

**Albert Labs International Corp.  
(Formerly ME Resources Corp.)**

**Condensed Consolidated  
Interim Financial Statements**

**Three and Six Months Ended June 30, 2023 and 2022**

**(Unaudited - Expressed in Canadian Dollars)**

## **NOTICE TO READER**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

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

**Albert Labs International Corp. (Formerly ME Resources Corp.)**  
**Condensed Consolidated Interim Statements of Financial Position**  
**(Unaudited - Expressed in Canadian Dollars)**

	<b>June 30,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	-	79,122
Note receivable (Note 5)	12,720	12,360
	12,720	91,482
Non-current assets		
Equipment and furniture (Note 7)	58,622	72,277
<b>Total assets</b>	<b>71,342</b>	<b>163,759</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	337,569	369,076
Due to related parties (Note 8)	160,000	160,000
	497,569	529,076
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital (Note 4)	8,075,506	7,856,756
Subscription received	46,400	106,000
Reserves	1,398,080	1,074,026
Accumulated other comprehensive loss	(30,981)	(31,148)
Deficit	(9,915,232)	(9,370,951)
	(426,227)	(365,317)
<b>Total shareholders' deficiency and liabilities</b>	<b>71,342</b>	<b>163,759</b>

*Note 1: Nature and operation and going concern*

Authorized for issuance by the Board of Directors on August 28, 2023

/s/Michael Raymont

Director

/s/Chand Jagpal

Director

*See accompanying notes to the condensed consolidated interim financial statements*

**Albert Labs International Corp. (Formerly ME Resources Corp.)**  
**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**  
**(Unaudited - Expressed in Canadian Dollars)**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	\$	\$	\$	\$
Expenses				
Amortization	6,827	3,787	13,655	4,643
Consulting and management	-	414,717	60,416	695,538
General and administration	8,735	17,256	19,000	76,057
Listing expenditures	-	(96,777)	-	2,930,277
Promotion and advertisement	2,452	86,928	41,204	110,516
Professional fees	4,380	92,499	11,310	142,272
Research	2,618	366,683	110,621	695,791
Salaries and wages	10,152	43,796	30,456	91,558
Share-based compensation	120,731	-	242,804	-
Travel	2,493	28,752	14,815	30,024
<b>Loss and comprehensive loss</b>	<b>(158,388)</b>	<b>(957,641)</b>	<b>(544,281)</b>	<b>(4,776,676)</b>
<b>loss per share – basic and diluted</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.08)</b>
Weighted average number of outstanding common shares , basic and diluted	74,413,267	67,856,444	72,583,157	58,335,025

*See accompanying notes to the condensed consolidated interim financial statements*

**Albert Labs International Corp. (Formerly ME Resources  
Condensed Consolidated Interim Statements of Changes in Deficiency  
(Unaudited - Expressed in Canadian Dollars)**

	<u>Share capital</u>		Subscription received	Warrant reserve	Option reserve	Accumulated other comprehensive loss	Deficit	Total
	Number of shares	Amount \$						
Balance, December 31, 2021	43,055,398	1,791,575	18,037	-	-	-	(2,312,138)	(502,526)
Shares issued for subscription received in 2021	71,468	17,867	(18,037)	-	-	170	-	-
Shares issued for cash, net of finder's fees of \$211,787 (Note 4)	6,540,927	1,423,445	-	-	-	-	-	1,423,445
Shares issued for debt settlement (Note 4)	8,826,740	2,206,685	-	-	-	-	-	2,206,685
Share issuance to shareholders of MEC (Note 1)	6,367,192	1,591,798	-	-	-	-	-	1,591,798
Share issuance to creditors of MEC (Note 1)	3,301,542	825,386	-	-	-	-	-	825,386
Subscription received	-	-	106,000	-	-	-	-	106,000
Share-based compensation	-	-	-	-	1,074,026	-	-	1,074,026
Translation of subsidiary	-	-	-	-	-	(31,318)	-	(31,318)
Loss for the year	-	-	-	-	-	-	(7,058,813)	(7,058,813)
Balance, December 31, 2022	68,163,267	7,856,756	106,000	-	1,074,026	(31,148)	(9,370,951)	(365,317)
Shares issued for subscription received in 2022	1,241,666	43,458	(59,600)	16,142	-	-	-	-
Shares issued for cash	5,008,334	175,292	-	65,108	-	-	-	240,400
Share-based compensation	-	-	-	-	242,804	-	-	242,804
Translation of subsidiary	-	-	-	-	-	167	-	167
Loss for the period	-	-	-	-	-	-	(544,281)	(544,281)
Balance, June 30, 2023	74,413,267	8,075,506	46,400	81,250	1,316,830	(30,981)	(9,915,232)	(426,227)

*See accompanying notes to the condensed consolidated interim financial statements*

**Albert Labs International Corp. (Formerly ME Resources Corp.)**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**(Unaudited - Expressed in Canadian Dollars)**

<b>Six Months Ended June 30,</b>	<b>2023</b>	<b>2022</b>
		\$
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(544,281)	(4,776,676)
Items not involve cash		
Amortization	13,655	4,643
Fees paid by issuance of shares	-	1,501,547
non-cash listing expenses	-	2,545,505
Share-based compensation	242,804	-
Changes in non-cash working capital items:		
- accounts payable and accrued liabilities	(31,700)	(287,989)
- prepaid	-	10,000
Cash used in operating activities	(319,522)	(1,002,970)
Cash flows from financing activities		
Proceeds from shares issuance, net of finder's fees	240,400	1,421,292
Cash provided by financing activities	240,400	1,421,292
Cash flows from investing activities		
Acquisition of equipment	-	(70,333)
Payment of prepayment for leasehold improvement	-	(14,013)
Cash used in investing activities	-	(84,346)
Effect of foreign exchange on cash on hands	-	(40,856)
Net cash inflow (outflow)	(79,122)	293,120
Cash, beginning of period	79,122	76,697
<b>Cash, end of period</b>	<b>-</b>	<b>369,817</b>

*See accompanying notes to the condensed consolidated interim financial statements*

# Albert Labs International Corp. (Formerly ME Resources Corp.)

## Notes to the Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

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### 1. NATURE AND CONTINUANCE OF OPERATIONS

#### Business Combination

The accompanying consolidated financial statements have been prepared after giving effect to the reverse takeover (“RTO”) of ME Resources Corp. (“MEC”) by Albert Labs Inc. (“AL”) which was completed on March 10, 2022, whereby MEC has acquired AL as its wholly owned subsidiary. As the shareholders of AL acquired control of the combined entity, AL is considered the accounting acquirer of the RTO and AL is considered the accounting parent of MEC.

MEC was incorporated under the Business Corporation Act (British Columbia) on October 16, 2009. Before the Completion of the RTO, MEC’s shares commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol MEC.

Albert Labs Inc., (“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.

MEC has changed its name to Albert Labs International Corp. (“AL Intl” or the “Company”) upon the completion of the RTO. The Company’s shares commenced trading on the CSE under the name ABRT commencing March 10, 2022.

At the date of acquisition, MEC did not meet the definition of a business and, accordingly, the transaction has been accounted for as an acquisition of assets by AL. The acquisition is accounted for in accordance with IFRS 2 *Share Based Payments* and IFRS 3 *Business Combination* (“IFRS 3”). MEC did not qualify as a business as defined in IFRS 3 as there were no substantive processes in place. The net assets and liabilities of MEC have been measured at their fair value on the acquisition date with the allocation of proceeds as follow:

Proceeds of acquisition	\$
Fair value of 6,367,192 common shares of AL issued to MEC’s shareholders (Note 4)	1,591,798
Fair value of 3,301,542 common shares of AL issued to MEC’s creditors for debt settlement (Note 4)	825,386
Assumption of accounts payable and due to related parties of MEC	1,325,612
Gain from debt settlement with creditors of MEC (Note 4)	(825,356)
Listing expenses	2,917,440

As the fair value of tangible and intangible assets held by MEC was \$Nil when the RTO was completed, the whole amount of proceeds of acquisition has been expensed as listing expenditures for the Company to list its common shares on the CSE.

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.

#### Going Concern

These consolidated 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.

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.

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## **Albert Labs International Corp. (Formerly ME Resources Corp.)**

### Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

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## **2. BASIS OF PRESENTATION**

### **Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### **Basis of Preparation**

These condensed consolidated interim 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 condensed consolidated interim 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.

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## **3. SIGNIFICANT ACCOUNTING POLICIES**

The Company has not adopted new accounting policies since its recent year ended December 31, 2022.

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.

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
- share-based payments and compensation

## **4. SHARE CAPITAL**

### a) Share capital

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

Share consolidation: On March 10, 2022, the company completed a consolidation of its common shares on the basis of one post-consolidated share for every 10 pre-consolidated shares. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.



## Albert Labs International Corp. (Formerly ME Resources Corp.)

### Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 5. SHARE CAPITAL (CONTINUED)

##### a) Share capital (continued)

Issued and outstanding:

###### 2023

On February 22, 2023 the Company closed a non-brokered private placement for the issuance of 6,250,000 security units ("Unit") at a price of \$0.048 per Unit. Each Unit is comprised of one common share of Albert Labs and one non-transferable Common Share purchase warrant. Each warrant is exercisable to one common share of Albert Labs at an exercise price of \$0.07 for 24 months from issuance. In connection with this private placement, the Company applied \$59,600 from the \$106,000 subscription received in 2022 and received cash of \$240,400, totalling \$300,000.

During the three months ended June 30, 2023, the Company initiated a non-brokered private placement for gross proceeds of up to \$3,000,000 (the "**Private Placement**"), at a price of \$0.08 per Unit (the "**Units**"). Each Unit is comprised of one common share of Albert Labs (the "**Common Share**") and one half of one non-transferable Common Share purchase warrant (the "**Warrant**"). Each full Warrant will be exercisable to acquire one common share of Albert Labs at an exercise price of \$0.12 for 12 months from the date of the closing of the Private Placement. As of the date of this report, this Private Placement was not completed.

###### 2022

Following common shares of the Company were issued:

- Issuance of 8,826,740 common shares at \$0.25 per shares to settle accounts payable and for services rendered.
- Issuance of 6,540,927 common shares pursuant to a private placement at \$0.25 per share for cash with \$211,787 finder's fees paid.
- Issuance of 6,367,192 common shares to shareholders of MEC at \$0.25 per share in exchange for 6,367,192 common shares of MEC (Note 1) in connection with the RTO.
- Issuance of 3,301,542 common shares to creditors of MEC at \$0.25 per share (totalling \$825,356) for debt settlement of \$1,650,712. The Company recorded a gain of settlement of \$825,356 which was recorded as a reduction of the listing expenses (Note 1).
- Issuance of 71,468 common shares at \$0.25 per share to account for share subscription of \$18,037 received in 2021.

##### b) Stock option

The Company has a stock option plan under which employees, directors, and key consultants and/or advisors are eligible to be granted options. Under the stock option plan, which was approved by the shareholders, the maximum number of outstanding stock options under the plan is 10% of the number of the common shares outstanding. The number of stock options and the exercise price is set by the Company's Board of Directors based on the market value at the time of granting.

###### 2023

There were no options granted, exercised, not cancelled

###### 2022

On October 21 2022, the Company granted 5,325,000 stock options to the Company's directors and officers, These options have a five-year term, with an exercise price of \$0.10 per share, whereby 20% of these options vested at the grant date and at each of four consecutive anniversary thereafter.

On October 31, 2022, the Company granted 410,000 stock options to a consulting firm. These options have a two-year term, with an exercise price of \$0.25 per share, whereby 100% of these options vested at the grant date.

**Albert Labs International Corp. (Formerly ME Resources Corp.)**

## Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

**4. SHARE CAPITAL (CONTINUED)**

b) Stock option (continued)

Continuity is as follows:

	Number.	Exercise Price	Expiry date
Balance, December 31, 2021	-	N/A	N/A
Stock options, issued October 20, 2022	5,325,000	\$0.10	20, Oct, 2027
Stock options, issued October 20, 2022	410,000	\$0.25	20, Oct, 2024
<b>Balance December 31, 2022 and March 31, 2023</b>	<b>5,735,000</b>	<b>\$0.11</b>	
<b>Options exercisable, December 31, 2022 and June 30, 2023</b>	<b>1,475,000</b>	<b>\$0.14</b>	

As at June 30, 2023, the weighted average exercise price of the outstanding stock options is \$0.11 per share (2022/12/31 – \$0.11) with a remaining life of 4.09 years (2022/12/31 – 4.59 years).

The fair value of the options were determined by using Black-Scholes option pricing model with the following assumptions:

	2023	2022
Expected volatility	100%	100%
Expected life	2-5 years	2-5 years
Risk-free interest rate	3.84%-4.28%	3.84%-4.28%
Expected forfeiture rate	0%	0%
Expected dividend	-	-

During the six months ended June 30, 2023, the Company recorded share-based compensation of \$242,804 (2022 - \$Nil)

c) Share purchase warrants

Continuity is as follows:

	Number.	Exercise Price	Expiry date
Balance, December 31, 2021 and 2022	-	N/A	N/A
Issuance (Note 4 (a))	6,250,000	\$0.07	Feb 22, 2025
<b>Balance June 30, 2023</b>	<b>6,250,000</b>	<b>\$0.07</b>	Feb 22, 2025

As at June 30, 2023, the weighted average exercise price of the outstanding share purchase warrant is \$0.07 per share (2022/12/31 – N/A) with a remaining life of 1.60 years (2022/12/31 – N/A).

**5. NOTE RECEIVABLE**

As at June 30, 2023, the Company's note receivable comprised solely of a promissory note advance to an arm's length entity with a carrying value of \$12,720 (2022/12/31 - \$12,360). This unsecured promissory note has a principal of \$12,000, is payable on demand, and has an interest rate of 6% per annum.

**Albert Labs International Corp. (Formerly ME Resources Corp.)**

## Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	\$	\$
Trade payables	209,853	209,853
Accrued liabilities	127,716	159,223
	<u>337,569</u>	<u>369,076</u>

**7. PROPERTY AND EQUIPMENT**

	Research equipment	Equipment and furniture	Total
	\$	\$	\$
Cost:			
December 31, 2021	-	13,424	13,424
addition	75,634	-	75,634
June 30, 2023 and December 31, 2022	<u>75,634</u>	<u>13,424</u>	<u>89,058</u>
Accumulated amortization			
December 31, 2021	-	2,014	2,014
addition	11,345	3,422	14,767
December 31, 2022	11,345	5,436	16,781
addition	11,345	2,310	13,655
June 30, 2023	<u>22,690</u>	<u>7,746</u>	<u>30,436</u>
Net:			
December 31, 2022	64,289	7,988	72,277
June 30, 2023	<u>52,944</u>	<u>5,678</u>	<u>58,622</u>

**8. RELATED PARTY TRANSACTIONS**

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

<b>Six months ended June 30,</b>	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Consulting fees</b>	-	105,000
<b>Share-based compensation</b>	150,470	-

During the year ended December 31, 2022, an amount of \$586,590 of consulting fees charged by related parties have been settled by Company's common shares at \$0.25 per share. The Company also issued common shares at \$0.25 per share to settle the amount of \$395,000 accounts payable for unpaid consulting fees charged in 2021 (Note 4).

During the year ended December 31, 2022, the director and CFO assigned \$125,000 in accounts payable to a non-related party; and pursuant to a Debt Settlement Agreement dated March 11, 2022, the debt was settled by issuance of 250,000 of common shares at a deemed price \$0.50 per share. A gain on settlement on the issuance of shares of \$0.25 per common share was recognized as a reduction of the listing expenses.

## Albert Labs International Corp. (Formerly ME Resources Corp.)

### Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 8. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Balances due to related parties:

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

<b>Due to Related parties</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	\$	\$
Director and CEO	10,000	10,000
Director and CFO	60,000	60,000
Director	90,000	90,000
	160,000	160,000

#### 9. FINANCIAL INSTRUMENTS

##### **Fair value**

The fair value of the Company's financial assets and liabilities approximate their carrying amount due to their short terms to maturity.

##### **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 two banks with high creditworthy.

##### *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.

##### *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.

##### *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 is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at June 30, 2023 and December 31, 2022, the Company's exposure to foreign currency risk on its financial instruments are not material.

**Albert Labs International Corp. (Formerly ME Resources Corp.)**

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

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**10. SEGMENT**

The Company operates primarily in one business segment: research and development of drugs to ensure accelerated access to safe and effective psychedelic-assisted therapy for patients with urgent, unmet needs.

The Company operates in two areas, Canada and the United Kingdom as of June 30, 2023, a breakdown of the Company's non-current assets and liabilities by area is as follows:

	United Kingdom	Canada	Total
2023/6/30:			
Property and equipment	\$52,944	\$5,678	\$58,622
2022/12/31:			
Property and equipment	\$64,290	\$7,987	\$ 72,277