of whether a price is charged. All transactions with related parties are in the normal course of business and are measured at fair value.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

New standards not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company’s current or future reporting periods.

(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 has 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 at February 29, 2024, the Company had advanced cash of $193,357 (2023- $170,500) to Manitari to finance Manitari’s operation. The cash advance had been recorded as loan to related party during the year ended February 29, 2024. This loan is unsecured, non-interest bearing and due on demand. As of February 29, 2024, the Company impaired the loan of $193,357.

(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

As of February 29, 2024, the Company recorded impairment in intangible assets for $371,250.

(in Canadian dollars)

7. Intangible Assets

	Customer Relationships	Brand	Mindsetting	Total
	$	$	$	$
Cost:				
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
Impairment	-	-	(371,250)	(371,250)
February 29, 2024	-	-	-	-
Accumulated amortization:				
February 28, 2022	11,510	-	-	11,510
Amortization	13,812	-	-	13,812
Impairment	(25,322)		-	(25,322)
February 28, 2023 and 2024	-	-	-	-
Net Book Value:				
At February 28, 2023	-	-	371,250	371,250
At February 29, 2024	-	-	-	-

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

As at February 29, 2024, the Company recorded an impairment of its intangible assets totalling $371,250 due to the lack of revenues.

(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:	
February 28, 2022	149,645
Additions	-
February 28, 2023	149,645
Additions	-
February 29, 2024	149,645
Accumulated amortization:	
February 28, 2022	24,941
Charge for the period	29,928
February 28, 2023	54,869
Early termination of lease	74,824
Charge for the period	19,952
February 29, 2024	149,645
Net Book Value:	
At February 28, 2023	94,776
At February 29, 2024	-

Right-of-use assets include office space amortized over the period of lease. The Company recorded a net gain of $16,436 on account of early termination of the 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.

	$
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	12,201
Early termination of lease	91,260
Lease payments made	(30,400)
February 29, 2024	-

10 (a) Capital Stock

The Company is authorized to issue the following shares:

- Unlimited number of common shares

i. 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 regard to the Company's residual assets.

At February 29, 2024, the Company has 116,888,491 (February 28, 2023 – 97,931,991) common shares issued and outstanding.

(in Canadian dollars)

10 (a) Capital Stock (Cont'd)

ii. Share issuances

<u>During the year ended February 29, 2024</u>

- The Company issued 660,000 shares fair valued at $9,000 to the COO for services.
- The Company issued 18,296,500 shares at $0.025 per share for conversion of $397,750 convertible debt plus $59,663 accrued interest, for a total consideration of $457,413.

<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 February 29, 2024 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		5.00%
Expected dividends		0%
Expected forfeiture rate		0%
Expected volatility		129%
Expected life		4 years
Unvested stock-based compensation expense as of February 29, 2024	$	-

(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 and 2023	**-**	**-**
Granted	5,900,000	$0.05
Expired	-	-
Exercised	-	-
Outstanding February 29, 2024	**5,900,000**	**$0.05**

As at February 29, 2024, 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	3.02	March 8, 2027

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.

Effective January 28, 2024, convertible debentures of face value of $397,750 along with accrued interest of $59,663, for a total consideration for $457,413 converted into 18,296,500 common shares at $0.025 per share. $31,578 of equity component of the Debentures were also transferred to share capital.

During the year ended February 29, 2024, the Company recognized deferred tax recovery of $8,759 (2023 - $5,754) in the consolidated statements of loss and comprehensive loss.

As at February 29, 2024, remaining outstanding Debentures of $125,637, including accrued interest, were matured and currently in default.

(in Canadian dollars)

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

As at February 29, 2024, 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				46,046
Accretion expenses		-		33,053
Conversion into common shares		(31,578)		(457,413)
Balance, February 29, 2024	**$**	**8,674**	**$**	**125,637**

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:

		Year ended February 29, 2024		Year ended February 28, 2023
Consulting fees expensed to directors and officers	$	56,205	$	86,575
Common shares issued for services		9,000		5,800
Stock options granted		27,525		-
		92,730	$	92,375

At February 29, 2024, there was $nil (February 28, 2023: $nil) due to the related parties for services.

13. Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and convertible debentures. The fair value of the Company's accounts receivable and accounts payable approximate carrying value, due to their short-term nature. The Company's 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 February 29, 2024, 92% of its revenue was from 4 customers (February 28, 2023: 78% of its revenue was from 4 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 February 29, 2024, the Company had cash of $28,696 (February 28, 2023 - $552,219) to settle current liabilities of $367,199 (February 28, 2023 - $624,502).

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 due to 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 February 29, 2024 totaled to a deficiency of $129,017. 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.

(in Canadian dollars)

16. Income Taxes

The following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

		February 29, 2024		**February 28, 2023**
Loss for the period, before tax	$	(1,406,342)	$	(3,087,169)
Tax rate		26.5%		26.5%
Expected income tax recoverable at statutory rate		(372,700)		(818,100)
Impairment and others		564,600		481,549
Change in unrecognized deductible temporary differences		(200,659)		327,702
Total deferred tax recovery	$	(8,759)	$	(8,849)

Deferred tax assets and liabilities

The tax effects of temporary differences that give rise to deferred income tax assets (liabilities) are as follows:

		February 29, 2024		**February 28, 2023**
Share issuance costs		-		38,650
Right of use asset		-		21,680
Lease liability		-		29,293
Intangible assets		(98,400)		(98,381)
Other impairment		(51,200)		
Unrecognized deferred tax asset		149,600		
Net deferred tax liabilities	$	-	$	(8,759)

The significant components of the Company's deferred tax assets are as follows:

		February 29, 2024	**Expiry Date**
Non-capital losses	$	2,367,260	2044
Share issuance costs	$	105,539	2025

Tax attributes are subject to review and potential adjustment by tax authorities.

17. 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 years ended February 29, 2024 and February 28, 2023, the Company's entire revenue comprises of Ketamine and cannabis referrals. All assets are in Canada.

18. Subsequent events

Effective January 31, 2024, the Company had executed a mutual release to cancel 12,500,000 common shares, issued as part consideration for the acquisition of assets of Mindsetting Institute, pursuant to the asset purchase agreement which is in process.