

# **ALBERT LABS INC.**

## **Consolidated Financial Statements**

**For the year ended December 31, 2021 and the first year from the  
incorporation date of September 16, 2020  
to the year ended December 31, 2020**

**Expressed in Canadian Dollars**

**SAM S. MAH INC.**  
**Chartered Professional Accountant**  
UNIT 114B  
8988 FRASERTON COURT  
BURNABY, BC, V5J 5H8

**T: 604-617-8858**  
**F: 604-239-0866**

## **INDEPENDENT AUDITOR'S REPORT**

To: the Directors of  
Albert Labs Inc.

### **Opinion**

I have audited the consolidated financial statements of Albert Labs Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2021 and 2020, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended and period ended from the date of incorporation on September 16, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flow for the year ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for Opinion**

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

### **Material Uncertainty Related to Going Concern**

I draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$1,878,961 during the year ended December 31, 2021 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of \$2,312,138 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

### **Other Information**

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

In connection with my audit of the consolidated financial statements, my 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 my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I 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 IFRSs, 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 Consolidated Financial Statements**

My 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 my 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. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

The engagement practitioner on the audit resulting in this independent auditor's report is Sam S. Mah, CPA, CA.

***"Sam S. Mah Inc."***

Chartered Professional Accountant

Burnaby, BC, Canada  
June 6, 2022

**Albert Lab Inc.**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	76,697	10,811
Amounts receivable (Note 10)	131,017	280,400
Prepaid	10,000	-
	<u>217,714</u>	<u>291,211</u>
Non-current assets		
Prepayment (Note 6)	128,666	-
Equipment and furniture (Note 6)	11,410	-
	<u>140,076</u>	<u>-</u>
<b>Total assets</b>	<u><u>357,790</u></u>	<u><u>291,211</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	706,117	30,514
Due to related parties (Note 8)	154,199	199
	<u>860,316</u>	<u>30,713</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 4)	1,791,575	693,675
Subscription received (Note 4)	18,037	-
Deficit	(2,312,138)	(433,177)
	<u>(502,526)</u>	<u>260,498</u>
<b>Total shareholders' deficiency and liabilities</b>	<u><u>357,790</u></u>	<u><u>291,211</u></u>

*Note 1: Nature and operation and going concern*

Authorized for issuance by the Board of Directors on June 6, 2022

/s/ Anthony Chan  
 Director

/s/ Ali Gulamhusein  
 Director

*See accompanying notes to the consolidated financial statements*

**Albert Lab Inc.**

**(Expressed in Canadian Dollars)**

	<b>Year ended December 31, 2021</b>	<b>From September 16, 2020, date of incorporation to December 31, 2020</b>
	\$	\$
Expenses		
Amortization	2,014	-
Consulting and management	984,411	351,100
General and administration	77,801	298
Promotion and advertisement	107,241	-
Professional fees	68,846	8,000
Research	465,167	73,779
Salaries and wages	106,360	-
Travel	67,091	-
<b>Loss and comprehensive loss</b>	<b>(1,878,961)</b>	<b>(433,177)</b>
<b>loss per share – basic and diluted</b>	<b>(0.05)</b>	<b>(0.08)</b>
<b>Weighted average number of outstanding common shares, basic and diluted</b>	<b>39,761,700</b>	<b>5,732,326</b>

*See accompanying notes to the consolidated financial statements.*

**Albert Lab Inc.**  
**Consolidated Statements of Changes in Equity (Deficiency)**  
**(Expressed in Canadian Dollars)**

	<b>Share capital</b>		<b>Subscription received</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number of shares</b>	<b>Amount \$</b>			
Balance, September 16, 2020	-	-	-	-	-
Shares issued for services	17,000,000	340,000	-	-	340,000
Shares issued for cash	21,663,800	353,675	-	-	353,675
Loss for the period from September 16, to December 31, 2020	-	-	-	(433,177)	(433,177)
<b>Balance, December 31, 2020</b>	<b>38,663,800</b>	<b>693,675</b>	<b>-</b>	<b>(433,177)</b>	<b>260,498</b>
Shares issued for cash	4,391,598	1,097,900	-	-	1,097,900
Subscription received	-	-	18,037	-	18,037
Loss for the year	-	-	-	(1,878,961)	(1,878,961)
<b>Balance, December 31, 2021</b>	<b>43,055,398</b>	<b>1,791,575</b>	<b>18,037</b>	<b>(2,312,138)</b>	<b>(502,526)</b>

*See accompanying notes to the consolidated financial statements*

**Albert Lab Inc.**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	<b>Year ended December 31, 2021</b>	<b>From September 16, 2020, date of incorporation to December 31, 2020</b>
		\$
<b>OPERATING ACTIVITIES</b>		
Loss for the year	(1,878,961)	(433,177)
Items not involve cash		
Amortization	2,014	-
Consulting fees paid by issuance of shares	-	340,000
Changes in non-cash working capital items:		
- accounts payable and accrued liabilities	675,602	30,514
- due to related parties	154,000	-
- prepaid	(10,000)	-
- Receivable	149,383	-
<b>Cash used in operating activities</b>	<b>(907,962)</b>	<b>(62,663)</b>
<b>Cash flows from financing activities</b>		
Advance from related parties	-	200
Proceeds from shares subscription received	18,037	-
Proceeds from shares issuance	1,097,900	73,275
<b>Cash provided by financing activities</b>	<b>1,115,937</b>	<b>73,475</b>
<b>Cash flows from investing activities</b>		
Payment of prepayment for leasehold improvement	(128,666)	-
Purchase of equipment	(13,424)	-
<b>Cash used in investing activities</b>	<b>(142,090)</b>	<b>-</b>
Net cash inflow	65,885	10,812
Cash, beginning of year	10,812	-
<b>Cash, end of year</b>	<b>76,697</b>	<b>10,812</b>

*See accompanying notes to the consolidated financial statements*

## **Albert Labs Inc.**

### Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and the first year from September 16, 2020, date of incorporation to the year ended December 31, 2020

(Expressed in Canadian Dollars)

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#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Albert Labs Inc., (the “Company” or “AL”) was incorporated under the Business Corporation Act (British Columbia) on September 16, 2020. The Company’s head and registered office address is 201-6996 Merritt Avenue, Burnaby, BC, V5J 4R6.

The Company’s principal line of business is to research and develop drugs to ensure accelerated access to safe and effective psychedelic-assisted therapy for patients with urgent, unmet needs.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company’s continuation as a going concern is dependent whether the Company can develop an economically viable business, and generate funds there from and/or raise equity capital to meet current and future obligations. The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans and/or private placement of common shares. Should the Company be unable to continue as going concern, the net realizable value of its assets may be materially less than the amounts on its statements of financial position.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company’s. This outbreak could decrease spending, adversely affect demand for the Company’s product and harm the Company’s business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

#### **2. BASIS OF PRESENTATION**

##### **Statement of compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements were authorized for issue by the Board of Directors on June 8, 2022.

##### **Basis of Preparation**

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements incorporate the accounts of the Company and its wholly owned subsidiaries, Albert Labs UK Ltd., a company incorporated in the United Kingdom. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.



## **Albert Labs Inc.**

### Notes to the Consolidated Financial Statements

Year ended December 31, 2021 and for the first year ended September 16, 2020, date of incorporation to the year ended December 31, 2020.

(Expressed in Canadian Dollars)

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## **2. BASIS OF PRESENTATION (Continued)**

### **Basis of preparation (continued)**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recognition and measurement of deferred tax assets.

### **Significant judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment in applying the Company's financial statements include:

- the classification of financial instruments;
- the assessment of the Company's ability to continue as a going concern; and
- the determination of the recoverability of the Company's deferred tax assets

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **Financial Instruments**

#### Financial assets

##### (a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

##### (b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL").

##### (i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value less transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary. The Company's cash and amounts receivable are financial asset measured at amortized cost.

## **Albert Labs Inc.**

### Notes to the Consolidated Financial Statements

Year ended December 31, 2021 and for the first year ended September 16, 2020, date of incorporation to the year ended December 31, 2020.

(Expressed in Canadian Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Financial assets (continued)

(ii) Financial assets measured at FVTPL

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial

asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have financial assets measured at FVTPL.

(iii) Financial assets measured at FVTOCI

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value less transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial asset at fair value through other comprehensive income” in other comprehensive income.

The Company does not have any financial assets measured at FVTOCI.

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

#### Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities measured at amortized cost or measured at fair value through profit or loss.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

## **Albert Labs Inc.**

### Notes to the Consolidated Financial Statements

Year ended December 31, 2021 and for the first year ended September 16, 2020, date of incorporation to the year ended December 31, 2020.

(Expressed in Canadian Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Financial instruments (continued)**

##### Financial liabilities (continued)

The Company's accounts payable and accrued liabilities, and due to related parties are financial liabilities measured at amortized cost.

(ii) Financial liabilities measured at FVTPL

A financial liability measured at FVTPL is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any financial liabilities measured at FVTPL.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive loss.

##### Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

##### Impairment of financial assets

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 twelve month expected credit losses. The Company shall recognize in the statement of 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.

#### **Loss per share**

The Company presents the basic and diluted loss per share data for its common shares by dividing the loss by the weighted average number of common shares outstanding during the year. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

## **Albert Labs Inc.**

Notes to the Consolidated Financial Statements

Year ended December 31, 2021 and for the first year ended September 16, 2020, date of incorporation to the year ended December 31, 2020.

(Expressed in Canadian Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Foreign currency translation**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of Albert Labs UK Ltd. is the British Pound ("GBP").

#### Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

#### Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's functional currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's other comprehensive loss.

#### **Property and equipment**

Property and equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Amortization is calculated using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

<b>Class of property and equipment</b>	<b>Depreciation rate</b>
Equipment	30 % declining balance

#### **Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

## Albert Labs Inc.

### Notes to the Consolidated Financial Statements

Year ended December 31, 2021 and for the first year ended September 16, 2020, date of incorporation to the year ended December 31, 2020.

(Expressed in Canadian Dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income taxes

##### Current income tax:

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 4. SHARE CAPITAL

Authorized share capital: An unlimited number of common shares without par value.

Issued and outstanding:

During the year ended December 31, 2021, the Company issued 4,391,598 common shares through private placement at \$0.25 per share for proceeds of \$1,097,900. The Company also received \$18,037 share subscription at \$0.25 per share.

During the year ended December 31, 2020, the Company issued the following common shares:

Number of shares issued	value per share		Total proceeds
	\$		\$
4,000,000	0.0001	For cash	400
100	0.01	For cash	1
17,000,000	0.02	For services	340,000
17,663,700	0.02	For cash	353,274
38,663,800			693,275

## Albert Labs Inc.

### Notes to the Consolidated Financial Statements

Year ended December 31, 2021 and for the first year ended September 16, 2020, date of incorporation to the year ended December 31, 2020.

(Expressed in Canadian Dollars)

#### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
	\$	\$
Trade payables	668,660	24,514
Accrued liabilities	37,457	6,000
	706,117	30,514

#### 6. Equipment

As of December 31, 2021, the Company had equipment of \$13,424 with accumulated amortization of \$2,014 with a net carrying value of \$11,410.

As of December 31, 2021, the Company maintained an office and laboratory in Burnaby, BC, Canada. The landlord offers free rents to the Company throughout 2021 and there was no a rental agreement with this landlord. During fiscal 2021, the Company paid \$128,666 to the landlord to renovate this premises. The renovation was not completed as of December 31, 2021 and the Company is in the process of negotiating a lease agreement with the landlord.

#### 7. RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel and directors were as follows:

	2021	2020
	\$	\$
Consulting fees	150,000	120,000

b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Due to Related parties	2021	2020
	\$	\$
Directors	154,199	199

On March 10, 2022, the Company settled \$150,000 payable to related parties by issuance of 600,000 common shares of the resulting issuers at \$0.25 per share (Note 10).

## **Albert Labs Inc.**

### Notes to the Consolidated Financial Statements

Year ended December 31, 2021 and for the first year ended September 16, 2020, date of incorporation to the year ended December 31, 2020.

(Expressed in Canadian Dollars)

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## **8. FINANCIAL INSTRUMENTS**

### **Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held. The Company's cash is deposited in a major bank in Canada which is subject a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company's liquidity risk as assessed as high.

#### *Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not incur significant expenditures that are denominated in foreign currencies and does not have any commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is minimal.

#### *Interest Rate Risk*

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

### **Capital management**

The Company manages its capital structure and make adjustments to it, based on the funds available to the Company. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. The business operated by the Company in the development state; as such the company is dependent on external financing to finance its operations.

The Company is not subject to any externally imposed capital requirements

### **Financial instruments**

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, and due to related parties. The fair value of the Company's financial assets and liabilities approximate their carrying amount due to their short terms to maturity.

**Albert Labs Inc.**

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021 and for the first year ended September 16, 2020, date of incorporation to the year ended December 31, 2020.

(Expressed in Canadian Dollars)

**9. INCOME TAXES**

	Albert Labs Canada	Albert Labs UK	2021	2020
Income (Loss) for the year	\$ (1,488,960)	\$ (390,001)	\$(1,878,961)	\$ (433,177)
Tax rate	27.0%	19.0%		
Tax based on statutory tax rate	\$ (402,019)	\$ (74,100)	\$ (476,119)	\$(116,958)
Unrecognized benefit of non-capital losses	402,019	74,100	476,119	116,958
Total income taxes	\$ -	\$ -	\$ -	\$ -

Albert Labs Canada has available non-capital losses of approximately \$1,922,000 which may be carried forward to apply against future income for tax purposes. These losses will expire on 2040 - 2041.

Albert Labs UK has available non-capital losses of approximately \$390,000 which may be carried forward to apply against future income for tax purposes. These losses will expire on 2041.

The Company's tax – effected deferred tax assets are estimated as follows:

	2021	2020
Potential future tax assets		
Non-capital losses carried forward	\$ 2,314,000	\$ 433,000
Tax value of equipment in excess of book value	2,000	-
	<u>2,316,000</u>	<u>433,000</u>
Potential tax recovery at substantially enacted rate 19% - 27.0% (2020 – 27.0%)	<u>594,000</u>	<u>117,000</u>
Net potential future income tax assets	594,000	117,000
Valuation allowance (100%)	<u>(594,000)</u>	<u>(117,000)</u>
Net future tax assets	<u>\$ -</u>	<u>\$ -</u>

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



## **Albert Labs Inc.**

Notes to the Consolidated Financial Statements

Year ended December 31, 2021 and for the first year ended September 16, 2020, date of incorporation to the year ended December 31, 2020.

(Expressed in Canadian Dollars)

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### **10. SUBSEQUENT EVENTS**

#### **Reverse-take-over**

The Company entered into a letter agreement with ME Resources Corp. (“MEC”), a public company with shares listed on the Canadian Share Exchange (“CSE”), to complete a reverse-take-over arrangement (the “RTO”), whereby the resulting issuer of the RTO intend to secure a listing on the CSE pursuant to approval from the regulatory authorities.

At the completion of the RTO on March 10, 2022, MEC issued 57,611,300 common shares of MEC at a fair value of \$0.25 per share to shareholders of AL in exchange of all the outstanding common shares of AL on 1-1 basis, whereby AL became the wholly owned subsidiary of MEC. As the shareholders of AL acquired control of the combined entity after the RTO, AL is considered the accounting acquirer for the RTO.

MEC changed its name to Albert Labs International Corp. (“AL Intl”) and its shares commenced trading on the CSE under the new symbol ABRT on March 10, 2022.

As at December 31, 2021, the Company’s receivable included an amount receivable from MEC of \$128,321. The amount of receivable from MEC was eliminated at the completion of the RTO.

The resulting issuer’s share capital continuity is as follow:

	No of shares
2021-12-31 Opening	6,367,192
2022-03-10 Acquisition of AL	57,611,300
2022-03-11 Debt settlement with creditors (Note 7)	3,301,542
2022-3-31 Ending	67,280,034

#### **Health Canada**

On May 5, 2022, the Company was issued Licence No. 6-1355 by Health Canada pursuant to the provisions of the Controlled Drugs and Substances Act and its Regulations as a licensed dealer for the sale or provision of psilocybin or psilocybin-containing fungi under the terms of its license.