

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020
Unaudited
(Expressed in Canadian dollars)

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

As at,	Note	June 30, 2021 (Restated) (Note 19) \$	December 31, 2020 (audited) \$
Current assets			
Cash		7,025,810	2,190,702
Rent and other receivable	15	91,698	27,746
Inventory		40,144	47,262
Sales tax receivable		40,286	13,734
Prepays and deposits	4	3,316,718	216,003
Total current assets		10,514,656	2,495,447
Non-current assets			
Intangible assets	7	471,919	-
Prepays and deposits	4	903,156	-
Investment in joint venture	5	526,914	620,092
Investment in associate	6	231,340	4,481,988
Right-of-use asset	11	172,664	223,645
Investment properties	9	1,380,692	1,418,345
Property and equipment	8	424,427	291,614
Total assets		14,625,768	9,531,131
Current liabilities			
Accounts payable and accrued liabilities	15	1,283,049	1,187,486
Convertible debentures	10	486,024	2,959,755
Derivative liabilities	12	1,190,819	1,586,744
Lease liability – current portion	11	74,305	69,329
Total current liabilities		3,034,197	5,803,314
Non-current liabilities			
Long-term portion of lease liability	11	114,293	167,118
Total liabilities		3,148,490	5,970,432
Shareholders' equity			
Share capital	13	104,639,665	85,298,435
Contributed surplus	13	15,057,881	12,734,636
Equity portion of convertible debentures	10	35,107	254,690
Accumulated other comprehensive loss		(493,431)	(444,803)
Deficit		(107,761,944)	(94,282,259)
Total shareholders' equity		11,477,278	3,560,699
Total liabilities and shareholders' equity		14,625,768	9,531,131

Nature, continuance of operations and going concern (Note 1)

Subsequent events (Note 20)

Approved on behalf of the Board on September 24, 2021

"Damon Michaels"
 Director – Damon Michaels

"David Joshua Barch"
 Director – David Joshua Barch

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

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

	Note	For the three-month period ended, June 30, 2021		For the six-month period ended, June 30, 2021	
		(Restated) (Note 19)	June 30, 2020	(Restated) (Note 19)	June 30, 2020
Sales		5,193	21,658	21,205	26,233
Cost of goods sold		131	(7,801)	(9,997)	(10,676)
Gross margin		5,324	13,857	11,208	15,557
Expenses					
Finance cost	10, 11	27,960	5,425	123,697	6,369
Corporate development		429,866	769,712	2,427,893	774,690
Amortization	8, 11	37,663	(3,566)	79,195	23,862
Consulting fees	15	1,194,102	1,278,116	2,218,023	1,282,386
Director and management fees	15	341,632	63,485	832,508	181,102
Foreign exchange loss (gain)		93,233	(8,817)	315,608	(136,781)
Insurance		153,223	-	153,223	-
Office and miscellaneous		137,255	37,308	221,475	50,425
Share of losses (income) from investment in Joint Venture	5	105,318	(7,971)	108,101	(7,791)
Share of losses (income) from investment in Associate	6	(115,467)	-	41,752	-
Professional fees		697,414	74,359	1,350,469	99,833
Regulatory and filing fees		12,276	12,390	177,912	14,447
Research and development		1,091,920	1,383	1,322,130	1,383
Salaries		234,331	-	234,331	-
Share-based payments		-	(17,954)	-	156,074
Total expenses		(4,440,726)	(2,203,870)	(9,606,317)	(2,445,999)
Other income (expenses)					
Change in fair value of derivative liabilities	12	249,549	-	221,893	-
Impairment of investment in associate	6	(4,169,616)	-	(4,169,616)	-
Consideration paid in excess of net assets acquired from acquisition		-	(2,386,800)	-	(2,386,800)
Rental income		32,310	12,379	65,466	60,264
Gain (loss) on settlement of debt	13	-	11,425	(2,319)	11,425
Total other income (expenses)		(3,887,757)	(2,362,996)	(3,884,576)	(2,315,111)
Net loss for the period		(8,323,159)	(4,553,009)	(13,479,685)	(4,745,553)
Foreign currency translation adjustment		(24,830)	(62,700)	(48,628)	(62,700)
Net loss and comprehensive loss for the period		(8,347,989)	(4,615,709)	(13,528,313)	(4,808,253)
Net loss per share – Basic and diluted		(0.04)	(0.05)	(0.06)	(0.07)
Weighted average number of shares outstanding – Basic and diluted		237,240,271	99,275,794	222,024,336	66,357,000

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

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Number of Shares	Share Capital	Contributed Surplus	Equity Component of Convertible Debentures	Accumulated Other Comprehensive Loss	Deficit	Shareholders' Equity
Balance, December 31, 2019 (restated)		33,438,205	\$ 62,366,182	\$ 7,239,998	\$ -	\$ (444,421)	\$ (67,333,314)	\$ 1,828,445
Private placement, net of share issuance cost	13	60,908,420	4,690,373	-	-	-	-	4,690,373
Non-cash share issuance cost	13	874,534	(891,114)	891,114	-	-	-	-
Shares issued for joint venture	13	4,500,000	395,010	-	-	-	-	395,010
Shares issued for investment in associate	13	28,000,000	4,160,240	-	-	-	-	4,160,240
Shares issued for Mydecine Innovation Group Inc.	13	18,360,000	2,386,800	-	-	-	-	2,386,800
Share based compensation		-	-	156,074	-	-	-	156,074
Foreign currency translation adjustment		-	-	-	-	(62,700)	-	(62,700)
Loss and comprehensive loss for the period		-	-	-	-	-	(4,745,373)	(4,745,373)
Balance, June 30, 2020		146,081,159	71,715,706	7,462,171	-	(507,121)	(72,078,687)	8,808,869
Balance, December 31, 2020		176,734,102	\$ 85,298,435	\$ 12,734,636	\$ 254,690	\$ (444,803)	\$ (94,282,259)	\$ 3,560,699
Bought deal, net of share issuance cost	13	34,500,000	14,420,196	912,708	-	-	-	15,332,904
Non-cash share issuance cost	13	862,500	(1,967,059)	1,967,059	-	-	-	-
Warrants exercised	13	11,971,445	3,761,767	(556,522)	-	-	-	3,205,245
Conversion of convertible debentures	13	13,795,350	2,802,724	-	(219,583)	-	-	2,583,141
Shares issued for debt settlements	13	92,654	45,400	-	-	-	-	45,400
Shares issued for services	13	289,710	104,170	-	-	-	-	104,170
MindLeap Health Inc.'s – anti dilution clause	12	440,587	174,032	-	-	-	-	174,032
Foreign currency translation adjustment		-	-	-	-	(48,628)	-	(48,628)
Net loss for the period		-	-	-	-	-	(13,479,685)	(13,479,685)
Balance, June 30, 2021 (Restated)		238,686,348	\$ 104,639,665	\$ 15,057,881	\$ 35,107	\$ (493,431)	\$ (107,761,944)	\$ 11,477,278

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

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

For the six-month period ended,	Note	June 30, 2021 (Restated)	June 30, 2020
Cash flows used in			
Operating activities			
Net loss for the period		\$ (13,479,685)	\$ (4,761,110)
Items not affecting cash:			
Amortization	8,11	79,195	23,862
Finance cost	10,11	123,697	-
Change in fair value of derivative liability	12	(221,893)	-
Consideration paid in excess of net assets acquired from acquisition		-	2,386,800
Foreign exchange gain (loss)		918	(130,367)
Loss on settlement of debts	13	2,319	11,425
Shares issued for services	13	104,170	-
Share of losses from investment in Joint Venture	5	108,101	(7,971)
Share of losses (income) from investment in Associate	6	41,752	(-)
Impairment of investment in Associate	6	4,169,616	-
Share-based payments		-	156,074
		(9,071,810)	(2,316,975)
Changes in non-cash working capital items:			
Rent and other receivables		(9,817)	(27,747)
Prepays and deposits		(4,018,726)	(891,947)
Inventory		5,864	(18,108)
Sales taxes receivable		(26,552)	-
Accounts payable and accrued liabilities		128,999	369,635
Cash used in operating activities		(12,992,042)	(2,889,454)
Investing activities			
Loan receivable		-	12,015
Cash advanced to joint venture	4	(12,061)	-
Purchases of property and equipment	8	(170,831)	(36,527)
Internally generated intangible asset	7	(471,919)	-
Rental income		-	36,158
Lease payments	11	(56,113)	(39,692)
Net cash used in investing activities		(710,924)	(28,046)
Financing activities			
Proceeds from bought deal, net of share issuance cost	13	15,332,904	4,690,373
Warrants exercised	13	3,205,245	-
Net cash provided from financing activities		18,538,149	4,690,373
Foreign exchange on cash		(13)	732
Increase in cash and cash equivalents during the period		4,835,183	1,777,183
Cash, beginning of the period		2,190,702	18,149
Cash, end of the period		\$ 7,025,810	\$ 1,796,068
Supplemental Cash Flow Information			
Interest paid		\$ -	\$ -
Taxes paid		\$ -	\$ -

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MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2021 AND JUNE 30, 2020
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1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN

Mydecine Innovations Group Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. The Company subsequently changed its name to New Age Farm Inc. on April 10, 2014, to New Age Brands Inc. on November 14, 2018, to NewLeaf Brands Inc. on April 12, 2019 and to Mydecine Innovations Group Inc. on May 27, 2020. The Company’s common shares trade on the NEO exchange (NEO: MYCO), OTC exchange (OTC:MYCOF) and on the Frankfurt stock exchange (FSE:0NFA). The Company’s principal activities are research, drug development, clinical trials of Psilocybin products in North America. The registered address, head office, principal address and records office of the Company are located at Suite 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

On March 10, 2021, the Company entered into an amended and restated arrangement agreement (“Arrangement Agreement”) with a newly-incorporated wholly-owned subsidiary (“SpinCo”). The purpose of the spin-out into SpinCo will be, among other things, to permit Mydecine Innovations Group, Inc to comply with NASDAQ listing qualification requirements and comparable London Stock Exchange requirements regarding cannabis assets as the Company continues its listing review process with NASDAQ. Management believes that holding the U.S. cannabis assets and cannabis projects in a separate public company removes an unintended obstacle to its planned NASDAQ and London Stock Exchange listings and the expected benefits that such listings will provide the Company and its shareholders.

Under the terms of the Arrangement Agreement, the Company will transfer its US Cannabis Companies (which includes the investment in Alternative Distribution, the investment in Trellis Holdings Oregon OP, LLC, Drink Fresh Water, LLC, Tealief Brands, LLC, Relyfe Brands, LLC, We Are Kured, LLC) to SpinCo in consideration for common shares of SpinCo. The shares will then be distributed to the Company’s shareholders on a pro rata basis. Mydecine’s shareholders will own shares of both Mydecine and SpinCo. Upon closing of the Arrangement, SpinCo will be owned exclusively by existing shareholders of Mydecine Innovations Group, Inc., keeping their identical proportion to their pre-Arrangement shareholdings of the Entity. Upon completion of the Arrangement, Mydecine Innovations Group, Inc. principal business will focus on the development and commercialization of solutions for treating mental health problems through its psilocybin research and development and it will no longer be involved in the manufacturing or sale of cannabis and CBD products.

The Arrangement is subject to, among other things, the approval of the Supreme Court of British Columbia, the approval by the Mydecine shareholders at a special meeting to be held on a date to be announced in the future (the “Meeting”), regulatory and stock exchange approval and completion of the SpinCo Financing. The Arrangement is expected to close during the third quarter of 2021.

As at June 30, 2021, the Company has an accumulated deficit of \$107,761,944 (December 31, 2020 - \$94,282,259), cash of \$7,025,810 (December 31, 2020 – \$2,190,702), and working capital of \$7,480,459 (December 31, 2020 – deficit of \$3,307,867). The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements.

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2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standard (“IFRS”), as set out in the CPA Canada Handbook – Accounting (“CPA Handbook”) as issued by the International Accounting Standards Board (“IASB”). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Company’s Board of Directors on September 24, 2021.

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and therefore, these condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and investment properties, which are measured at fair value through profit and loss, as explained in the accounting policies below. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Functional Currency

All figures presented in the condensed interim consolidated financial statements are reflected in Canadian dollars; however, the functional currency of the Company includes the Canadian dollar and the US dollar. The Company, NeuroPharm Inc. and MindLeap Health Inc’s. functional currency is the Canadian dollar whereas the remainder of the Company’s subsidiaries’ functional currency is the US dollar.

Foreign currency transactions are translated to the respective functional currencies of the Company’s entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into Canadian dollars, the Group’s presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive loss.

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3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2020.

The preparation of the condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Intangible Assets

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) its intention to complete the intangible asset and use or sell it;
- c) its ability to use or sell the intangible asset;
- d) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized once the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred. Expenditures recovered related to internally developed intangible assets are deducted from the capitalized development costs in the period in which they are recovered.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Once an internally generated intangible asset becomes available for use, expenditures are no longer capitalized to the intangible. Internally generated intangible assets that are available for use are amortized on a straight-line basis over their estimated useful life of five years, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount. Internally generated intangible assets that are under development are not amortized and are reviewed for impairment annually by comparing the carrying amount with its recoverable amount. An impairment loss is recognized in profit or loss when the recoverable amount is less than the net carrying amount.

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4. PREPAIDS AND DEPOSITS

	June 30, 2021	December 30, 2020
	\$	\$
Research and development	2,183,927	-
Corporate development	157,652	52,500
Advisory and public relations services	1,169,906	63,274
Land deposit	66,170	66,170
Insurance	528,134	-
Deposits	114,085	34,059
Total	4,219,874	216,003
Short-term	3,316,718	216,003
Long-term	903,156	-

5. INVESTMENT IN JOINT VENTURE

On April 27, 2020, the Company acquired 50% of Alternative Distribution Company LLC (formerly Levee Street Holdings LLC) (“Alternative Distribution”) via a share swap agreement (“Share Swap Agreement”) and issued 4,500,000 common shares with a fair value of \$395,010, based on a level 1 input. Alternative Distribution operates in Texas, U.S. and is a distributor of alternative products, including CBD products. The Company provides strategic funding and direction to Alternative Distribution.

Based on the terms of the Share Swap Agreement, management has determined that Alternative Distribution meets the definition of a joint venture. Accordingly, the investment is accounted for using the equity method in these condensed interim consolidated financial statements.

	\$
Opening balance, December 31, 2019	-
4,500,000 common shares issued for Joint Venture	395,010
Cash advanced	314,023
Share of losses from investment in Joint Venture	(93,035)
Foreign exchange gain	4,094
Ending balance, December 31, 2020	620,092
Cash advanced	12,061
Share of losses from investment in Joint Venture	(108,101)
Foreign exchange loss	2,862
Ending balance, June 30, 2021	526,914

The following table summarizes the relevant financial information of the Company’s associate and reflects the amounts presented in the financial statements of Alternative Distribution Company:

	June 30, 2021
	\$
Cash	47,649
Current assets	180,764
Non-current assets	749,760
Current financial liabilities	(296,947)
Non-current financial liabilities	(1,066,939)
Depreciation	72,896
Interest expense	15,536
	-

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5. INVESTMENT IN JOINT VENTURE (CONTINUED)

For the period ended June 30, 2021, Alternative Distribution Company reported revenues of \$869,193 and expenses of \$1,085,395, totalling a net loss of \$216,202 on its financial statements.

6. INVESTMENT IN ASSOCIATE

On May 5, 2020, the Company acquired 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC (“Trellis”). Trellis has operated since 2015 and operates in the medical and recreational cannabis markets in the U.S. The Company issued 28,000,000 common shares with a fair value of \$4,160,240, based on a level 1 input. At June 30, 2021 and December 31, 2020, the Company held 37,500 units of Trellis, representing an ownership of 37.5%. The Company provides strategic funding and advice to Trellis.

Impairment of investment in associate

During the six months ended June 30, 2021, Trellis operations was significantly impacted by price reductions from over-supply in their market, reduction of working capital, and funding to assist in the expansion of their business. The Company considered these facts and circumstances which indicated the investment in Trellis is impaired and recorded \$4,169,616 impairment loss in its consolidated statements of operations and comprehensive loss.

The company utilized the value-in-use approach to estimate the business enterprise value which provided a greater recoverable amount than the Fair Value Less Cost to Dispose (FVLCD). The calculation of value-in-use was based on the following key assumptions.

- Cashflow projection included estimates for five years with a growth rate of 13% based on current market conditions and past experiences.
- Trellis used a 20% present value factor at weight average cost of capital for the farm and 30% present value factor at weight average cost of capital for the retail operations.

The values assigned to the key assumptions represent management’s assessment of future trends in the cannabis industry and are on both external and internal sources. A reasonable change in any of the inputs will not cause a significant change recoverable amount.

Management has determined that Trellis meets the definition of an equity associate. Accordingly, the investment is accounted for using the equity method in these condensed interim consolidated financial statements.

The following table summarizes the investment in associate:

	\$
Opening balance, December 31, 2019	-
28,000,000 shares issued for investment in Associate	4,160,240
Proportionate share of rental income	(70,000)
Share of reported net income	426,635
Foreign exchange loss	(34,887)
Ending balance, December 31, 2020	4,481,988
Proportionate share of rental income	(39,280)
Share of reported net loss	(41,752)
Foreign exchange loss	-
Impairment of investment in associate	(4,169,616)
Ending balance, June 30, 2021	231,340

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6. INVESTMENT IN ASSOCIATE (CONTINUED)

The following table summarizes the financial information of the Company's associate and reflects the amounts presented in the financial statements of Trellis, amended in accordance with the accounting policies of the Company.

	June 30, 2021
	\$
Current assets	1,455,056
Non-current assets	120,221
Current liabilities	(2,502,398)
Non-current liabilities	-
Depreciation	94,640
Interest expense	25,124

7. INTANGIBLE ASSETS

Intangible assets consist of the following:

	Software platform
Cost	\$
Balance, December 31, 2019	-
Additions from business combination	172,499
Additions relating to internal development	112,391
Balance, December 31, 2020	284,890
Additions related to internal development	471,919
Balance, June 30, 2021	756,809
Impairment	
Balance, December 31, 2019	-
Impairment of intangible assets	(284,890)
Balance, December 31, 2020 and June 30, 2021	(284,890)
Net book values	
December 31, 2020	-
June 30, 2021	471,919

As at December 31, 2020, management considered the existence of impairment indicators related to the platform as it existed at December 31, 2020. Due to the uncertainty of the future economic benefits associated with the stage of development of the software platform at December 31, 2020 acquired from Mindleap, the Company realized an impairment of intangible assets of \$284,890. As at June 30, 2021, the Company did not identify any impairment or impairment reversal indicators related to the Company's platform.

During the period ended June 30, 2021, the capitalized intangible asset costs related to development costs for version two of the Company's telehealth platform. All criteria to recognize these costs as internally generated intangible assets were met.

As at June 30, 2021, the Company's software platform is not ready for its intended use and as such, no amortization was recorded.

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8. PROPERTY AND EQUIPMENT

	Leasehold improvements	Equipment	Total
	\$	\$	\$
Cost			
Balance, December 31, 2019	-	23,960	23,960
Additions	216,584	76,087	292,671
Disposal		(6,553)	(6,553)
Foreign exchange		(1,810)	(1,810)
Balance, December 31, 2020	216,584	91,684	308,268
Additions	10,778	160,053	170,831
Foreign exchange	-	(4,141)	(4,141)
Balance, June 30, 2021	227,362	247,596	474,958
Accumulated amortization			
Balance, December 31, 2019	-	17,706	17,704
Amortization	-	1,057	1,057
Disposal	-	(2,109)	(2,107)
Balance, December 31, 2020	-	16,654	16,654
Amortization	19,680	14,197	33,877
Balance, June 30, 2021	19,680	30,851	50,531
Net book values			
December 31, 2020	216,584	75,030	291,614
June 30, 2021	207,682	216,745	424,427

9. INVESTMENT PROPERTIES

The Company owns investment properties located in Oregon, U.S. During the period ended June 30, 2021, the Company recognized rental income and expenses of \$65,466 and \$Nil, respectively. The fair value of the Company's property assets is estimated based on an income capitalization. As at June 30, 2021, the fair value of the property was estimated to be approximately US\$1,114,000 (CAD - \$1,380,692) (December 31, 2020 – US\$1,114,000 (CAD - \$1,418,345)). As at June 30, 2021, there are no contractual obligations. The Company's properties are rented to a related party (Note 16).

	Total
	\$
Balance, December 31, 2019	1,316,983
Change in fair value	134,147
Foreign exchange	(32,785)
Balance, December 31, 2020	1,418,345
Change in fair value	-
Foreign exchange	(37,653)
Balance, June 30, 2021	1,380,692

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10. CONVERTIBLE DEBENTURES

During the year ended December 31, 2020, the Company closed a senior secured convertible debentures financing on a non-brokered private placement basis for gross proceeds of \$4,700,000. The debentures bear annual interest of 10%, mature in 12 months and the principal and interest are convertible into units (“conversion units”) at a conversion price of \$0.20, at the option of the debenture holder. Each conversion Unit will consist of one (1) common share of the Company and one common share purchase warrant. Each warrant will entitle the holders to purchase one (1) additional common share of the Company at a price of \$0.30 per Warrant Share for a period of twenty-four (24) months from the Maturity Date.

The following table reconciles the recorded value of the liability and the equity components of the convertible debentures:

	Convertible debenture \$	Equity component of convertible debenture \$	Total \$
Balance, December 31, 2019	-	-	-
Additions	4,308,333	391,667	4,700,000
Accretion expense	158,201	-	158,201
Conversion of convertible debentures	(1,506,779)	(136,977)	(1,643,726)
Balance, December 31, 2020	2,959,755	254,690	3,214,445
Accretion expense	109,410	-	109,410
Conversion of convertible debentures	(2,583,141)	(219,583)	(2,802,724)
Balance, June 30, 2021	486,024	35,107	521,131

The convertible debentures are compound financial instruments. Management estimated that the fair value of the debt using a discount rate of 20% applicable to the Company’s business, with the residual value allocated to the equity component of the convertible debenture.

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11. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

The Company's primary leases consist of a research and development facility and an office space. The Company used an incremental borrowing rate of 15%.

The following is a continuity schedule of right-of-use assets for the period ended June 30, 2021 and year ended December 31, 2020:

	Research and development facility	Office lease	Total
	\$	\$	\$
Right-of-use assets			
Balance, December 31, 2019	-	69,305	69,305
Addition	296,642	-	296,642
Depreciation	(56,023)	(39,324)	(95,347)
Foreign exchange	(16,974)	(231)	(17,205)
Lease termination	-	(29,750)	(29,750)
Balance, December 31, 2020	223,645	-	223,645
Depreciation	(45,318)	-	(45,318)
Foreign exchange	(5,663)	-	(5,663)
Balance, June 30, 2021	172,664	-	172,664

The following is a continuity schedule of lease liabilities for the period ended June 30, 2021 and year ended December 31, 2020:

	Research and development facility	Office lease	Total
	\$	\$	\$
Lease liabilities			
Balance, December 31, 2019	-	62,381	62,381
Additions	296,642	-	296,642
Interest	21,677	6,620	28,297
Payments	(64,414)	(46,825)	(111,239)
Foreign exchange	(17,458)	5,034	(12,424)
Lease termination	-	(27,210)	(27,210)
Balance, December 31, 2020	236,447	-	236,447
Interest	14,287	-	14,287
Payments	(56,113)	-	(56,113)
Foreign exchange	(6,023)	-	(6,023)
Balance, June 30, 2021	188,598	-	188,598
Less: current portion	74,305	-	74,305
Non-current portion	114,293	-	114,293

The undiscounted lease liabilities are as follows:

	\$
Period ended June 30, 2021	
2021	55,773
2022	111,546
2023	46,478
Total lease payments	213,797

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12. DERIVATIVE LIABILITIES

- a) The derivative liabilities consist of MindLeap’s Anti-Dilution Securities. The Company is obligated to issue additional common shares (“Mindleap Anti-Dilution Securities”) subject to certain conditions. Each Mindleap Anti-Dilution Security is exercisable to acquire common shares on the Mindleap Release Dates, for no additional consideration, in the event the volume-weighted average closing price of the Company’s common shares on the NEO Exchange in the 20 trading days prior to the Mindleap Release Dates is less than \$0.55. This contingent consideration was accounted for as a derivative liability and revalued at period end. During the period ended June 30, 2021, the Company issued 440,587 anti-dilution common shares with a fair value of \$174,032, based on level 1 inputs. The number of shares to be issued are variable.

	MindLeap Anti-dilution Securities
	\$
Balance, December 31, 2019	-
Additions per business combination	2,131,938
Change in fair value of derivative liabilities	(545,194)
Balance, December 31, 2020	1,586,744
Issuance of common shares	(174,032)
Change in fair value of derivative liability	(221,893)
Balance, June 30, 2021	1,190,819

The fair value of the derivative liability at June 30, 2021 was estimated using the Monte Carlo pricing model and the following assumptions:

- Risk free interest rate: 0.82%
- Volatility: 128.84%
- Market price of common shares: \$0.38

- b) The Company entered into a definitive bonus share agreement (“Bonus Share”) providing for the issuance of up to an additional 9,750,000 common shares to designated officers, employees, and consultants of MindLeap upon the achievement of the following milestones (“Milestones”):

- 500,000 common shares if MindLeap signs 100 revenue generating clinic partners by the end of 2021;
- 250,000 common shares if MindLeap generates \$250,000 in revenue for 2020;
- 1,000,000 common shares if MindLeap signs up 1,000 specialists that are also actually engaged and paid subscribers generating revenue by 2021;
- 3,000,000 common shares if MindLeap generates \$5,000,000 in revenue in 2021; and
- 5,000,000 common shares if MindLeap generates \$10,000,000 in revenue in 2021.

As at December 31, 2020 and June 30, 2021, the fair value of the Bonus Shares was \$Nil as the probability of meeting the Milestones was low.

13. SHARE CAPITAL AND CONTRIBUTED SURPLUS

- (a) Authorized: Unlimited common shares without par value

Period ended June 30, 2021:

Issued: common shares 238,686,348 (December 31, 2020: 176,734,102 common shares)

During the period ended June 30, 2021, the Company issued 11,971,445 common shares pursuant to warrant exercises

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13. SHARE CAPITAL AND CONTRIBUTED SURPLUS (CONTINUED)

Period ended June 30, 2021 (Continued):

for gross proceeds of \$3,205,245. The Company transferred \$556,522 from reserves to share capital.

During the period ended June 30, 2021, the Company issued 92,654 common shares with a fair value of \$45,400 to settle debt of \$43,081 and recorded a gain on settlement of debt of \$2,319.

On March 4, 2021, the Company issued 440,587 anti-dilution common shares with a fair value of \$174,032, which was transferred from derivative liability to share capital.

During the period ended June 30, 2021, the Company issued 13,795,350 common shares pursuant to the conversion of convertible debt of \$2,583,141. The Company transferred \$219,583 from equity component of convertible debentures to share capital.

During the period ended June 30, 2021, the Company issued 289,710 common shares, pursuant to various employment and consulting agreements, as compensation for services with a fair value of \$104,170.

On February 8, 2021, the Company completed a bought-deal financing and issued 34,500,000 Units for gross proceeds of \$17,250,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.70 per Warrant Share for a period of 36 months. The Company paid share issuance cost of \$1,917,097, issued 862,500 Finance Fee Units ("Finance Unit"). Using the residual method, the Company allocated \$912,708 to contributed surplus. Each Finance Unit consists of one common share and one share purchase warrant ("Finance Warrant"). Each Finance Warrant is exercisable to acquire one additional common share at any time until February 12, 2024, at an exercise price of \$0.70 per warrant. The fair value of the Finance Unit was measured using a the Black-Scholes option pricing model with a fair value of \$288,960 with the following assumptions: stock price - \$0.52; exercise price - \$0.70; expected life - 3 years; volatility - 120%; dividend yield - Nil; and risk-free rate - \$0.59. In addition, the Company issued 2,415,000 Broker Warrants ("Broker Warrant"). The fair value of the Broker Warrants was measured at \$1,690,477. The Broker Warrants were measured using the Monte Carlo option pricing model with the following assumptions: stock price - \$0.52; exercise price - \$0.70; expected life - 3 years; volatility - 120%; dividend yield - Nil; and risk-free rate - \$0.59.

Period ended June 30, 2020:

On April 27, 2020, the Company acquired 50% of Levee Street Holdings. As consideration, the Company issued 4,500,000 common shares at fair value of \$395,010.

On April 30, 2020, the Company acquired 100% of Mydecine and issued 17,000,000 common shares with a fair value of \$2,210,000 and 1,360,000 finder common shares with a fair value of \$176,800.

On May 5, 2020, the Company acquired 37.5% of Trellis by issuing 28,000,000 common shares of the Company at fair value of \$4,160,240.

On May 7, 2020, the Company completed a private placement and issued 52,908,420 common shares for gross proceeds of \$2,645,421. The Company paid finder's fees of \$71,419, issued 1,183,000 finder warrants, exercisable at \$0.05 and expire on May 7, 2021. The grant date fair value of the finder warrants was measured at \$237,513. The warrants were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.24; exercise price - \$0.05; expected life - 1 years; volatility - 151%; dividend yield - Nil; and risk-free rate - 0.32%.

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13. SHARE CAPITAL AND CONTRIBUTED SURPLUS (CONTINUED)

Period ended June 30, 2020 (Continued)

On June 19, 2020, the Company completed a private placement and issued 8,000,000 units for gross proceeds of \$2,400,000. Each unit consists of one common share and one half of one share purchase warrants. Each whole warrant can be exercised into one additional common share at a price of \$0.50 per share for a period of 2 years. The Company paid finder's fees of \$283,629, issued 345,500 finder common shares, 172,750 finder warrants exercisable at \$0.50 and expire on June 19, 2022. The fair value of the finder' warrants was measured at \$117,649. The finder warrants were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.85; exercise price - \$0.50; expected life - 2 years; volatility – 157%; dividend yield - Nil; and risk-free rate – 0.27%. In connection with the private placement that closed on June 19, 2020, the Company issued 560,000 agent's compensation options which can be exercised into units of the Company at a price of \$0.30 per unit for a period of 2 years. Each unit has the same terms as the private placement units. The fair value of the agent's compensation options was measured at \$535,931. The agent's options were measured using the Monte Carlo pricing model with the following assumptions: stock price - \$0.85; exercise price (warrant one) - \$0.30; exercise price (warrant two) - \$0.50; expected life - 2 years; volatility – 120%; dividend yield - Nil; and risk-free rate – 0.30%.

Escrowed Shares

As at December 31, 2020 and June 30, 2021, there are 2,523,340 common shares held in escrow and will be released pursuant to the following schedule:

18 months from the MindLeap Closing Date	¼ of escrowed securities
24 months from the MindLeap Closing Date	¼ of escrowed securities

(b) **Stock Options**

The Company has adopted an incentive stock option plan (the "Option Plan") dated July 31, 2021 which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants or persons conducting investing relations activities will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

During the period ended June 30, 2021, the Company did not issue any stock options.

During the period ended June 30, 2020, the Company issued the following stock options:

On February 21, 2020, the Company granted 217,533 stock options at an exercise price of \$0.095 per option with a term of five years expiring February 21, 2025. The grant date fair value of the options was measured at \$16,145. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.10; exercise price - \$0.10; expected life - 5 years; volatility – 98%; dividend yield - Nil; and risk-free rate – 1.34%.

On March 17, 2020, the Company granted 2,400,000 stock options with an exercise price of \$0.06 and term of 5 years expiring on March 17, 2025. The grant date fair value of the options was measured at \$127,804. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.07; exercise

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13. SHARE CAPITAL AND CONTRIBUTED SURPLUS (CONTINUED)

(b) Stock Options (Continued)

price - \$0.06; expected life - 5 years; volatility –100%; dividend yield - Nil; and risk-free rate – 0.77%.

On March 20, 2020, the Company granted 234,000 stock options with an exercise price of \$0.07 and term of 5 years expiring on March 20, 2025. The grant date fair value of the options was measured at \$15,670. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.07; exercise price - \$0.07; expected life - 5 years; volatility – 187%; dividend yield - Nil; and risk-free rate – 0.73%.

As at June 30, 2021, the Company had stock-options outstanding and exercisable enabling holders to acquire the following:

Number of Stock-Options	Exercise Price	Expiry Date
491,624	\$0.47	June 21, 2024
217,533	\$0.095	February 21, 2025
234,000	\$0.06	March 20, 2025
250,000	\$0.50	August 5, 2025
500,000	\$0.40	August 26, 2021
3,000,000	\$0.24	September 16, 2025
8,000,000	\$0.21	September 24, 2025
550,000	\$0.21	September 24, 2021
1,000,000	\$0.26	September 30, 2025
100,000	\$0.30	October 8, 2021
14,343,157	\$0.24	

A summary of the status of the Company's stock options outstanding and exercisable as at June 30, 2021 and December 31, 2020, and changes during those periods is presented below:

	Number of Options Issued and Exercisable	Weighted Average Exercise Price
Balance, December 31, 2019	3,126,288	\$ 0.46
Granted	16,451,533	0.23
Expired/cancelled	(5,034,664)	(0.27)
Exercised	(200,000)	(0.21)
Balance, December 31, 2020 and June 30, 2021	14,343,157	\$ 0.24

The stock options have a weighted average remaining life of 3.52 years.

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13. SHARE CAPITAL AND CONTRIBUTED SURPLUS (CONTINUED)

(c) Warrants

As at June 30, 2021, the Company had warrants outstanding and exercisable enabling holders to acquire the following:

Number of Warrants Issued	Number of Warrants exercisable	Exercise Price	Expiry Date
4,090,250	4,090,250	\$0.50	June 19, 2022
560,000	560,000	\$0.50	June 19, 2022
6,459,365	6,459,365	\$0.30	September 28, 2021
7,602,740	7,602,740	\$0.30	December 4, 2022
308,767	308,767	\$0.30	December 18, 2022
7,700,000	2,300,000	variable	September 25, 2025
1,734,658	1,734,658	0.30	January 26, 2023
258,493	258,493	0.30	February 16, 2023
362,178	362,178	0.30	February 19, 2023
259,178	259,178	0.30	February 26, 2023
1,195,370	1,195,370	0.30	March 8, 2023
182,048	182,048	0.30	March 11, 2023
35,362,500	35,362,500	0.70	February 12, 2024
2,415,000	2,415,000	0.50	February 12, 2024
68,490,547	63,090,547		

A summary of the status of the Company's warrants outstanding and exercisable as at June 30, 2021 and December 31, 2020, and changes during those periods is presented below:

	Number of warrants Issued	Weighted Average Exercise Price
Balance, December 31, 2019	86,001	6.75
Issued	32,961,622	0.23
Exercised	(2,071,150)	(0.29)
Expired	(86,001)	6.75
Balance, December 31, 2020	30,890,472	\$ 0.22
Issued	51,412,850	0.59
Exercised	(13,812,775)	0.23
Balance, June 30, 2021	68,490,547	0.49

As at June 30, 2021, the Company has 862,500 Finance Units with an exercise price of \$0.70 and 2,415,000 Broker Warrants with an exercise price of \$0.50. The Finance Units and Broker Warrants expire on February 12, 2024.

14. FINANCIAL INSTRUMENTS AND RISK FACTORS

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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14. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.

- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The following is an analysis of the Company's financial assets and liabilities at fair value as at June 30, 2021 and December 31, 2020.

As at June 30, 2021					
	Level 1		Level 2		Level 3
Cash	\$	7,025,810	\$	-	\$ -
Rent and other receivables		91,698		-	-
Total financial assets		\$ 7,117,508		\$ -	\$ -
Accounts payable and accrued liabilities	\$	1,283,049	\$	-	\$ -
Lease liability		-		188,598	-
Convertible debentures		-		486,024	-
Derivative liabilities		-		1,190,819	-
Total financial liabilities	\$	1,283,049	\$	1,865,441	\$ -
As at December 31, 2020					
	Level 1		Level 2		Level 3
Cash	\$	2,190,702	\$	-	\$ -
Rent receivable		27,746		-	-
Total financial assets	\$	2,218,448	\$	-	\$ -
Accounts payable and accrued liabilities	\$	1,187,486	\$	-	\$ -
Lease liability		-		236,447	-
Convertible debentures		-		2,959,755	-
Derivative liabilities		-		1,586,744	-
Total financial liabilities	\$	1,187,486	\$	4,782,946	\$ -

(b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with major financial institutions, from which management believes the risk of loss to be minimal. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after

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14. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments. All of the financial liabilities of the Company are due within 12 months to the exception of lease liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets. The Company is not susceptible to interest rate fair value risk on its convertible debenture that bear fixed interest rates.

(d) Currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions and balances denominated in currencies other than the United States dollar.

15. RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions, with associated persons or corporations as follows:

- a) Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

<i>Management Compensation</i>	
<i>Period Ended June 30, 2021</i>	
	\$
Director and management fees paid to the CFO of the Company	56,255
Director and management fees paid to a former director of the Company	97,422
Director and management fees paid to the CEO of the Company	142,618
Management fees paid to the COO	182,344
Management fees paid to other officers of the Company	319,767
Fees paid or accrued to the CEO of MindLeap	266,810
Total	1,065,216

<i>Management Compensation</i>	
<i>Period ended June 30, 2020</i>	
	\$
Director, management and legal fees paid to a director of the Company	62,242
Director and management fees paid to Benjamin Martch	74,112
Director and management fees paid to Joshua Bartch, CEO Of the Company	100,116
Total	237,470

As at June 30, 2021, accounts payable and accrued liabilities were due to related parties of \$83,955 (December 31, 2020 - \$116,311).

The Company has a rent receivable of \$76,843 (December 31, 2020 - \$27,746) from Trellis as at June 30, 2021 and during the period ended June 30, 2021, the Company recorded rental income from Trellis for \$65,466.

The Company has an account receivable of \$14,855 (December 31, 2020 - \$Nil) from Alt Distribution as at June 30, 2021 and during the period ended June 30, 2021, the Company recorded sales revenue from Alt Distribution for \$14,722 (December 31, 2020 - \$Nil).

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16. IMPAIRMENT OF GOODWILL

Management has identified four CGUs which represents the lowest level within the Company at which goodwill is monitored for internal management purposes, Mydecine, MindLeap, 1175987 BC Ltd (“Realty Co”), and We Are Kured. For the purpose of the goodwill impairment testing, goodwill arising on the acquisition of Mydecine has been allocated to the Mydecine CGU.

The aggregate carrying amounts of goodwill was allocated as follows:

	\$
December 31, 2019	
Additions	4,747,077
Impairment	(4,747,077)
December 31, 2020 and June 30, 2021.	-

For the purposes of testing impairment, the recoverable amount of each CGU comprising goodwill was based on the fair values less cost of disposal, estimated using discounted cash flows. As MindLeap is an early-stage Company with limited historical information and has not yet begun earning revenues, management was unable to support probable flow of future economic benefits at this early stage in a manner sufficient to satisfy the requirements of IAS 36. As such, as at December 31, 2020, the CGU was considered to be impaired and the Company impaired goodwill by \$4,747,077.

17. SEGMENT INFORMATION

The Company operates within two geographic areas, Canada and U.S.

	Canada \$	U.S. \$	Total \$
June 30, 2021			
Revenue	-	21,205	21,205
	-	21,205	21,205
June 30, 2020			
Revenue	-	26,233	26,233
	-	26,233	26,233
As at June 30, 2021			
Total non-current assets	1,375,075	2,736,037	4,111,112
As at December 31, 2020			
Total non-current assets	-	7,034,812	7,035,684

18. COMMITMENTS

As at June 30, 2021, the Company is committed to pay an arm’s length university for research and development of psilocybin based on the following schedule:

Years	\$
2021	1,121,262
2022	1,030,463
Greater than 3 years	1,771,200
Total	3,922,925

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2021 and JUNE 30, 2020
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

19. CORRECTIONS OF ERRORS

For the period ended June 30, 2021, management has determined that these condensed interim consolidated financial statements needed to be restated to correct for the fair value of the Company's investment in associate and prepaids. It was determined that the fair value of the investment in associate and prepaids was not properly recorded for the period ended June 30, 2021.

Adjustments were made as at June 30, 2021 to correct the following material values assigned to:

- Adjust the fair value of the investment in associate by \$4,169,616;
- Expense prepaids \$378,777;
- Re-allocate short-term and long-term prepaid expenses of \$103,246; and,
- Allocate \$327,160 between share capital and reserve.

	Previously reported \$	adjustments \$	Restated \$
Assets			
Current assets	7,197,938	-	7,197,938
Prepaids and deposits	3,592,249	(275,531)	3,316,718
	10,790,187	(275,531)	10,514,656
Intangible assets	471,919	-	471,919
Prepaids and deposits	1,006,403	(103,246)	903,156
Investment in joint venture	526,914	-	526,914
Investment in associate	4,400,956	(4,169,616)	231,340
Right-of-use asset	172,664	-	172,664
Investment properties	1,380,692	-	1,380,692
Property and equipment	424,427	-	424,427
Total assets	19,174,162	(4,548,393)	14,625,768
Liabilities			
Current liabilities	3,034,197	-	3,034,197
Non-current liabilities	114,293	-	114,293
Total liabilities	3,148,490	-	3,148,190
Shareholders' equity			
Share capital	104,312,505	327,160	104,639,665
Accumulated other comprehensive loss	(493,431)	-	(493,431)
Contributed surplus	15,385,041	(327,160)	15,057,881
Equity portion of convertible debentures	35,107	-	35,107
Deficit	(103,213,550)	(4,548,393)	(107,761,944)
Total shareholders' equity	16,025,672	(4,548,393)	11,477,278
Total liabilities and shareholders' equity	19,174,162	(4,548,393)	14,625,768

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
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19. CORRECTIONS OF ERRORS (CONTINUED)

Consolidated Statement of Loss and Comprehensive Loss for the six-month period ended June 30, 2021:

	Previously reported \$	Adjustments \$	Restated \$
Revenues	21,205	-	21,205
Cost of sales	(9,997)	-	(9,997)
	11,208	-	11,208
Expenses			
Other expenses	(8,284,187)	-	(8,284,187)
Research and development	(943,352)	(378,777)	(1,322,130)
	(9,227,539)	(378,777)	(9,606,317)
Other income (expenses)			
Change in fair value of derivative liabilities	221,893	-	221,893
Impairment of investment in associate	-	(4,169,616)	(4,169,616)
Rental income	65,466	-	65,466
Gain (loss) on settlement of debt	(5,319)	-	(5,319)
	285,040	(4,169,616)	(3,884,576)
Net loss for the period	(8,931,291)	(4,548,393)	(13,479,685)
Foreign currency translation adjustment	(48,628)	-	(48,628)
Net loss and comprehensive loss for the period	(8,979,919)	(4,548,393)	(13,528,313)

20. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Company issued 1,328,466 common shares pursuant to warrant exercises for gross proceeds of \$342,106.