

Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

Pangenomic Health Inc. ("Pangenomic" or the "Company")

Head Office:

102 – 3800 Wesbrook Mall
Vancouver, BC V6S 2L9

Registered and Records Office:

595 Howe Street, Suite 704
Vancouver, BC V6C 2T5

1.2 Executive Officer

The following individual is knowledgeable about the particulars described in this Business Acquisition Report.

Robert Nygren, Director and Executive Chair
778 743-4642

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On December 9, 2022, the Company completed its acquisition (the "Transaction") of Mindleap Health Inc. ("Mindleap") from Mydecine Innovations Group Inc. ("Mydecine"), a company listed on the NEO Exchange. The Company acquired all of Mindleap's outstanding shares for a purchase price of C\$3,600,000, payable by the issuance of units (each a "Unit") of the Company at a price of C\$0.20 per Unit (the "Unit Price"). Each Unit was comprised of one (1) Class A Common Share of PanGenomic (a "Common Share") and one (1) share purchase warrant to purchase one (1) additional Common Share (a "Unit Warrant Share") at a price of C\$0.30 per Unit Warrant Share until December 9, 2024.

Mindleap launched the world's first telehealth platform for psychedelic integration (the "Mindleap App") on the iOS and Android stores in 2020. The Mindleap App had more than 45,000 downloads, and provided users with access to inner-wellness and integration specialists, secure HD video calling, daily mental health monitoring and an option to share mental health data with specialists.

Following the Transaction, Mindleap is operated as a wholly-owned subsidiary of the Company and will focus on B2C and B2B services for the natural health industry.

2.2 Acquisition Date

The Transaction was completed on December 9, 2022.

2.3 Consideration

The Company issued to Mydecine 18,000,000 Units at the Unit Price.

In support of the Transaction, the Company and Mydecine entered into a transition services agreement whereby the Company engaged Mydecine to assist in the transition, transfer, and integration of Mindleap's technologies into PanGenomic's technology platform (the "Services") until February 9, 2023. In return for the Services, the Company will pay to Mydecine a consulting fee of C\$100,000, of which \$50,000 has been paid as at the date hereof.

In addition, in connection with the Transaction, the Company entered into a fee agreement with two third party consultants for introductory and advisory services provided to the Company, including identifying and assisting in the evaluation of the Transaction and introducing the Company to Mydecine and Mindleap. In consideration for the services provided, the Company issued to the consultants an aggregate of 2,000,000 Units at the Unit Price.

2.4 Effect on Financial Position

Following the Transaction, Mindleap became a wholly-owned subsidiary of the Company and will focus on B2C and B2B services for the natural health industry. The Company views the acquisition of Mindleap as a strategic addition to PanGenomic's portfolio of subsidiary businesses. The Company believes Mindleap's technological know-how, mental health content library and marketing footprint will help the Company expand its reach to more users that align with PanGenomic's Nara and MUJN business strategies. Any activities in relation to Mindleap remain subject to the Company securing available financing.

2.5 Prior Valuations

To the knowledge of the Company, there has not been any valuation opinion obtained within the last twelve months by Mydecine or the Company. A valuation of Mindleap was not required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company as part of the Transaction.

2.6 Parties to Transaction

The Transaction was not with an informed person, associate or affiliate of the Company.

2.7 Date of Report

March 27, 2023

Item 3 Financial Statements and Other Information

To address the requirements of Part 8 of National Instrument 51-102, attached as Appendix "A" to this Business Acquisition Report are the audited annual financial statements of Mindleap for the financial year ended December 31, 2021 and attached as Appendix "B" to this Business Acquisition Report are the unaudited financial statements of Mindleap for the interim period ended September 30, 2022.

Saturna Group Chartered Professional Accountants LLP has given its consent to the inclusion of their audit report(s) included in Appendix "A" of this Business Acquisition Report.

APPENDIX "A"

MINDLEAP AUDITED ANNUAL FINANCIAL STATEMENTS

(See attached)

MINDLEAP HEALTH INC.

Financial Statements

Year Ended December 31, 2021 and
Period From April 7, 2020 (date of incorporation) to December 31, 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mindleap Health Inc.

Opinion

We have audited the financial statements of Mindleap Health Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended December 31, 2021 and period from April 7, 2020 (date of incorporation) to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and period from April 7, 2020 (date of incorporation) to December 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has not generated significant revenue and has negative cash flow from operations of \$284,122 during the year ended December 31, 2021 and, as at that date, the Company has a working capital deficit of \$3,091,292 and an accumulated deficit of \$3,481,654. 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. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Business Acquisition Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Business Acquisition Report is expected to be made available to us after the date of the auditor's report. If, based on the work we have performed on this information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

March 23, 2023

MINDLEAP HEALTH INC.Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2021 \$	December 31, 2020 \$
ASSETS		
Current assets		
Cash	47,947	68,490
Amounts receivable	25,852	14,860
Prepaid expenses	62,940	8,713
TOTAL ASSETS	136,739	92,063
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	186,277	51,751
Due to shareholder (Note 6)	3,041,754	785,000
Total liabilities	3,228,031	836,751
SHAREHOLDER'S DEFICIT		
Share capital (Note 4)	390,362	390,362
Deficit	(3,481,654)	(1,135,050)
Total shareholder's deficit	(3,091,292)	(744,688)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIT	136,739	92,063

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on March 23, 2023:

/s/ "Robert Nygren"

Robert Nygren, Director

/s/ "Maryam Marissen"

Maryam Marissen, Director

(The accompanying notes are an integral part of these financial statements)

MINDLEAP HEALTH INC.Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2021 \$	Period from incorporation on April 7, 2020 to December 31, 2020 \$
Revenue	7,492	475
Expenses		
Consulting fees	880,093	280,631
General and administrative	19,933	25,696
Marketing	344,264	199,560
Professional fees	45,719	113,718
Research and development	1,035,087	477,875
Share-based compensation (Note 4)	–	35,250
Total expenses	(2,325,096)	(1,132,730)
Loss before other income (expense)	(2,317,604)	(1,132,255)
Other income (expense)		
Foreign exchange gain (loss)	(29,000)	192
Interest expense	–	(2,987)
Total other income (expense)	(29,000)	(2,795)
Net loss and comprehensive loss for the period	(2,346,604)	(1,135,050)

(The accompanying notes are an integral part of these financial statements)

MINDLEAP HEALTH INC.Statements of Change in Shareholder's Deficit
(Expressed in Canadian Dollars)

	Share capital		Restricted share units reserve	Deficit	Total shareholder's equity
	Number of shares	Amount \$			
Balance, April 7, 2020 (date of incorporation)	–	–	–	–	–
Common shares issued for cash	275,000	1,375	–	–	1,375
Common shares issued to settle accounts payable	4,725,000	23,625	–	–	23,625
Common shares issued for conversion of loans	3,275,000	327,612	–	–	327,612
Fair value of restricted shares units issued	–	–	35,250	–	35,250
Conversion of restricted share units	7,050,000	35,250	(35,250)	–	–
Common shares issued for acquisition of research and development	500,000	2,500	–	–	2,500
Net loss for the period	–	–	–	(1,135,050)	(1,135,050)
Balance, December 31, 2020	15,825,000	390,362	–	(1,135,050)	(744,688)
Net loss for the year	–	–	–	(2,346,604)	(2,346,604)
Balance, December 31, 2021	15,825,000	390,362	–	(3,481,654)	(3,091,292)

(The accompanying notes are an integral part of these financial statements)

MINDLEAP HEALTH INC.Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2021 \$	Period from incorporation on April 7, 2020 to December 31, 2020 \$
Operating activities		
Net loss	(2,346,604)	(1,135,050)
Items not involving cash:		
Shares issued for research and development costs	–	2,500
Share-based compensation	–	35,250
Changes in non-cash operating working capital:		
Amounts receivable	(10,992)	(14,860)
Prepaid expenses	(54,227)	(8,713)
Accounts payable and accrued liabilities	134,526	75,376
Due to related party	2,256,754	785,000
Net cash used in operating activities	(20,543)	(1,045,496)
Financing activities		
Proceeds from convertible loans	–	327,612
Proceeds from issuance of common shares	–	1,375
Net cash provided by financing activities	–	352,612
Change in cash	(20,543)	68,490
Cash, beginning of period	68,490	–
Cash, end of period	47,947	68,490
Supplemental disclosures:		
Interest paid	–	2,987
Income taxes paid	–	–
Non-cash financing activities:		
Common shares issued for conversion of loans	–	327,612
Common shares issued to settle accounts payable	–	23,625
Common shares issued for conversion of restricted share units	–	35,250

(The accompanying notes are an integral part of these financial statements)

MINDLEAP HEALTH INC.

Notes to the Financial Statements

Year Ended December 31, 2021

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Mindleap Health Inc. (the "Company") was incorporated under the laws of the province of British Columbia, Canada, on April 7, 2020. The address of the Company's registered and records office is Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5.

The Company is engaged in the business within the natural health industry as a precision health company providing information on a personalized natural health solution.

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. For the year ended December 31, 2021, the Company has negative cash flow from operations of \$284,122. As at December 31, 2021, the Company has an accumulated deficit of \$3,481,654 and working capital deficit of \$3,091,292. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Significant estimates, assumptions, and judgments

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

MINDLEAP HEALTH INC.

Notes to the Financial Statements

Year Ended December 31, 2021

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates, assumptions, and judgments (continued)

Significant areas requiring the use of estimates include the fair value of share-based payments and unrecognized deferred income tax assets.

The information about significant areas of judgment considered by management in preparing the financial statements is as follows:

- i. the assessment of the Company's ability to continue as a going concern, as discussed in Note 1, involves judgment regarding future funding available for its operations and working capital requirements; and
- ii. the determination of whether expenditures on research and development activities meet the criteria for capitalization as internally generated assets is subject to estimation and uncertainty.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the statement of loss and comprehensive loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets.

Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL") and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principal and interest on the principal amount outstanding, and it is not designated as FVTPL.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise. None of the Company's financial assets are classified as FVTPL.

MINDLEAP HEALTH INC.

Notes to the Financial Statements

Year Ended December 31, 2021

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value (including transaction costs) and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. The Company's financial assets at amortized cost is comprised of cash.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss and comprehensive loss.

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

A financial liability is defined as any contractual obligation to deliver cash or another financial asset to another entity. The Company classified its financial liabilities as subsequently measured at amortized cost which include accounts payable and accrued liabilities and shareholder loans. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

Financial liabilities at FVTPL

Financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially recognized at fair value (including transaction costs) and subsequently carried at amortized cost less any impairment. They are classified as current liabilities or non-current liabilities based on their maturity date. The Company's financial liabilities at amortized costs is comprised of accounts payable and accrued liabilities and due to shareholder.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the statement of loss and comprehensive loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

MINDLEAP HEALTH INC.

Notes to the Financial Statements

Year Ended December 31, 2021

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) 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 credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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 income tax:

Deferred income 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 income 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 income tax asset to be utilized.

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

Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2021, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

MINDLEAP HEALTH INC.

Notes to the Financial Statements

Year Ended December 31, 2021

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Payment

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

3. CONVERTIBLE LOANS PAYABLE

During the year ended December 31, 2020, the Company entered into loan agreements with arm's length parties that matures one year from the date of issuance, and is convertible to common shares of the Company at a price of \$0.10 per share. If the Company completes a future financing of at least \$1,000,000 at anytime before the maturity date, there will be a mandatory conversion at a price that is the lower of \$0.10 price per share (on a fully diluted basis) of the Company based on a pre-money valuation of \$5,000,000, and the price paid per share in the future financing. Interest is payable at a rate of 8% per annum, compounded annually, on the maturity date.

During the year ended December 31, 2020, the Company received aggregate proceeds of \$327,612. On June 4, 2020, the loans were converted into 3,275,000 common shares of the Company.

4. SHARE CAPITAL

(a) Common shares

Authorized: Unlimited number of Class A common shares without par value.

Share transactions during the periods ended December 31, 2020 and 2021:

On April 7, 2020, the Company issued 275,000 common shares for proceeds of \$1,375.

On April 7, 2020, the Company issued 4,725,000 common shares with a fair value of \$23,625 to settle accounts payable of \$23,625.

On May 19, 2022, the Company issued 500,000 common shares with a fair value of \$2,500 for research and development.

On June 4, 2022, the Company issued 3,275,000 common shares for the conversion of loans payable. Refer to Note 3.

On June 8, 2020, the Company issued 7,050,000 common shares for the vesting of restricted share units. The amount of \$35,250 was transferred from reserves to share capital.

MINDLEAP HEALTH INC.

Notes to the Financial Statements
Year Ended December 31, 2021
(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

(b) Restricted share units

The following is a summary of the Company's restricted share units ("RSU") activity:

	Number of RSU's	Weighted average price \$
Balance, April 7, 2020 (date of incorporation)	–	–
Issued	7,050,000	0.005
Vested and converted	(7,050,000)	0.005
Balance, December 31, 2020 and 2021	–	–

During the year ended December 31, 2020, the Company recognized share-based compensation expenses of \$nil (2020 – \$35,250) for nil (2020 – 7,050,000) RSU's issued which vested on June 5, 2020.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, accounts payable and accrued liabilities, and due to shareholders, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

MINDLEAP HEALTH INC.

Notes to the Financial Statements
Year Ended December 31, 2021
(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

The following are the transaction with related parties:

	2021 \$	2020 \$
Consulting fees incurred to a company controlled by CEO	420,725	–
Research and development incurred to companies controlled by CEO	306,071	
Consulting fees incurred to a company controlled by the CTO	35,189	52,500
Share-based compensation for the RSU's issued to the CTO	–	1,000
Consulting fees incurred to the former CEO	29,672	60,000
Consulting fees incurred to the former VP of Recruitment	73,303	43,784
	864,960	157,284

Included in accounts payable and accrued liabilities as at December 31, 2021 is \$25,863 (2020 – \$22,744) owing to officers of the Company, which are non-interest bearing, unsecured, and due on demand.

As at December 31, 2021, the Company is indebted \$3,041,754 (2020 – \$785,000) to the parent company which is non-interest bearing, unsecured, and due on demand.

7. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2021 \$	2020 \$
Net loss for the year	(2,346,604)	(1,135,050)
Statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(633,583)	(306,464)
Change in unrecognized deferred income tax assets	633,583	306,464
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2021 \$	2020 \$
Deferred income tax assets		
Non-capital losses carried forward	940,047	306,464
Unrecognized deferred income tax assets	(940,047)	(306,464)
Net deferred income tax assets	–	–

As at December 31, 2021, the Company has non-capital losses carried forward of \$3,481,654 which are available to offset future years' taxable income. These losses expire as follows:

	\$
2040	1,135,050
2041	2,346,604
	3,481,654

MINDLEAP HEALTH INC.

Notes to the Financial Statements

Year Ended December 31, 2021

(Expressed in Canadian Dollars)

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital, and accumulated deficit.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2021. The Company is not subject to externally imposed capital requirements.

APPENDIX "B"

MINDLEAP UNAUDITED INTERIM FINANCIAL STATEMENTS

(See attached)

MINDLEAP HEALTH INC.

Condensed Interim Financial Statements

For the Period Ended September 30, 2022

(Expressed in Canadian Dollars)

MINDLEAP HEALTH INC.Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2022 \$	December 31, 2021 \$
ASSETS		
Current assets		
Cash	2,186	47,947
Amounts receivable	22,810	25,852
Prepaid expenses	-	62,940
TOTAL ASSETS	24,996	136,739
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 2)	201,138	186,277
Due to shareholder (Note 2)	3,190,769	3,041,754
Total liabilities	3,391,907	3,228,031
SHAREHOLDER'S DEFICIT		
Share capital	390,362	390,362
Deficit	(3,757,273)	(3,481,654)
Total shareholder's deficit	(3,366,911)	(3,091,292)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIT	24,996	136,739

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on March 23, 2023:

/s/ "Robert Nygren"

Robert Nygren, Director

/s/ "Maryam Marissen"

Maryam Marissen, Director

(The accompanying notes are an integral part of these condensed interim financial statements)

MINDLEAP HEALTH INC.Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Period ended September 30, 2022 \$	Year ended December 31, 2021 \$
Revenue	-	7,492
Expenses		
Consulting fees	133,153	880,093
General and administrative	1,007	19,933
Marketing	6,731	344,264
Professional fees	23,927	45,719
Research and development	132,844	1,035,087
Travel	1,243	-
Total expenses	(298,905)	(2,325,096)
Loss before other income (expense)	(298,905)	(2,317,604)
Other income (expense)		
Foreign exchange gain (loss)	23,286	(29,000)
Total other income (expense)	23,286	(29,000)
Net loss and comprehensive loss for the period	(275,619)	(2,346,604)

(The accompanying notes are an integral part of these condensed interim financial statements)

MINDLEAP HEALTH INC.

Condensed Interim Statements of Change in Shareholder's Deficit
(Expressed in Canadian Dollars)

	Share capital		Deficit \$	Total shareholder's equity \$
	Number of shares #	Amount \$		
Balance, December 31, 2021	15,825,000	390,362	(3,481,654)	(3,091,292)
Net loss for the period	—	—	(275,619)	(275,619)
Balance, September 30, 2022	15,825,000	390,362	(3,757,273)	(3,366,911)

(The accompanying notes are an integral part of these condensed interim financial statements)

MINDLEAP HEALTH INC.Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	Period ended September 30, 2022 \$	Year ended December 31, 2021 \$
Operating activities		
Net loss	(275,619)	(2,346,604)
Changes in non-cash operating working capital:		
Amounts receivable	3,042	(10,992)
Prepaid expenses	62,940	(54,227)
Accounts payable and accrued liabilities	14,861	134,526
Due to related party	149,015	2,256,754
Net cash used in operating activities	(45,761)	(20,543)
Change in cash	(45,761)	(20,543)
Cash, beginning of period	47,947	68,490
Cash, end of period	2,186	47,947

(The accompanying notes are an integral part of these condensed interim financial statements)

MINDLEAP HEALTH INC.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Mindleap Health Inc. (the "Company") was incorporated under the laws of the province of British Columbia, Canada, on April 7, 2020. The address of the Company's registered and records office is Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5.

The Company is engaged in the business within the natural health industry as a precision health company providing information on a personalized natural health solution.

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. For the period ended September 30, 2022, the Company has negative cash flow from operations of \$45,761. As at September 30, 2022, the Company has an accumulated deficit of \$3,757,273 and working capital deficit of \$3,366,911. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and condensed interim statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These condensed interim financial statements have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements should be read in conjunction with the audited financial statements of the Company as at and for the year ended December 31, 2021. The condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2021 audited financial statements.

New accounting pronouncements

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Significant estimates, assumptions, and judgments

The preparation of the condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

MINDLEAP HEALTH INC.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates, assumptions, and judgments (continued)

Significant areas requiring the use of estimates include the unrecognized deferred income tax assets.

The information about significant areas of judgment considered by management in preparing the condensed interim financial statements is as follows:

- i. the assessment of the Company's ability to continue as a going concern, as discussed in Note 1, involves judgment regarding future funding available for its operations and working capital requirements.
- ii. the determination of whether expenditures on research and development activities meet the criteria for capitalization as internally generated assets is subject to estimation and uncertainty.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash and cash equivalents, accounts receivable, sales tax receivable, accounts payable and accrued liabilities, and shareholders loan, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

MINDLEAP HEALTH INC.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

4. RELATED PARTY TRANSACTIONS

The following are the transaction with related parties:

	September 30, 2022 \$	December 31, 2021 \$
Consulting fees incurred to a company controlled by former CEO	-	420,725
Research and development incurred to companies controlled by former CEO	-	306,071
Consulting fees incurred to a company controlled by the CTO	-	35,189
Consulting fees incurred to the former CEO	-	29,672
Consulting fees incurred to the former VP of Recruitment	-	73,303
	-	864,960

Included in accounts payable and accrued liabilities as at September 30, 2022 is \$25,863 (December 31, 2021 – \$25,863) owing to former officers of the Company, which are non-interest bearing, unsecured, and due on demand.

As at September 30, 2022, the Company is indebted \$3,190,769 (December 31, 2021 – \$3,041,754) to the parent company which is non-interest bearing, unsecured, and due on demand.