



ENTHEON BIOMEDICAL CORP.

**595 Howe Street, 10th floor, Vancouver,
British Columbia, V6C 2T5**

FORM 2A

LISTING STATEMENT

Dated as at November 12, 2020

Dimethyltryptamine (“DMT”) is currently a Schedule III drug under The Controlled Drugs and Substances Act (Canada) and a Schedule I drug under The Controlled Substances Act (United States) and the UN Convention 1971 (European Union) and is illegal, under each such legislation, to possess without a prescription or an exemption. As of the date hereof, neither Health Canada, the FDA nor the EMA have approved DMT as a drug for any indication.

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Schedule "A" - Financial Statements of Entheon for the fiscal years ended March 31, 2020 (audited) and March 31, 2019 (audited)

Schedule "B" - MD&A of Entheon for the fiscal years ended March 31, 2020 and March 31, 2019

Schedule "C" - Financial Statements of Entheon for the three month period ended June 30, 2020 (unaudited) and June 30, 2019 (unaudited)

Schedule "D" - MD&A of Entheon for the three month period ended June 30, 2020 and June 30, 2019

Schedule "E" - Financial Statements of Former Entheon for the fiscal year ended November 30, 2019 (audited) and the nine-month period ended August 31, 2020 (unaudited)

Schedule "F" - MD&A of Former Entheon for the fiscal year ended November 30, 2019 and the nine-month period ended August 31, 2020

Schedule "G" - Pro Forma Financial Statements of Entheon

Glossary of Terms

The following terms used in this Listing Statement have the following meanings. This is not an exhaustive list of defined terms used in this Listing Statement and additional terms are defined throughout the Listing Statement.

"5-MeO-DMT" has the meaning ascribed thereto under the heading *"Narrative Description of the Business – Overview"*.

"Amalgamation Agreement" means the amalgamation agreement entered into on June 30, 2020, by and between Former Entheon, MPV Exploration Inc. and Subco, and any supplementary or ancillary agreement, instrument or document thereto, all as may be amended from time to time.

"Amalgamation" means the amalgamation of Former Entheon and Subco in accordance with the provisions of the BCBCA and the terms and conditions of the Amalgamation Agreement.

"API" means active product ingredient.

"BCBCA" means the *Business Corporations Act* (British Columbia) S.B.C. 2002 c.57, as amended, including the regulations promulgated thereunder.

"BCSC" means the British Columbia Securities Commission.

"Broker Warrant Unit" means one Subco Class A Share and one-half of one Underlying Broker Warrant.

"Broker Warrants" means the broker warrants exercisable into Broker Warrant Units at an exercise price of \$0.375 for a period of two years from the closing of the Subco Private Placement, that were issued to certain brokers under the Subco Private Placement.

"CBCA" means the Canada *Business Corporations Act* (R.S.C., 1985, c. C-44).

"CDSA" means the Canada *Controlled Drug and Substances Act* (S.C. 1996, c. 19).

"CHDR Clinical Study Agreement" means the clinical trial agreement dated October 7, 2020 between Entheon and the CHDR.

"CHDR" means the Centre for Human Drug Research located in Leiden, Netherlands.

"Common Shares" means the post-Consolidation common shares in the capital of Entheon.

"company" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"Consolidation" means the consolidation of the Common Shares on the basis one post-Consolidation common share for every three pre-Consolidation common shares held by a shareholder of Entheon prior to completion of the Transaction.

"CRO" means a contract research organization.

"CSA" means the United States *Controlled Substances Act of 1970*.

"CSE Policy 2" means the CSE Policy 2 – *Qualification for Listing*.

"CSE" means the Canadian Securities Exchange.

“DMT Delivery System” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Overview of the Business”*.

“DMT Products” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Overview of the Business”*.

“DMT Solutions” means the DMT Delivery System and the DMT Products.

“DMT” means Dimethyltryptamine, a chemical substance that occurs in many plants and animals and which is both a derivative and a structural analog of tryptamine.

“Dosing Strategies” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Overview of the Business”*.

“Drug Master File” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Summary of the Regulatory Approval Process”*.

“EMA” means the European Medicines Agency.

“Entheon Board” means the board of directors of Entheon.

“Entheon Holdings” means Entheon Holdings Corp., the corporation formed as a result of the amalgamation of Subco and Former Entheon in connection with the Transaction.

“Entheon Warrants” means the common share purchase warrants of Former Entheon that were outstanding prior to completion of the Transaction, with exercise prices ranging from \$0.50 to \$0.60 and having expiry dates ranging from December 18, 2021 to June 3, 2022.

“Entheon” means Entheon Biomedical Corp. (formerly, MPV Exploration Inc. prior to completion of the Transaction), a corporation incorporated under the laws of Canada.

“Escrow Agent” means Computershare Trust Company of Canada.

“Escrow Agreement” means the escrow agreement dated November 5, 2020, substantially in Form 46-201F1, entered into among the Escrowed Entheon Shareholders and the Escrow Agent, in relation to the Common Shares issued to the Escrowed Entheon Shareholders being held in escrow.

“Escrowed Entheon Shareholders” means each of Timothy Ko, Brandon Schwabe and Christopher Gondi, all of whom are subject to escrow restrictions pursuant to the Escrow Agreement.

“Escrowed Securities” means the Common Shares held by the Escrowed Entheon Shareholders, subject to the Escrow Agreement.

“Exchange Ratio” means one Common Share issued for each one Former Entheon Share, which Former Entheon Shareholders received in connection with the Amalgamation.

“FDA” means the United States Food and Drug Administration.

“Finders’ Unit” means one Subco Class A Share and one-half of one Subco Financing Warrant, issued to certain finders in connection with the Subco Private Placement.

“Former Entheon Shareholders” means the holders of the Former Entheon Shares, prior to completion of the Transaction.

"Former Entheon Shares" means the Class A voting common shares in the capital of Former Entheon that were issued and outstanding prior to completion of the Transaction.

"Former Entheon" means Entheon Biomedical Corp. as it existed prior to completion of the Transaction, a private corporation existing under the laws of the Province of British Columbia.

"GMP" means Good Manufacturing Practice regulations recommended by agencies that control the authorization and licensing of the manufacture and sale of food and beverages, cosmetics, pharmaceutical products, dietary supplements, and medical devices.

"Governmental Authority" means any domestic or foreign government whether federal, provincial, state or municipal and any branch or department thereof or any governmental agency, governmental department, governmental tribunal or governmental commission of any kind whatsoever.

"Health Canada" means the Health Products and Food Branch of Health Canada.

"Insider" if used in relation to an issuer, means:

- (a) a director or officer of such issuer;
- (b) a director or officer of a Person that is an Insider or subsidiary of such issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of such issuer; or
- (d) such issuer itself if it holds any of its own securities.

"IMPD" or **"Investigational Medicinal Product Dossier"** has the meaning ascribed thereto under the heading *"General Development of the Business – History – Summary of the Regulatory Approval Process"*.

"Investigator Brochure" has the meaning ascribed thereto under the heading *"General Development of the Business – History – Summary of the Regulatory Approval Process"*.

"Listing Statement" means this listing statement.

"Management Agreements" means management employment contracts entered into between Entheon and each of Timothy Ko, Andrew Hegle and Brandon Schwabe.

"MD&A" means management's discussion and analysis as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*.

"MPV Financing Warrant" means a Common Share purchase warrant entitling the holder to purchase a Common Share at a price of \$0.60 for a period of two years from the date the Subco Subscription Receipts were converted into Subco Units.

"MPV Warrants" means the warrants to acquire pre-Consolidation common shares of Entheon that were outstanding immediately prior to completion of the Transaction.

"NP 46-201" means National Policy 46-201 – *Escrow for Initial Public Offerings*.

"Options" means the stock options of Entheon exercisable to purchase Common Shares.

"Party" means a party to the Amalgamation Agreement, being Former Entheon, MPV Exploration Inc. and Subco, and **"Parties"** means any one of them.

"Person" includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.

"Phase 2 Nicotine Study" has the meaning ascribed thereto under the heading *"Narrative Description of the Business – Research and Development Studies – Additional Steps Required for Development & Commercialization"*.

"Phase I Study" has the meaning ascribed thereto under the heading *"General Development of the Business – History - Contracts"*.

"Preclinical Studies" has the meaning ascribed thereto under the heading *"Narrative Description of the Business – Research and Development Studies – Timing, Costs, Stage of Development & Major Components of Proposed Studies"*.

"Psygen Supply Agreement" means the definitive supply agreement dated August 21, 2020, as amended on October 9, 2020, by and between Enttheon Holdings and Psygen.

"Psygen" means Psygen Labs Inc.

"Registrar" means the Registrar of Corporations or a Deputy Registrar of Corporations for the Province of British Columbia duly appointed under the BCBCA.

"Replacement Broker Warrant Unit" means a unit of Enttheon comprised of one Common Share and one-half of one Underlying Replacement Broker Warrant;

"Replacement Broker Warrants" means the broker warrants of Enttheon exercisable to purchase Replacement Broker Warrant Units at an exercise price of \$0.375 for a period of two years from the closing of the Subco Private Placement;

"Stock Option Plan" means the stock option plan of Enttheon.

"Subco Broker Exchange Ratio" means one Replacement Broker Warrant issued for each one Broker Warrant, which holders of Broker Warrants received in connection with the Amalgamation;

"Subco Class A Shares" means Class A non-voting shares in the capital of Subco.

"Subco Financing Warrant" means a share purchase warrant of Subco entitling the holder to purchase a Subco Class A Share at a price of \$0.60 for a period of two years from the date the Subco Subscription Receipts were converted into Subco Units.

"Subco Private Placement" means the non-brokered private placement of Subco that closed on September 3, 2020, whereby Subco sold an aggregate of 4,117,886 Subco Subscription Receipts at a price of \$0.375 per Subco Subscription Receipt for gross proceeds of \$1,544,207, undertaken in connection with the Transaction.

"Subco Subscription Receipt" means a subscription receipt of Subco issued in connection with the Subco Private Placement, each of which were automatically converted into a Subco Unit on completion of the Amalgamation.

"Subco Unit" means one Subco Class A Share and one-half of one Subco Financing Warrant.

"Subco" means 1254912 B.C. Ltd., a corporation incorporated under the laws of the Province of British Columbia.

"Transaction" means the arm's length acquisition by Enttheon of all of the issued and outstanding securities of former Enttheon by way of a three-cornered amalgamation, and the related transactions and corporate proceedings contemplated in the Amalgamation Agreement.

"UN71" means the United Nations Convention on Psychotropic Substances, 1971 used by European Union member states in governing the classification and legitimate use of drugs and precursors.

"Underlying Broker Warrant" means a share purchase warrant of Subco entitling the holder to purchase a Subco Class A Share at a price of \$0.60 for a period of two years from the date the Subco Subscription Receipts were converted into Subco Units.

"Underlying Replacement Broker Warrant" means a Common Share purchase warrant entitling the holder to purchase a Common Share at a price of \$0.60 for a period of two years from the date the Subco Subscription Receipts were converted into Subco Units.

"Warrants" means the Common Share purchase warrants of Entheon, exercisable to purchase Common Shares (and for greater certainty includes the Entheon Warrants, the MPV Warrants and the MPV Financing Warrants).

"Working Capital" means current assets less current liabilities.

Currency

In this Listing Statement, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to "\$" are to Canadian dollars. All United States dollars expressed in Canadian dollars are based on the Bank of Canada exchange rate on November 2, 2020 of 1.3257. All Euros expressed in Canadian dollars are based on the Bank of Canada exchange rate on November 2, 2020 of 1.5421.

Forward Looking Statements

The information provided in this Listing Statement, including information incorporated by reference, may contain "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "forward-looking statements") within the meaning of applicable Canadian securities legislation.

All statements, other than statements of historical facts, included in this Listing Statement that address activities, events or developments that Entheon expect or anticipate will, or may, occur in the future, including statements about efficacy of products or treatment; the completion of clinical trials; expected change in regulations; Entheon being able to generate cash flow from operations and obtain necessary financing on acceptable terms; general economic, financial market, regulatory and political conditions in which Entheon operates will remain the same; Entheon being able to compete in the psychedelic therapeutics industry; Entheon being able to manage anticipated and unanticipated costs; Entheon being able to maintain internal controls over financial reporting and disclosure, and procedures; Entheon being able to maintain consumer interest in Entheon's products and services; the timely receipt of any required regulatory approvals; Entheon's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; Entheon's ability to conduct operations in a safe, efficient and effective manner; Entheon expected use of available funds; the expected benefits of the Transaction and Entheon's proposed business objectives, milestones, plans and strategies, Entheon's business prospects and future trends. In some cases, forward-looking statements are preceded by, followed by or include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements are not a guarantee of future performance and are based upon a number of, including without limitation, assumptions about:

- the anticipated effects and benefits of the Transaction;
- the support and continued support of shareholders of Entheon;
- changes in regulations and legislation regarding psychedelic therapy;
- Entheon's ability to obtain FDA, EMA or Health Canada approval, within the time frame required or at all;
- changes in the psychedelic therapy market;
- unanticipated clinical study results or effects;

- management's expectation as to market growth and market trends;
- Entheon's ability to retain and maintain the technical and scientific staff required to develop its psychedelic protocols;
- changes in consumer perception of psychedelic-based products;
- future economic conditions;
- the general economic, financial market, regulatory and political conditions in which Entheon operates;
- competition;
- anticipated and unanticipated costs;
- the ability of Entheon to generate cash flow from operations and obtain any necessary financing on acceptable terms; and
- the ability of Entheon to obtain qualified staff and services in a timely and cost-efficient manner.

Although management of Entheon believes that the assumptions made and the expectations represented by such statements are reasonable, there can be no assurance that a forward-looking statement herein will prove to be accurate.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Entheon to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others: the risk that the Transaction will not realize anticipated benefits, a change in shareholder influence as a result of the Transaction, decline in the share price of Entheon as a result of the Transaction, no regulatory authority has passed on the merits of the Transaction; reliance upon key management and key scientific advisors; adverse consumer perception of psychedelic drugs; adverse and unanticipated clinical study results; changes and unanticipated delays in the regulatory approval process; increased competition in the psychedelic therapy market; adverse changes in general economic conditions; litigation risk; reputational damage; risk that Entheon will be unable to meet its obligations under financial instruments; conflicts of interest; significant ownership and control by significant shareholders; no dividends; requirement for additional financing; that costs and administrative burden of securities law compliance; discretion in the use of unallocated funds; fluctuations in the price of the Common Shares; potential dilution from the exercise of convertible securities; and dilution from additional financings, all as more particularly described in "*Risk Factors*".

Although Entheon has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. Consequently, all forward-looking statements made in this Listing Statement and other documents of Entheon is qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on Entheon. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that Entheon and/or persons acting on its behalf may issue. Entheon undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

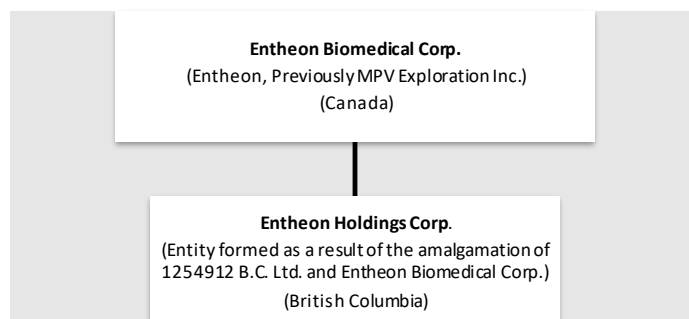
2. CORPORATE STRUCTURE

2.1 Overview

Entheon is a corporation incorporated on April 6, 2010, pursuant to the CBCA under the name "M.P.V. Explorations Inc./Explorations M.P.V. Inc." On October 23, 2018, Entheon changed its name to "MPV Exploration Inc." and on November 5, 2020, Entheon changed its name to "Entheon Biomedical Corp." upon completion of the Transaction. The Common Shares are listed for trading on the CSE under the symbol "ENBI". Entheon's registered office is located at located at 595 Howe Street, 10th floor, Vancouver, British Columbia, V6C 2T5.

2.2 Corporate Structure

Entheon has one wholly-owned subsidiary, Entheon Holdings, a corporation formed as a result of the amalgamation of Subco (1254912 B.C. Ltd.), a British Columbia corporation incorporated on June 26, 2020, pursuant to the BCBCA, solely for the purposes of facilitating the completion of the Amalgamation and Former Entheon, a private British Columbia corporation incorporated on June 17, 2019 pursuant to the BCBCA under the name “Entheogen Biomedical Corp.” On December 30, 2019 Former Entheon changed its name to “Entheon Biomedical Corp.” On November 5, 2020, after the completion of the Amalgamation of Subco and Former Entheon, the amalgamated entity, being Entheon Holdings, changed its name to “Entheon Holdings Corp.” Entheon Holding’s registered office is located at 595 Howe Street, 10th floor, Vancouver, British Columbia, V6C 2T5. The following chart depicts the corporate structure of Entheon:



2.3 Fundamental Change

Entheon is requalifying for a listing following a fundamental change, whereby Entheon acquired all of the issued and outstanding Former Entheon Shares pursuant to an arm’s length three-cornered amalgamation with Former Entheon and Subco. On June 30, 2020, Entheon, Former Entheon and Subco entered into the Amalgamation Agreement. In connection with the Transaction and pursuant to the terms of the Amalgamation Agreement: (i) Subco completed the Subco Private Placement; (ii) Entheon completed a name change from “MPV Exploration Inc.” to “Entheon Biomedical Corp.”; (iii) Entheon completed the Consolidation; and (iv) Former Entheon amalgamated with Subco under subsection 269 of the BCBCA to form Entheon Holdings. Entheon Holdings is a wholly-owned subsidiary of Entheon and the Former Entheon Shareholders were issued one Common Share for every one Former Entheon Share held immediately prior to the completion of the Transaction. After completion of the Transaction, Entheon took over the business of Entheon Holdings and although the Transaction resulted in Entheon Holdings becoming a wholly-owned subsidiary of Entheon, the Transaction constituted a reverse take-over of Entheon because the Former Entheon Shareholders now own 73.90% of the outstanding Common Shares. See information under the heading – “General Development of the Business, The Transaction” for more information on the Transaction.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 History

Overview of the Business

Entheon is a biotechnology research and development company committed to developing and commercializing its DMT Products and DMT Delivery System (each defined below) for the purposes of treating addiction and substance use disorders. DMT (Dimethyltryptamine) is a chemical substance that naturally occurs in many plants and animals and which is a structural analog of serotonin; it is among the most potent of the classic psychedelic drugs, and is unique in that its effects last only minutes instead of hours. Given the emerging recognition of the therapeutic potential of classic psychedelics for treating mental health disorders, the short acting and powerful nature of DMT make it the ideal molecular candidate for medical use. Notwithstanding the foregoing, DMT is currently a Schedule III drug under *The Controlled Drugs and Substances Act* (Canada) and a Schedule I drug under *The Controlled*

Substances Act (United States) and the UN Convention 1971 (European Union) and is illegal, under each such legislation, to possess without a prescription or an exemption. As of the date hereof, neither Health Canada, The FDA nor The EMA have approved DMT as a drug for any indication.

DMT Products

Entheon seeks to develop and commercialize a portfolio of safe and effective DMT based psychedelic therapeutic products that consist of proprietary DMT drug formulations packaged in single-use containers targeted to treat a number of different addiction and substance use disorders (the “**DMT Products**”). It is Entheon’s intention that the DMT Products will be used in medical clinics, treatment centres and hospitals to treat patients with such disorders. Essential to the ability of each DMT Product to effectively treat the particular addiction or disorder it is intended to treat is both: (i) the amount of DMT contained in each product; and (ii) the particular dosage instructions provided therewith (collectively referred to as the “**Dosing Strategies**”). To that end, in connection with the DMT Products, Entheon is currently developing a number of different proprietary Dosage Strategies to treat different addictions and disorders, each of which will be incorporated into the different DMT Products developed. In the simplest terms, Entheon plans to develop and sell containers of DMT-based medicine containing predetermined amounts of DMT with the corresponding instructions to treat a patient for his/her specific addiction. The DMT Products are described in further detail below under the heading “*Narrative Description of the Business – Overview*”

DMT Delivery System

Furthermore, Entheon eventually seeks to develop and commercialize a set of delivery equipment that can effectively pump its DMT Products into patients and thereafter measure their vital signs to ensure the particular DMT Product is working correctly (the “**DMT Delivery System**”). The DMT Delivery System is described in further detail below under the heading “*Narrative Description of the Business – Overview – DMT Delivery System*”).

Entheon does not currently generate revenue. Subject to obtaining all requisite regulatory approvals and permits, Entheon intends to generate revenue through the sale of its DMT Products and eventually the license of its DMT Delivery System to physicians, clinics and licensed psychiatrists in the United States, certain countries in the European Union and throughout Canada.

Historical Developments

To date Entheon has, among other things: (i) completed an exhaustive literature review of materials confirming the efficacy of DMT and other psychedelic molecules for the purposes of treating mental health conditions; and (ii) assembled an arm's length advisory board of leaders in the field of this research (collectively referred to herein as the “**Science Advisors**”), who have both validated the conclusions relating to the efficacy of DMT and other psychedelic molecules, and informed Entheon's research processes. Additionally, Entheon is and has been working with its Science Advisors and various research organizations to, among other things: (i) develop its Dosing Strategies, (ii) design a DMT-focused clinical protocol which integrates the Dosing Strategies within an addiction treatment program to be tested experimentally in clinical trial subjects (the “**DMT Protocol**”), and (iii) complete a number of pre-clinical and clinical studies, the results of which will inform the DMT Protocol. Thereafter, Entheon intends to submit the DMT Protocol and other regulatory documents to Health Canada, the FDA and the EMA for approval (as described in further detail under the heading “*Narrative of the Business – Overview*”).

Summary of the Regulatory Approval Process

For the purposes of the discussion under this heading and under the heading “*Narrative Description of the Business*,” the following is a high-level overview of the regulatory approval process (the “**Regulatory Approval Process**”) that a biotechnology research and development company typically must go through in order to reach commercialization. The receipt of regulatory approval is subject to a number of uncertainties and risks, including without limitation, risks relating to the inability of a company to meet the requirements for approval, adverse pre-clinical and clinical study results, changes in legislation, unanticipated costs and adverse novel discoveries regarding the specific

therapeutic product/drug being developed. There is therefore no guarantee that a company will obtain all requisite approvals and reach commercialization by going through the following process :

1. engage various preclinical and clinical research partners needed to review existing literature and/or produce new data that will form the basis of product formulations ("**Product Formulations**") that make up a psychedelic therapeutic product;
2. upon completing the requisite research and analyzing the results, select the ingredients (including the active ingredients) required for a Product Formulation;
3. work with universities and/or CROs, companies that specialize in providing research services for biotechnology and pharmaceutical industries to develop and design the Product Formulation and create several different dosing strategies to be tested in future clinical trials;
4. work with universities and/or CROs to develop and design clinical protocols ("**Clinical Protocols**") which are documents that describe how a clinical trial will be conducted (the objective(s), design, methodology, statistical considerations and organization of a clinical trial) and ensures the safety of the trial subjects and integrity of the data;
5. submit the Product Formulations and the Clinical Protocols to applicable regulators for approval for use in clinical trials;
6. conduct clinical trials in accordance with the approved Clinical Protocols. Phase 1 trials are conducted first, to test the safety of new Product Formulations in human subjects and obtain basic pharmacology data; once safety is established, phase 2 trials are conducted to assess the efficacy of the Product Formulation at different doses for a given indication in a small (20-50) patient group; if phase 2 results show a significant therapeutic effect within a given dose range, phase 3 trials are conducted on a larger patient population, typically in the hundreds or thousands of subjects, across multiple clinical sites;
7. work with universities and/or CROs to prepare the following documents: (i) an investigational medicinal product dossier ("**IMPD**" or "**Investigational Medicinal Product Dossier**") which is a compilation of product related data including summaries of information related to the quality, chemistry, manufacture and control of the product, data from non-clinical and clinical studies, preclinical data from existing literature and internal studies and informed consent forms; (ii) an investigator's brochure ("**Investigator Brochure**") which is a compilation of the clinical and nonclinical data on the investigational product that are relevant to the study of the product in human subjects, and which includes the Clinical Protocol; and (iii) a drug master file ("**Drug Master File**") which are submissions to regulatory authorities used to provide confidential, detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of human drug products.
8. develop a proof of concept, which is evidence, typically derived from experiments and clinical trials, which demonstrates that a design concept is feasible, ("**Proof of Concept**");
9. submit the Proof on Concept to applicable regulators for market authorization and assignment of a Drug Identification Number; and
10. upon receiving all requisite authorizations, enter into the requisite agreements required for commercialization.

It is common for companies to concurrently engage in a number of the steps set out above. There is no certainty that a company will obtain regulatory approval after going through the foregoing Regulatory Approval Process within any expected timeline or at all. Additionally the above Regulatory Approval Process is subject to potential delays, risks, changes and an increase in costs resulting from the on-going COVID-19 pandemic.

Contracts

Set forth below is a summary of the two arms-length material contracts that Entheon has entered into as of the date hereof.

- **Psygen Supply Agreement.** Entheon has entered into the Psygen Supply Agreement whereby Psygen will provide Entheon with GMP and non-GMP quality DMT drug products and substances (the “**Drug Products**”) for its preclinical, clinical and post-approval commercialization phases under the European regulatory framework. Psygen is located in Alberta, Canada and is licensed by the Health Canada Office of Controlled Substances to manufacture, sell and export DMT. The Psygen Supply Agreement is governed by the laws of the province of Alberta and the laws of Canada applicable therein. The Psygen Supply Agreement expires upon the latter of (i) ten years from the effective date of the Psygen Supply Agreement; and (ii) completion of the Study (as defined in the Psygen Supply Agreement), unless otherwise terminated by either party in accordance with Article 15 of the Psygen Supply Agreement, provided that the term will continue to apply as necessary in respect of outstanding payments owed in accordance with the Psygen Supply Agreement. The term of the Psygen Supply Agreement will automatically be extended for one additional period of five years unless either Psygen or Entheon provides notice in writing that it has elected not to extend the term at least six months prior to the end of the term. Under the Psygen Supply Agreement Entheon is obliged to pay to Psygen an aggregate of USD\$40,000 (approximately CDN\$53,028 based on the Bank of Canada exchange rate on November 2, 2020 of 1.3257) for the initial supply purchase order of the Drug Products to be used for the Phase I Study. Within the timeframes specified in the Psygen Supply Agreement, the parties shall negotiate the purchase price and the break fee for all other clinical trial phases to follow. In each case, the purchase price shall be increased based on reasonable good-faith negotiation by the parties. As of the date hereof no payments have been made under the Psygen Supply Agreement.
- **CHDR Clinical Study Agreement.** Entheon has entered into the CHDR Clinical Study Agreement with CHDR (the Centre for Human Drug Research located in Leiden, Netherlands) to perform a DMT-based phase I safety and proof-of-concept clinical study in humans (the “**Phase I Study**”), as discussed in further details under the heading “*Research and Development Studies*.” CHDR holds the requisite regulatory approvals under the UN71 (and the other applicable EU conventions – discussed in further detail under the heading “*Regulatory Regimes and Foreign Operations – Regulatory Approvals Required for Studies – Europe*”) necessary to conduct the Phase I Study. The Phase I Study is scheduled to take place in the Netherlands in early 2021, subject to delays that may result from the on-going COVID-19 pandemic and the related responses of the Canadian and Dutch government and the affect that COVID-19 may have on the global economy, CHDR and Entheon’s financial condition, operations and personnel, the health and safety of trial subjects and general travel and mobility permissions. Pursuant to the CHDR Clinical Study Agreement, Entheon has agreed to: (i) pay CHDR an estimated fee of €927,314 (approx. CDN\$1,430,010 based on the Bank of Canada exchange rate on November 2, 2020 of 1.5421) for completion of the Phase I Study; and (ii) supply CHDR with DMT to be used in the Phase I Study free of charge and within the timeframe and in the quantities set forth in the agreement. Unless terminated earlier, the term of the CHDR Clinical Study Agreement will continue for the duration of the Phase I Study and may be extended by mutual written agreement of the parties. As of the date hereof, no payments have been made under the CHDR Clinical Study Agreement.

As explained above, each of Psygen and CHDR hold the necessary regulatory licenses and approvals required to possess and handle DMT as provided in the Psygen Supply Agreement and the CHDR Clinical Study Agreement. In connection with these agreements, Entheon intends to have the DMT delivered directly from Psygen to CHDR, such that Entheon will never directly take possession of or handle the DMT and will therefore not be required to possess the regulatory licenses and approvals applicable thereto.

Expenditures

As of the date hereof Entheon has expended an aggregate sum of \$265,300 on research and scientific development relating to its DMT Solutions, the DMT Protocol and design of the Phase I Study. In addition, Entheon has expended

an aggregate sum of \$68,386 on patent prosecution and portfolio development (as described in detail below). Set forth in the table below is a breakdown of the expenditures made as of September 30, 2020:

Description of Expenditure	Amount
Literature Review ⁽¹⁾	\$12,900
Nonclinical Development ⁽²⁾	\$25,200
Clinical Development ⁽³⁾	\$71,900
Development Efforts ⁽⁴⁾	\$106,900
Regulatory Strategy ⁽⁵⁾	\$48,400
Patent Prosecution and Portfolio Development ⁽⁶⁾	\$68,386
Total	\$333,686

- (1) A systematic review of the scientific literature was conducted to understand the current state of DMT research and provide a foundation for Entheon's clinical pipeline and product development efforts. Public databases searched include PubMed, MEDLINE, and Google Scholar; additionally specialized toxicity databases were also accessed by regulatory consultants. All clinical and nonclinical studies performed with DMT since its first synthesis in 1931 were compiled and organized by subject, and the results were analyzed to extract and summarize relevant data, including, but not limited to, dose forms, routes of administration, pharmacokinetic parameters, neuroimaging results, and adverse effects. From this review Entheon has acquired an extensive understanding and built a comprehensive internal database of DMT literature. Entheon has also conducted a vast amount of research on other psychedelic drugs including DMT, 5-MeO-DMT and Ayahuasca (a South American entheogenic brew commonly made out of the Banisteriopsis caapi vine, the Psychotria viridis shrub or a substitute), in each case as discussed further under the heading "*Narrative of the Business – Overview*". **Of the \$12,900 expended, \$10,300 was paid to non-arm's length parties and \$2,600 was paid to arm's length consultants.**
- (2) Nonclinical development efforts included: (i) identifying and partnering with Psygen, a GMP licensed and accredited drug manufacturer, for the production and shipment of GMP certified DMT to accredited CROs engaged by Entheon to conduct chemical analysis and nonclinical research; (ii) forming relationships with third-party laboratories for chemical analysis and long-term stability studies; (iii) assessing the need for preclinical animal studies given DMT's long history of human use; and (iv) designing and implementing *in vitro* (outside of living organisms) and *in vivo* (inside living organisms) assays deemed essential for regulatory approvals. Nonclinical activities occur in parallel with clinical development, and both have required extensive collaboration among Entheon's executive team, scientific advisors and consultants. **Of the \$25,200 expended, \$5,400 was paid to Entheon's arm's length Science Advisors, \$17,200 was paid to non-arm's length parties and \$2,600 was paid to arm's length consultants.**
- (3) To date clinical development efforts have been specifically focused on: (i) designing a robust experimental DMT Protocol to test Entheon's Dosing Strategies in humans; (ii) engaging the Centre for Human Drug Research, a research organization to carry out this design in a double-blind, randomized, placebo-controlled clinical trial referred to herein as the Phase I Study; and (iii) working with Entheon's Science Advisors and clinical partners to create and refine the experimental design of the Phase I Study. The current design will establish clinical safety for the Dosing Strategies, collect a range of data for development of the DMT Delivery System, identify the target dose range for substance use applications, and establish preliminary efficacy for nicotine addiction. Together, these elements will inform the final DMT Protocol to be prototyped and tested in subsequent clinical trials. **Of the \$71,900 expended, \$42,800 was paid to Entheon's arm's length Science Advisors, \$14,900 was paid to non-arm's length parties and \$14,200 was paid to arm's length consultants.**
- (4) Development efforts to date have included: (i) the creation of a target product profile for the proposed use of the Dosing Strategies for various indications; (ii) discussions with prospective manufacturing partners for different components of Entheon's DMT Delivery System and related monitoring devices; (iii) the integration into the DMT Protocol of environmental factors and other aspects of "set and setting" (being the physical and social environment in which a user has a psychedelic drug experience); (iv) consultation with experts in

psychiatric protocols to implement a safe and an appropriate therapeutic framework for administration of the Dosing Strategies; (v) the establishment of relationships with clinician networks for commercial deployment of the final DMT Protocol; and (vi) the creation of Entheon's product Investigator Brochure. **Of the \$106,900 expended, \$13,350 was paid to Entheon's arm's length Science Advisors, \$17,200 was paid to non-arm's length parties and \$76,350 was paid to arm's length consultants.**

- (5) Because a deep understanding of the regulatory framework in multiple jurisdictions (FDA, EMA, and Health Canada) is necessary for efficiently obtaining drug product approvals, Entheon has engaged regulatory experts from its earliest stages in order to identify roadblocks and prepare itself to move efficiently through each regulatory system. Entheon has also expended financial resources on working with its Science Advisors to develop a specific regulatory strategy in the European Union. Lastly, Entheon has expended financial resources on the development of major regulatory documents including: (i) the Investigational Medicinal Product Dossier; (ii) the Investigator's Brochure; and (iii) the Drug Master File, all of which are explained in further detail under the heading "*3. General Development of the Business – Summary of the Regulatory Approval Process*" and all of which are currently under development by Entheon's expert consultants, advisors, and clinical partners as part of the lead-up to the Phase I Study. **Of the \$48,400 expended, \$19,750 was paid to Entheon's arm's length Science Advisors, \$14,900 was paid to non-arm's length parties and \$13,750 was paid to arm's length consultants.**
- (6) Entheon has expended financial resources of patent prosecution including with respect to: (i) the filing of four provisional patent applications with the United State Patent and Trademark Office relating to Entheon's Dosing Strategies and the DMT Delivery System (as discussed in further detail under the heading "*Intellectual Property – Patents*"); and (ii) the execution of associated contracts and the development of associated reports related to the conceptualization and legal protection of the Dosing Strategies and DMT Delivery System. Additionally, Entheon has expended financial resources on portfolio development which consists of the exploration of new technologies using novel compounds and alternative methods of administration. **\$68,386 was paid in legal fees to arm's length legal counsel.**

The following table sets forth the revenues of Entheon for the fiscal years ended March 31, 2019 and 2020.

	For the fiscal year ended March 31, 2019 (Audited)	For the fiscal year ended March 31, 2020 (Audited)
Revenue	Nil	Nil

3.2 Expected Changes

Entheon intends to move forward in carrying out its strategies, meeting its business objectives and developing its business as described elsewhere in this Listing Statement – see information under the heading "*Narrative of the Business*" for a description of Entheon's business. However, Entheon's strategies and business objectives may be impacted by changes in the global economy, the impact of COVID-19 on Entheon's operations, personnel and financial condition, the impact of COVID-19 on the operations, personnel and financial condition of the research partners and suppliers of Entheon, changes in legislation, changes in the psychedelic therapeutic industry, unanticipated costs and adverse novel discoveries regarding DMT.

3.3 Significant Acquisitions and Dispositions

Apart from the Transaction, Entheon has not completed any significant acquisitions or dispositions in the past three years.

3.4 The Transaction

General

Entheon is requalifying for a listing following a fundamental change on November 5, 2020, whereby Entheon acquired all of the issued and outstanding Former Entheon Shares by way of a three-cornered arm's length amalgamation with Former Entheon and Subco pursuant to the Amalgamation Agreement. In connection with the Transaction and pursuant to the terms of the Amalgamation Agreement: (i) Subco completed the Subco Private Placement (as described in detail below); (ii) Entheon completed a name change from "MPV Exploration Inc." to "Entheon Biomedical Corp."; (iii) Entheon completed the Consolidation; and (iv) Former Entheon amalgamated with Subco under subsection 269 of the BCBCA to form Entheon Holdings. Thereafter, Entheon Holdings became a wholly-owned subsidiary of Entheon. In accordance with the Amalgamation Agreement, the Former Entheon Shareholders were issued one Common Share for every one Former Entheon Share held immediately prior to the completion of the Transaction. All outstanding Entheon Warrants were adjusted such that, upon exercise or conversion, the holders will receive Common Shares in lieu of Former Entheon Shares, subject to the Exchange Ratio.

The Subco Private Placement

In connection with the Transaction, Entheon, through Subco, completed the Subco Private Placement on September 3, 2020, pursuant to which Subco issued an aggregate of 4,117,886 Subco Subscription Receipts at a price of \$0.375 per Subco Subscription Receipt for gross proceeds of \$1,544,207.

Upon the satisfaction of certain release conditions, including receipt of CSE approval for the Transaction, each Subco Subscription Receipt was exchanged, without payment of any additional consideration, for one Subco Unit. Each Subco Unit was comprised of one Subco Class A Share and one-half of one Subco Financing Warrant, which entitled the holder thereof to purchase a Subco Class A Share at a price of \$0.60 for a period of two years from the date the Subco Subscription Receipts were converted into Subco Units. In connection with the Subco Private Placement, Subco paid certain cash finder's fees, issued an aggregate of 100,000 Finders' Units bearing the same terms as the Subco Units, and issued an aggregate of 211,297 Broker Warrants, which are exercisable to acquire one Broker Warrant Unit at an exercise price of \$0.375 for a period of two years from the closing of the Subco Private Placement. Each Broker Warrant Unit is comprised of one Subco Class A Share and one half of one Underlying Broker Warrant, which entitles the holder thereof to purchase a Subco Class A Share at a price of \$0.60 for a period of two years from the date the Subco Subscription Receipts were converted into Subco Units. Concurrently with the completion of the Transaction: (i) all of the issued and outstanding Subco Class A Shares were exchanged for Common Shares; (ii) all Subco Financing Warrants were exchanged for MPV Financing Warrants; and (iii) all Broker Warrants were exchanged for Replacement Broker Warrants based on the Subco Broker Exchange Ratio.

Entheon intends to use the net proceeds from the Subco Private Placement to carry out its preclinical and human proof of concept studies determining safety, tolerability and dose finding specific to DMT in the treatment of addictive disorders and for general working capital purposes.

As a result of the Transaction, Entheon issued:

- a) an aggregate of 29,845,805 Common Shares in exchange for the Former Entheon Shares outstanding immediately prior to the closing of the Transaction at a deemed issue price of \$0.48 (after taking into effect the Consolidation);
- b) an aggregate of 4,217,886 Common Shares in exchange for the Subco Class A Shares outstanding immediately prior to the closing of the Transaction at a deemed issue price of \$0.48 (after taking into effect the Consolidation);
- c) 2,108,943 MPV Financing Warrants in exchange for the Subco Financing Warrants outstanding immediately prior to the closing of the Transaction; and
- d) 211,297 Replacement Broker Warrants in exchange for the Broker Warrants outstanding immediately prior to the closing of the Transaction.

Although the Transaction resulted in Entheon Holdings becoming a wholly-owned subsidiary of Entheon, the Transaction constituted a reverse take-over of Entheon because: (i) the Former Entheon Shareholders now own 73.90% of the outstanding Common Shares, the former shareholders of Entheon now own 15.66% of the outstanding Common Shares, and the holders of the Subco Subscription Receipts now own 10.44% of the outstanding Common Shares; (ii) the business of Entheon Holdings became the business of Entheon; and (iii) all members of the Entheon Board are designees of Former Entheon. After completion of the Transaction, Entheon changed its name from "MPV Exploration Inc." to "Entheon Biomedical Corp."

3.5 Trends, Commitments, Events and Uncertainties

The following is a discussion of the trends, market outlook and uncertainties related to Entheon's business.

Trends

Substance-use disorder is a prominent fixture in modern society and takes the lives of many each year. Though current treatments exist such as medication assisted therapies, psychotherapy, and abstinence, thousands of people continue to lose their lives to a variety of substance use disorders.

Recently, there has been a resurgent interest in psychedelics as a potential treatment for a variety of psychiatric disorders including depression, post-traumatic stress disorder, and substance use disorder. When administered safely and in an appropriate environment, with adequate support, certain psychedelic-assisted psychotherapies may assist in treating substance use disorders.

Some of the more well-known companies exploring the use of psychedelics in the treatment of mental health disorders include: (i) Mind Medicine (MindMed) Inc., (ii) Compass Pathways Limited, (iii) Small Pharma and (iv) Eleusis Ltd., each of which are described in further detail under the heading "*Competitive Conditions and Industry Trends*."

Market Outlook

Entheon intends to operate and market the DMT Solutions within Canada, the United States and throughout the European Union. Psychedelics are not widely available as legal forms of medical treatment within Canada and the United States, though there are many unregulated practitioners. If psychedelic drugs are approved for sale by Health Canada and the FDA, doctors will be able to prescribe them as they would other drugs. Nonetheless, there are currently clinics within Canada and the United States that provide doctor prescribed ketamine (another psychedelic drug) treatments. Within Canada specifically, Actify Neurotherapies, Field Trip Health and others provide doctor prescribed ketamine therapies in controlled settings.

Based on the following statistics, psychedelic-assisted therapies may emerge in the foregoing jurisdictions as an important tool for treating substance use disorders where other treatment types have failed.

- In 2018 there were an estimated 14.4 million adults in the United States who had alcohol use disorder¹, and according to the National Survey on Drug Use and Health, an estimated 88,000 people die in the United States from alcohol-related causes annually² (the 3rd leading preventable cause of death in the U.S.), while globally 3.3 million deaths, or 5.9 percent of all global deaths, were attributed to alcohol consumption³.

¹ National Institute on Alcohol Abuse and Alcoholism.

² Centers for Disease Control and Prevention (CDC). *Alcohol and Public Health: Alcohol-Related Disease Impact (ARDI). Average for United States 2006–2010 Alcohol-Attributable Deaths Due to Excessive Alcohol Use*.

³ World Health Organization (WHO). *Global Status Report on Alcohol and Health*. p. XIV. 2014 ed.

- The total cost of alcohol-related harm to Canadians was estimated to \$14.6 billion in 2014, and a comprehensive study completed in 2010 concluded that alcohol misuse in the United States had an economic and financial toll of \$249.0 billion⁴.
- In 2017, an estimated 20.7 million people aged 12 or older needed substance use treatment (i.e., treatment for problems related to the use of alcohol or illicit drugs), yet in the same year only approximately 4.0 million of those people had received any substance use treatment in the past year⁵, highlighting a major deficit between need and access.
- Globally, only half of countries provide access to effective treatment options for opioid dependence and it is estimated that less than 10% of people worldwide who are in need of treatment actually receive it⁶. According to The National Institute on Drug Abuse, approximately 2.1 million Americans have a prescription opioid-use disorder, while overdose deaths are five times higher in 2016 than they were in 1999⁷. *The Global Burden of Diseases, Injuries, and Risk Factors Study* concluded with an estimation that in 2017, 40.5 million people were opioid dependent, and that in that same year 109,500 people had died from an opioid overdose⁸.
- The Canadian Centre for Substance Abuse and Addiction found that in 2017, “substance use cost Canadians almost \$46.0 billion, led to over 275,000 hospitalizations and contributed to the loss of nearly 75,000 lives in Canada”. Of this, opioid substance-use resulted in estimated costs (healthcare, lost productivity, criminal justice costs and other direct costs) of \$5.9 billion⁹, while in the United States, the Center for Disease Control & Prevention estimates that the “economic burden” of prescription opioid misuse alone is \$78.5 billion a year¹⁰.
- The Center for Disease Control & Prevention reports that more than 16 million people in the United States are living with a disease that has been linked to smoking¹¹, and 480,000 annual deaths are “caused” by smoking¹². The World Health Organization believes the global financial burden imposed by cigarette consumption and addiction to be well over one trillion dollars¹³.

This combination of an under-served population of substance use disorder sufferers for whom there are limited treatment options, paired with the low efficacy of said treatment options may or may not result in amendments to the current legislation surrounding the use of psychedelic-assisted therapies. While no such changes to legislation have occurred to date, psychedelics as therapies are in various states of legality. Recently the Canadian Federal Government made a decision, allowing four terminal cancer patients to legally use psilocybin (another psychedelic drug) to relieve their end-of-life anxiety through medical exemption¹⁴. In the United States, the results of several psychedelic therapy clinical trials are currently being put forth to the FDA by companies seeking regulatory approval to ultimately sell prescribed psychedelic therapies for medical consumer use. For example: (i) the Multidisciplinary Association for Psychedelic Studies is in phase 3 of clinical trials of methylenedioxymethamphetamine (otherwise

⁴ Sacks, J.J.; Gonzales, K.R.; Bouchery, E.E.; et al. 2010 national and state costs of excessive alcohol consumption. *American Journal of Preventive Medicine* 49(5):e73–e79, 2015. PMID: 26477807.

⁵ Key Substance Use and Mental Health Indicators in the United States: Results from the 2017 National Survey on Drug Use and Health, pg.50.

⁶ <https://www.who.int/news-room/fact-sheets/detail/opioid-overdose>.

⁷ *Medications to Treat Opioid Use Disorder Research Report*. National Institute on Drug Abuse. Research report, Revised June 2018.

⁸ *Global patterns of opioid use and dependence: harms to populations, interventions, and future action*. The Lancet, VOLUME 394, ISSUE 10208, P1560-1579, OCTOBER 26, 2019.

⁹ Canadian Substance Use Costs and Harms Scientific Working Group (2020). Canadian substance use costs and harms 2015–2017. (Prepared by the Canadian Institute for Substance Use Research and the Canadian Centre on Substance Use and Addiction.) Ottawa, Ont: Canadian Centre on Substance Use and Addiction.

¹⁰ Florence CS, Zhou C, Luo F, Xu L. The Economic Burden of Prescription Opioid Overdose, Abuse, and Dependence in the United States, 2013. *Med Care*. 2016;54(10):901-906.

¹¹ https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/

¹² U.S. Department of Health and Human Services. The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014.

¹³ <https://www.who.int/tobacco/economics/background/en/>.

¹⁴ <https://therapsil.ca/in-a-landmark-decision-canada-allows-4-terminal-patients-to-legally-use-psilocybin-to-ease-anxiety/>

known as “MDMA”, another psychedelic drug) to treat post traumatic stress disorder¹⁵; (ii) Compass Pathways is in phase 2 with psilocybin to treat treatment resistant depression¹⁶; and (iii) the Usona Institute is in a phase 2 study focusing on the use of psilocybin for major depressive disorder¹⁷.

Additionally, other psychedelic therapies such as esketamine or Spravato (versions of the previously banned substance ketamine) have been approved and are currently being prescribed for medical use¹⁸. Notwithstanding the foregoing, the use of psychedelic-assisted therapies, and DMT in particular, may never become legal. As such, there is no guarantee that Entheon will be able to commercialize its DMT Products; additionally, the legislation surrounding the use of psychedelic-assisted therapies may be amended in unanticipated ways, which also may prevent Entheon from being able to commercialize its DMT Products or which may require the need to raise additional capital. All of the foregoing uncertainties may have timing and cost implications on Entheon’s business plans and strategies. Certain regions in the United States have decriminalized psychedelics such as Denver’s Initiative 301 ballot which decriminalized psilocybin mushroom possession. Oakland and Santa Cruz, California have also decriminalized psychedelic possession. Washington DC will also be submitting a decriminalization initiative (Initiative 81) on the ballot of upcoming election on November 3, 2020¹⁹.

Uncertainties

There are a number of uncertainties and risks that are presently known to management that could reasonably be expected to have a material effect on Entheon’s business. See information under the heading “*Risk Factors*” for a full description of the risks and uncertainties related to Entheon and its business.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Overview

As discussed above under the heading “*General Development of the Business – Overview of the Business*,” Entheon is a biotechnology research and development company committed to developing and commercializing both its DMT Products and its DMT Delivery System for the purposes of treating addiction and substance use disorders. Subject to obtaining all requisite regulatory approvals and permits, Entheon intends to generate revenue through the sale of its DMT Products and eventually the license of its DMT Delivery System to physicians, clinics and licensed psychiatrists in the United States, certain countries in the European Union and throughout Canada.

DMT Products

As discussed under the heading “*General Development of the Business – DMT Products*” Entheon seeks to develop and commercialize a portfolio of safe and effective DMT Products. The DMT Products will consist of proprietary DMT drug formulations packaged in single-use containers. These containers may alternatively take the form of intravenous bags, ampules, or cartridges but in any case will be designed to work within the DMT Delivery System (see below). Each unit of the DMT based drug solution will be offered in tamper-proof packaging and sealed in a way that only allows it to be used for one treatment session. The contents will be a proprietary mixture and will include the exact amount of DMT for the treatment in question, along with other non-medicinal ingredients such as stabilizing agents and saline solution. The specific dose of DMT for each type of treatment will be determined from the results of Entheon’s clinical trials (as discussed in more detail under the heading “*Research and Development Studies*.” It is Entheon’s intention that the DMT Products will be used in medical clinics, treatment centres and hospitals to treat patients with addiction and substance use disorders.

¹⁵ <https://clinicaltrials.gov/ct2/show/NCT03537014>

¹⁶ <https://clinicaltrials.gov/ct2/show/NCT03775200>

¹⁷ <https://clinicaltrials.gov/ct2/show/NCT03866174>

¹⁸ <https://www.fda.gov/news-events/press-announcements/fda-approves-new-nasal-spray-medication-treatment-resistant-depression-available-only-certified>

¹⁹ [https://ballotpedia.org/Washington,_D.C.,_Initiative_81,_Entheogenic_Plants_and_Fungus_Measure_\(2020\)](https://ballotpedia.org/Washington,_D.C.,_Initiative_81,_Entheogenic_Plants_and_Fungus_Measure_(2020)).

DMT Delivery System

Additionally, Entheon seeks to eventually develop and commercialize the DMT Delivery System to administer its DMT Products and ensure their accurate performance (as described in further detail below under the heading “*Technology - DMT Delivery System*”). Entheon intends to develop the DMT Delivery System such that it will slowly pump its DMT Products into patients and thereafter, measure their vital signs to ensure the particular DMT Product is working correctly. This equipment will use a proprietary interface to connect the container of DMT-based solution (described above) to a special intravenous pump that will be optimized to deliver the DMT Products according to their particular Dosing Strategies. The DMT Delivery System will include sensors to monitor the patients’ brain activity, along with heart rate, body temperature and other vital signs, to ensure that they are responding as expected to the treatment.

Development Efforts to Date

Dosing Strategies

In order to eventually develop the DMT Products, Entheon must first develop the Dosing Strategies. In general, the purpose of developing effective drug Dosing Strategies is to achieve optimal drug efficacy. The ideal in drug therapy is to achieve the right dose, of the right drug, for the right time, in the right patient. Because DMT is a generic chemical that is not owned by anyone, Entheon’s commercialization strategy is focused on using the drug in a novel way to produce effective therapeutic outcomes for addiction and substance use disorders. To that end, Entheon has begun by investigating how to both optimize the drug concentration and the duration of acute treatment (referred to herein as the Dosing Strategies) such that the end DMT Product will produce the desired outcomes. The efficacy of any particular Dosing Strategy depends not only on the DMT itself, but on the specific formulation of the DMT-based drug solution (which will likely contain a number of other ingredients), as well as the specialized equipment used to treat patients with the DMT Product in accordance with the Dosing Strategy. Entheon’s plans to offer a comprehensive solution that includes unique DMT Products and a DMT Delivery System will be based in large part on the Dosing Strategies shown to be most effective in future clinical trials.

DMT Research Conclusions

Entheon’s aim is to develop the Dosing Strategies such that it will optimize the effects of a type of psychedelic compound called tryptamines for the purposes of combating addiction and substance use disorders. Tryptamines include most of the well-known naturally-occurring psychedelics, including compounds derived from psilocybin and psilocin, dimethyltryptamine, 5-methoxy-dimethyltryptamine, bufotenin, and ibogaine. After completing an exhaustive literature review of materials related to the efficacy of tryptamines for the purposes of treating mental health conditions, including a review of certain indigenous practices, Entheon has concluded that these molecules may assist in the treatment of substance use disorders. While Entheon is investigating a range of tryptamines, at this time it is primarily focused on using DMT in the development of its Dosing Strategies and DMT Products.

As a result of the research conducted to date on the above tryptamines, Entheon has conceptualized several Dosing Strategies that will be validated in planned human trials. The Dosing Strategies developed to date, in part, endorse the delivery of a DMT-based therapeutic product via controlled intravenous infusion that slowly and gradually increases the rate of drug material administered to the patient allowing them to arrive at a therapeutic range. This novel method of administration carries with it the combined benefit of gradual immersion, so as not to overwhelm the recipient, as well as the ability to rapidly end the experience in the event of a negative adverse reaction. These two qualities have not been previously combined. The Dosing Strategies, as part of the clinical DMT Protocol, is intended to have specific therapeutic applications that target addiction and substance-related disorders. If regulatory approval is received, the DMT Products (which will incorporate the Dosing Strategies) will initially be patented and sold in the European Union, Canada and the United States.

4.2 Business Objectives

Milestones and Business Objectives

Set forth below are Entheon's milestones, expected target dates and associated costs over the next twelve months. A detailed discussion of each of these milestones is set forth under the heading "Research and Development Studies."

Milestone	Target Date	Estimated Cost
Obtaining the Drug Products from Psygen for nonclinical and clinical trials	November 2020	USD\$40,000 (approx. CDN\$53,028) ⁽¹⁾
Meet with Netherlands Dutch Regulators	December 2020	\$30,000
Conducting the Preclinical Studies	January 2021 to June 2021	USD\$66,500 (approximately CDN\$88,159) ⁽¹⁾
DMT formulation development	January 2021 to October 2021	\$70,000 ⁽²⁾
Stability testing of drug substance and drug product	January 2021	\$20,000
DMT Assay Development	January 2021 to June 2021	\$100,000
Obtain Clinical Trial Insurance	March 2021	\$50,000
Developing the DMT Protocol and Conducting the Phase I Study	April 2021 to September 2021	€927,314 (approx. CDN\$1,430,010) ⁽³⁾
Total		\$1,841,197

⁽¹⁾ Based on the Bank of Canada exchange rate on November 2, 2020 of 1.3257.

⁽²⁾ Estimated cost of \$70,000 in the next 12 months and an additional ongoing cost of \$260,000 to the end of 2024.

⁽³⁾ Based on the Bank of Canada exchange rate on November 2, 2020 of 1.5421.

Although the target dates and estimated costs set forth in the table above are Entheon's best estimates, such dates and costs may be impacted by a number of factors, including without limitation, those discussed under the heading "Expected Changes". There is no guarantee that Entheon will obtain the regulatory approvals required to meet the milestones set out in the table above, within the timeframes and at costs anticipated, or at all.

4.3 Funds Available

The following is a breakdown of the funds that are available to Entheon (the "Available Funds") as of September 30, 2020, the most recent month end prior to filing this Listing Statement:

Source of Funds	Available Funds
Working capital of Entheon ⁽¹⁾	\$981,201
Working capital of Entheon Holdings ⁽²⁾	\$1,595,018
Proceeds of Subco Private Placement ⁽³⁾	\$1,544,207
Proceeds from sale of property ⁽⁴⁾	\$278,000
Total	\$4,398,426

⁽¹⁾ As at October 31, 2020.

⁽²⁾ As at October 31, 2020.

⁽³⁾ Represents the approximate gross proceeds of the Subco Private Placement.

⁽⁴⁾ It was condition to closing the Transaction that Entheon assign or dispose of all existing mineral resource properties, including Entheon's rights under the option agreement dated March 31, 2017 between Entheon and Les Ressources Tectonic Inc. as it relates to the UMEX project. In connection therewith, Entheon entered into a binding agreement following a tender process on August 5, 2020 pursuant to which it agreed to sell its interest in the UMEX project for cash consideration of \$278,000. The funds were held in escrow with Dunton Rainville pending completion of the Transaction.

4.4 Principal Purposes

The following table sets out the principal purposes for which the Available Funds available will be used by Entheon.

Use of Available Funds	Amount
Estimated available funds	\$4,398,426
Obtaining the Drug Products from Psygen for nonclinical and clinical trials	USD\$40,000 (approx. CDN\$53,028) ⁽¹⁾
Meeting with Netherlands Dutch Regulators	\$30,000
Conducting the Preclinical Studies	USD\$66,500 (approximately CDN\$88,159) ⁽¹⁾
DMT formulation development	\$70,000
Stability testing of drug substance and drug product	\$20,000
DMT Assay Development	\$100,000
Clinical Trial Insurance	\$50,000
Developing the DMT Protocol and Conducting the Phase I Study	€927,314 (approx. CDN\$1,430,010) ⁽²⁾
Operating expenses for 12 months ⁽³⁾	\$1,932,000
Legal, administrative, regulatory fees expended for Transaction and Subco Private Placement	\$438,334
Total	\$4,211,531
Unallocated Working Capital	\$186,895

⁽¹⁾ Based on the Bank of Canada exchange rate on November 2, 2020 of 1.3257.

⁽²⁾ Based on the Bank of Canada exchange rate on November 2, 2020 of 1.5421. In accordance with the CHDR Clinical Study Agreement 21% of this figure has been reserved for potential COVID-related costs.

⁽³⁾ Estimated operating expenses for 12 months include: \$800,000 for corporate branding and advertising, \$48,000 for marketing and promotion, \$150,000 for Directors & Officers insurance, \$372,000 for management fees, \$328,000 for consulting fees, \$78,000 for office expense and rent and \$156,000 for professional legal and accounting fees.

Entheon intends to spend its Available Funds as stated in this Listing Statement. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

4.5 Research and Development Studies

Entheon plans to follow the strict regulatory pathways of classic drug discovery and approval. In doing so, as described in further detail below, Entheon is in the process of engaging various research organizations to conduct a number of preclinical and clinical studies of which involve, and will inform the development of, the Dosing Strategies and the DMT Protocol. The results of these studies, among other relevant data, will thereafter form the basis of Entheon's regulatory submissions.

Timing, Costs, Stage of Development & Major Components of Proposed Studies

As discussed in further detail under the heading "*Intellectual Property – Patents*," Entheon has filed four provisional patent applications with the United States Patent and Trademark Office that relate to the Dosing Strategies and the DMT Delivery System. Concurrently as Entheon moves through the patent approval process and continues to prepare to submit additional patent applications, Entheon is engaged in the following activities in the clinical testing and regulatory approval process, the timing and costs of which may be impacted by COVID-19 and any related regulatory delays and changes (discussed further under the heading "*Expected Changes*"):

- 1. Sourcing the Drug Products.** Entheon has entered into the Psygen Supply Agreement whereby Psygen will provide Entheon with the Drug Products (GMP quality and non-GMP DMT drug products and substances) for its preclinical, clinical and post-approval commercialization phases under the European regulatory framework. Psygen is located in Alberta, Canada and is licensed by the Health Canada Office of Controlled Substances to manufacture, sell and export DMT. The Psygen Supply Agreement is governed by the laws of the province of Alberta and the laws of Canada applicable therein. The Psygen Supply Agreement expires upon the latter of (i) ten years from the effective date of the Psygen Supply Agreement; and (ii) completion of the Study (as defined in the Psygen Supply Agreement), unless otherwise terminated by either party in accordance with Article 15 of the Psygen Supply Agreement, provided that the term will continue to apply as necessary in respect of outstanding payments owed in accordance with the Psygen Supply Agreement. The term of the Psygen Supply Agreement will automatically be extended for one additional period of five years unless either Psygen or Entheon provides notice in writing that it has elected not to extend the term at least six months prior to the end of the term. Under the Psygen Supply Agreement Entheon is obliged to pay to Psygen an aggregate of USD\$40,000 (approximately CDN\$53,028 based on the Bank of Canada exchange rate on November 2, 2020 of 1.3257) for the initial supply purchase order of the Drug Products to be used for the Phase I Study. Within the timeframes specified in the Psygen Supply Agreement, the parties shall negotiate the purchase price and the break fee for all other clinical trial phases to follow. In each case, the purchase price shall be increased based on reasonable good-faith negotiation by the parties.
- 2. Meeting with Dutch Regulators.** Entheon will need to meet with drug regulators in the Netherlands to discuss the Phase I Study design, the DMT Protocol and DMT historical data to determine if further animal data is required. Meetings with the appropriate regulatory authorities will be essential for achieving Entheon's business goals. Entheon will meet with the Dutch regulators being the Central Committee on Research Involving Human Subjects (an organization established under the Dutch *Medical Research Involving Subjects Act*, "**CCMO**") and the EMA, to discuss the regulatory path forward, identify gaps in preclinical data and to get guidance on the trial design in order to maximize the possibility of obtaining regulatory approval. Entheon expects that this will cost approximately \$30,000 and occur in December 2020.
- 3. Conducting the Preclinical Studies.** Entheon is preparing to initiate preclinical studies with accredited CROs to assess the chemical stability of the Drug Products received from Psygen and to obtain baseline toxicology and safety data in animals (the "**Preclinical Studies**"). Following a comprehensive review of the existing DMT literature, Entheon intends to limit the Preclinical Studies to an investigation of intravenous toxicity and cardiovascular effects and are not likely to require the exhaustive approach for new molecular entities. As of the date hereof, Entheon has not entered into any agreement with any particular CRO but is still confirming which CRO it wishes to work with, the location where the Preclinical Studies will take place and the details of the particular Preclinical Study agreement to be entered into. Entheon is currently evaluating

several candidate CROs in Canada, any of which would be able to rapidly conduct standard preclinical studies if requested by regulators during the clinical trial application review process. Entheon will work with a CRO that maintains the applicable regulatory approvals, including the applicable controlled substance exemptions, required to complete the Preclinical Studies, such that Entheon will not be required to obtain any regulatory approvals or permits itself.

- **Cost:** The costs of the Preclinical Studies, if required based on the opinions of Entheon's clinical partners and regulatory consultants, will be determined by reasonable good-faith negotiation of the parties and the billing will occur as work is conducted. A basic toxicological assessment for DMT may include studies of acute intravenous toxicity in rats for USD\$14,000 (approx. CDN\$18,559) and cardiovascular toxicity in dogs for USD\$52,500 (approx. CDN\$69,599) for a total of approx. CDN\$88,159 (based on the Bank of Canada exchange rate on November 2, 2020 of 1.3257).
 - **Objectives:** to test the efficacy and safety of the Dosing Strategies in animals.
 - **Outcome Measures:** Given that much is already known about DMT's safety profile, with over 50 years of animal studies in the published literature, Entheon expects that the Preclinical Studies will only be comprised of *In vivo* (on a living organism) studies. Further the *In vivo* studies are expected to be minimally necessary and limited to an acute intravenous toxicity study in rats and a cardiovascular safety pharmacology study in dogs. If requested by regulatory authorities, additional tests may include single dose toxicity in rats, maximum tolerated dose study in dogs, Irwin screen test in rats, and respiratory safety pharmacology studies. Full 28-day toxicity studies in rats and/or dogs are highly unlikely to be needed. *In vitro* (outside a living organism) studies are also not expected to be necessary. Behavioural experiments are expected to follow shortly thereafter to determine if the administration of Entheon's Dosing Strategies yields reductions in drug seeking behavior, and increased sociability in its test animals.
4. **Development of DMT Products.** Entheon will need to develop the DMT Products in a form that can be administered by intravenous therapy or other routes in clinical trials, which is expected to occur in 2021 and onwards and to be initially done by the production pharmacy at CHDR. Further development of the DMT Products to a commercialization stage will be ongoing and dependent on the Dosing Strategies data obtained in planned phase I and 2 clinical trials. Estimated cost of \$70,000 in the next 12 months and an additional ongoing cost of \$260,000 to the end of 2024.
 5. **Stability Testing.** Entheon will need to complete stability testing of the DMT Products at an approximate cost of \$20,000. Prior to commencement of clinical trials, the stability of DMT Products in the appropriate dose formulation (e.g., in sterile ampules of solution for intravenous administration) will be assessed over a period of several months. This is done to ensure that the form of the drug delivered to patients is of the same purity as the original drug substance, sterile and free of contamination by chemical degradation products, and will be performed on each batch of drug shipped by Psygen.
 6. **DMT Assay Development.** In advance of clinical trials, an analytical chemistry method must be developed to measure DMT and its metabolites in blood or plasma samples obtained from trial participants at various time points. This method will be developed in collaboration with an appropriate analytical laboratory designated as a sub-processor under agreement with the clinical trial site, described below. Estimated cost: \$100,000.
 7. **Clinical Trial Insurance.** Although insurance for the clinical site is included in the CHDR Clinical Study Agreement, Entheon will purchase additional insurance to cover any additional liability to the company that may result from unanticipated adverse events. This will be obtained following the finalization of the DMT Protocol and regulatory submission documents, targeted for December 2020. Estimated cost is \$50,000.

8. Developing a Clinical DMT Protocol and Conducting the Phase I Study. Entheon is working with CHDR, a CRO that specializes in providing research services for biotechnology and pharmaceutical industries, in order to develop different Dosing Strategies and design Entheon's DMT Protocol. In connection therewith, Entheon has entered into the CHDR Clinical Study Agreement to perform the Phase I Study scheduled to take place in the Netherlands in early 2021, subject to the delays discussed under the heading "*Expected Changes*" and to the completion of the Preclinical Studies necessary prior to the Phase I Study. The terms of the CHDR Clinical Study Agreement are set forth under the heading "*3. General Development of the Business – History – Overview of the Business – Contracts.*"

- **Cost:** Entheon has agreed to pay CHDR an estimated fee of €927,314 (approx. CDN\$1,430,010 based on the Bank of Canada exchange rate on November 2, 2020 of 1.5421) for completion of the Phase I Study.
- **Description:** It is very important for Entheon to provide evidence for the efficacy and safety of the DMT Protocol. The Preclinical Studies are essential to this because they provide the ability to quickly evaluate a drug's characteristics in animals, including physiological and biochemical processes, such as adverse effects and interactions that cannot be observed *in vitro* or in human subjects. In addition, animal data (which will be obtained from the Preclinical Studies) is often required by regulatory authorities before human trials are approved. In order to provide preliminary efficacy data for nicotine addiction, the Phase I Study will recruit healthy nicotine users as subjects. Together, these data will be put toward regulatory approval applications (as described further below) and will inform larger phase 2 and 3 efficacy trials.
- **Objectives:** The Phase I Study will determine the pharmacokinetic and pharmacodynamic properties of Entheon's Dosing Strategies, and will collect a range of neurological, cardiovascular, and immunological data to assess drug tolerance, safety and subjective effects. Pharmacodynamics refers to the biochemical and physiologic effects of a drug; pharmacokinetics includes the movement of a drug into, through, and out of the body — the time course of its absorption, bioavailability, distribution, metabolism, and excretion. The study will utilize a randomized, placebo controlled design to establish optimal dose range and duration for therapeutic efficacy and assess safety and minimally effective and maximally tolerated doses.
- **Outcome Measures:** The results of the Phase I Study are expected to, among other things: (i) determine the concentrations of DMT in blood plasma required to maintain steady-state DMT effects using target-controlled intravenous infusion; (ii) characterize the incidence and severity of adverse events associated with increasing doses of DMT in a normal adult; and (iii) assess the effectiveness of DMT intervention, within the context of an addiction therapy program, on nicotine addiction in otherwise healthy subjects.

Additional Steps Required for Development & Commercialization

It is Entheon's objective to conduct the following additional steps in the next 12 months, subject to the risks, delays and related cost implications discussed under the heading "*Expected Changes.*" The following additional steps are required to fully develop and commercialize the DMT Products for the purposes of treating nicotine addiction. Subject to any impact that COVID-19 may have on Entheon's personnel and business operations, no additional costs will be incurred for this work as it is to be performed internally and therefore is already captured by the operating expenses set forth under the "Use of Available Funds" table above.

- **Preparing Submissions to Regulators.** Entheon is preparing certain regulatory documentation to submit to: (a) the FDA; (b) the EMA; and (c) Health Canada. The relevant documents that Entheon is in the process of preparing take the form of an IMPD and Investigator's Brochure. As discussed in further detail under the heading "*General Development of the Business – Summary of the Regulatory Approval Process*", the IMPD and the Investigator's Brochure are comprised of all chemistry, manufacturing and control data for the drug

itself, preclinical data from existing literature and internal studies, informed consent forms, and the DMT Protocol itself. The IMPD will be submitted to the Dutch human ethics committee prior to the Phase I Study and later will form part of Entheon's EMA submissions. The IMPD along with the Investigator's Brochure and the Phase I Study trial results will then be submitted to the FDA in the form of a Drug Master File.

It is Entheon's objective to conduct the following additional steps beyond 12 months after the date hereof, subject to the risks, delays and related cost implications discussed under the heading "*Expected Changes*." Entheon will require additional sources of financing in order to fund the steps set forth below.

- **Meeting with FDA.** Entheon will need to meet with the FDA to outline a path for a potential Phase 2 Nicotine Study of DMT for nicotine addiction in the United States.
- **GMP Drug Synthesis.** Drug synthesis is the artificial execution of useful chemical reactions to obtain one or several products. Along with this Entheon will scale-up to larger batches of drug material through a commercial partner for conducting future phase 3 trials. GMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product. Pricing varies by clinical stage and scale up capacity is contingent on Psygen's license restrictions.
- **Further Development of DMT Products.**
- **DMT Delivery System development.** This will include the selection and optimization for intravenous pumps, monitoring devices and auxiliary components;
- **Integration of the Dosing Strategies with The DMT Protocol (as further developed).** Standard cognitive behavioral therapy for treating substance use disorders will be adapted for psychedelic-assisted therapy using the Dosing Strategies.
- **Phase 2 Nicotine Study.** Upon completion of, among other things, the Phase I Study, Entheon intends to complete an additional clinical study in the United States focused on addressing nicotine addiction (the "**Phase 2 Nicotine Study**").
 - **Description:** The Phase 2 Nicotine Study will include submission of regulatory documents to the EMA, preparation of the Phase 2 Nicotine Study site, initial study subject recruitment & enrolment, development and implementation of a randomized, placebo controlled, blinded study design, analytical/bioanalytical chemistry tests, analysis of study results, standard statistical tests, advanced pharmacokinetic and pharmacodynamic population modelling & simulation, preparation of the final study report, and the Phase 2 Nicotine Study site closure.
 - **Objective:** The objective of the Phase 2 Nicotine Study is to further demonstrate the safety and efficacy of the Dosing Strategies as applied to address nicotine addiction (as amended after completion of the Phase I Study).
 - **Outcome Measures:** The Phase 2 Nicotine Study is expected to, among other things: (i) compare measures of neuronal activity and complexity between subject groups; (ii) obtain cardiovascular and immunological health data; (iii) assess improvements in objective measures of wellbeing via interviews and questionnaires; (iv) evaluate frequency and severity of adverse effects; and (v) determine rate of nicotine use following DMT-assisted therapy via questionnaire and/or biomarkers.

- **Nicotine Addiction Multicenter Study (Phase 3 Study).** The Phase 3 Study consists of an expanded pilot study to multiple clinics to assess treatment outcomes in larger populations of nicotine users, including specific indications.
- **Licensing of DMT for Nicotine Addiction.**

4.6 Technology

DMT Delivery System

As discussed under the heading “*Narrative Description of the Business – Overview*,” Entheon’s intends to develop a DMT Delivery System to administer its DMT Products within a proprietary therapeutic protocol, which is intended to integrate intravenous infusion technology with real-time monitoring devices, including electroencephalography. As discussed in further detail below under the heading “*Proposed Method of Production & Development*,” the DMT Delivery System will employ existing target-controlled intravenous pump technology, typically used in analgesia and pain management, to administer Entheon’s DMT Products according to the Dosing Strategies developed by Entheon. Operating within a calibrated dose range specific to treating addiction, the variable flow rate will gradually bring the patient to a therapeutic level of immersion and maintain a constant subjective experience by integrating real-time neurological signals and other biometric data into the pump flow rate parameters. Unlike other psychedelic experiences, if the patient has an adverse reaction, the DMT Delivery System will allow the experience to be stopped safely and quickly without the need for sedatives or other drug interventions. This DMT Delivery System will also allow for inputs and adjustments by the attending physician, and will include a patient-controlled device to pause or abort the treatment in the rare event of a challenging subjective experience.

4.7 Proposed Method of Production & Development

Entheon is not, and does not intend, to produce the DMT that it will utilize in the DMT Products and in the pre-clinical and clinical studies leading up to commercialization. As discussed in further detail above under the heading “*Narrative Description of the Business – Research and Development Studies – Timing, Cost, Stage of Development & Major Components of Proposed Studies*,” Entheon has entered into the Psygen Supply Agreement, whereby Psygen will supply the Drug Products (both GMP quality and non-GMP DMT drug products) and substances (for preclinical, clinical, and post-approval commercialization phases). Under the Psygen Supply Agreement, Entheon is obliged to pay to Psygen an aggregate of USD\$40,000 (approximately CDN\$53,028 based on the Bank of Canada exchange rate on November 2, 2020 of 1.3257) for the initial supply purchase order of the Drug Products to be used for the Phase I Study. Within the timeframes specified in the Psygen Supply Agreement, the parties shall negotiate the purchase price and the break fee for all other clinical trial phases to follow. In each case, the purchase price shall be increased based on reasonable good-faith negotiation by the parties. In the long term should Entheon be in a position to commercialize its DMT Products, it expects to enter into manufacturing agreements with third parties to manufacture the DMT Products.

Additionally, Entheon intends to contract with manufacturers to develop the DMT Delivery System described in further details above under the heading “*Narrative Description of the Business – Technology – DMT Delivery System*.” The DMT Delivery System will incorporate the specific inputs and design requirements derived from Entheon’s Preclinical Studies, the Phase I Study and any further clinical trials conducted thereafter. In the development of the DMT Delivery System, Entheon expects to use existing approved infusion pump systems (“**IPS**”) similar to those found in anaesthetics and patient-controlled analgesia kits from companies like Becton, Dickinson and Company (U.S.), B. Braun Melsungen AG (Germany), and Baxter International Inc. (U.S.). The IPS will enable Entheon to provide controlled, consistent and continuous drug delivery of Entheon’s DMT Products.

4.8 Lease

Entheon and Hyperlaunch Investments Inc. (the “**Landlord**”) have entered into a rental lease agreement (“**Lease Agreement**”). The term of the Lease Agreement is for a period of one (1) year, beginning on August 1, 2020 and ending on July 31, 2021. At the end of the term, the Lease Agreement will automatically renew on a month to month

basis and may be terminated by thirty (30) days written notice given by either party. The rent to be paid by Entheon to the Landlord throughout the term of the Lease Agreement is \$4,000 per month plus applicable taxes.

4.9 Specialized Skill and Knowledge

Pursuant to certain consultant agreements, in order to assist in the development of its DMT Solutions and the DMT Protocol, Entheon has retained, on an exclusively advisory basis, a number of arm's length Science Advisors, with specialized skills and knowledge and extensive experience in the field of neuropharmacology, genetics, psychiatry and substance use disorders. With proven track records in drug development, biotechnology research and psychedelic medicine, the Science Advisors are considered valuable assets to Entheon's business. Set forth below is a brief description of the relevant background and experience of each of the Science Advisors:

- **Michael Walker, Ph.D.** - Dr. Walker received his pharmacology training at the University of London which included a period of drug discovery training at Pfizer Ltd., (UK). His main focus has been in the discovery of drugs, whether naturally occurring or not, and in the process of drug discovery itself. His commitment to his industry includes 43 years at UBC and numerous contributions to universities around the world. Over the past 25 years, Dr. Walker was the founder or co-founder of eight different drug discovery companies, both public and private, including Cardiome (now Correvio) Pharma in Canada and Verona Pharma in London, UK. Additionally, Dr. Walker has researched and published numerous journals, periodicals, conference presentations, and other related publications. Dr. Walker has executed an advisory board member consulting agreement dated January 15, 2020 for an initial term of one year, to be renewed for successive one year terms, which among other things, contains non-competition, non-solicitation and non-disclosure provisions. Compensation under the agreement includes a fee of CAD \$2,000 monthly.
- **Yaron Eshel** - Mr. Eshel has 15 years of experience in life sciences innovation. He has led efforts in development, regulatory compliance, and operations. Mr. Eshel has worked within start-ups as well as consulted for them. Mr. Eshel has navigated the U.S., European Union, Israeli and Australian regulatory agencies including the registration of manufacturing facilities in the U.S., Central America, Israel and Australia to Good Manufacturing Practice levels. Yaron has led clinical trials in the U.S., the European Union and Israel as well as worked with CRO's all over the world. Mr. Eshel is a graduate of University of New South Wales with a BSc in Organizational Psychology and Philosophy of Science, and holds an Executive Masters of Business Administration from MacQuarie Graduate School of Management. Mr. Eshel has executed a consulting agreement through his company Next Step Consulting dated October 1, 2019 for an initial term of one year, which among other things, contains non-competition provisions. Compensation under the agreement includes a fee of CAD \$2,750 monthly.
- **Christopher Gondi, Ph.D.** - Dr. Gondi is a Research Assistant Professor - Departments of Medicine, Surgery and Pathology at the University of Illinois College of Medicine Peoria. He is a professor of cancer biology and has extensive experience dealing with brain tumors and pancreatic cancer, for which the survival rates are very low. His passion for psychedelics is bred of his duty of care for patients during and after treatment of their cancer, whether the treatments fail or succeed. Dr. Gondi has executed an independent director agreement commencing on August 9, 2019 and terminating on the earlier of (i) the date of Entheon's next annual general meeting of shareholders; and (ii) the earlier of the following to occur: (A) the death of Dr. Gondi; (B) the termination of Dr. Gondi from the Entheon Board by the mutual agreement of Entheon and Dr. Gondi; (C) the removal of Dr. Gondi from the Entheon Board by the shareholders of Entheon in the manner prescribed by the CBCA; and (D) the resignation by Dr. Gondi from the Entheon Board. The agreement which among other things, contains non-competition, non-solicitation and non-disclosure provisions. Compensation under the agreement includes a fee of CAD \$3,000 per fiscal quarter.
- **Matthew W. Johnson, Ph.D.** - Dr. Johnson is a Professor of Psychiatry and Behavioral Sciences at Johns Hopkins University, and an expert on psychoactive drugs and addiction. He is one of the world's most widely published scientists on the human effects of psychedelics. Dr. Johnson earned his Ph.D. in experimental psychology at the University of Vermont in 2004, and has published over 110 peer-reviewed articles. Working with psychedelics for 16 years, Dr. Johnson published psychedelic safety guidelines in 2008, helping to resurrect psychedelic research. He published the first research on psychedelic treatment of

tobacco addiction in 2014, and the largest study of psilocybin in treating cancer distress in 2016. His 2018 psilocybin abuse liability review recommended placement in Schedule-IV upon potential medical approval. Dr. Johnson is also known for his research in behavioral economics, including decision making underlying addiction, tobacco regulatory science, and drug effects on sexual risk behavior. He has published studies on nearly all psychoactive drug classes. Dr. Johnson was the 2019 President of the Psychopharmacology and Substance Abuse Division of the American Psychological Association, and is the current President of the International Society for Research on Psychedelics. He has received continuous funding as principal investigator for over 12 years. Dr. Johnson has reviewed for over 75 scientific journals, and reviewed grants for the National Institutes of Health, National Science Foundation, the United States Military, and multiple governments outside of the United States. He has provided invited presentations of his research in 13 nations. Dr. Johnson has executed an advisory services agreement dated October 21, 2019 for an initial term of one year, to be renewed for successive one year terms, which among other things, contains non-competition, non-solicitation and non-disclosure provisions. Compensation under the agreement includes a fee of USD\$5,500 (approx. CDN\$7,291 based on the Bank of Canada exchange rate on November 2, 2020 of 1.3257) per fiscal quarter.

- **Robin Carhart-Harris, Ph.D.** - Dr. Carhart-Harris Heads the Psychedelic Research Group within the Centre for Psychiatry at Imperial College London, where he has designed a number of functional brain imaging studies with psilocybin (magic mushrooms), LSD, MDMA (ecstasy) and DMT, plus a clinical trial of psilocybin for treatment resistant depression. He has over 50 published papers in peer-reviewed scientific journals; two of which were ranked in the top 100 most impactful academic articles of 2016. Dr. Carhart-Harris obtained his Ph.D. in Psychopharmacology from the University of Bristol, and prior to that, a M.A. in Psychoanalysis at Brunel University. He has an honorary position at the University of Oxford. Dr. Carhart-Harris has executed an advisory services agreement dated January 7, 2020 for an initial term of one year, to be renewed for successive one-year terms, which among other things, contains non-competition, non-solicitation and non-disclosure provisions. Compensation under the agreement includes a fee of GBP 3,600 per fiscal quarter.
- **Christopher Timmermann, Ph.D.** - Dr. Timmermann is a psychologist educated at the Catholic University of Chile with a Masters in Neuroscience and Neuropsychological Therapy from the University of Bologna, and received his Ph.D. at the Centre for Psychedelic Research at the Imperial College of London. His research focuses on the effects of DMT in the human brain. Dr. Timmermann has executed an advisory board member consulting agreement dated January 20, 2020 for an initial term of one year, to be renewed for successive one year terms, which among other things, contains non-competition, non-solicitation and non-disclosure provisions. Compensation under the agreement includes a fee of GBP 1,200 per fiscal quarter.
- **Malin Vedøy Uthaug, Ph.D.** - After completing her Ph.D. at the department of Neuropsychology and Psychopharmacology, at the faculty of Psychology and Neuroscience at Maastricht University, the Netherlands, Dr. Uthaug investigated the short-term and long-term effects of Ayahuasca and 5-MeO-DMT in naturalistic settings, while simultaneously initiating several other studies on the psychedelic substance mescaline and the breathing practice known as Holotropic Breathwork (HB). Dr. Uthaug is currently working as a Research Assistant at The Centre for Psychedelic Research, at Imperial College London, led by Dr. Robin Carhart-Harris. Here she is investigating the effects of 5-MeO-DMT on mental health related variables, brain activity and consciousness together with Christopher Timmermann, Ph.D. candidate. Besides being a researcher investigating psychedelics as a novel treatment option for mood-related disorders and trauma, Dr. Uthaug is also an editor for the "Journal of Psychedelics Studies", a board member of the American podcast-show known as "Psychedelics Today", and the co-founder of the Norwegian Association for Psychedelic Science (Norsk Forening for Psykedelisk Vitenskap) whose main aim is to educate the general public as well as researchers, and mental health practitioners in Norway about psychedelics. Dr. Uthaug has executed an advisory services agreement dated May 22, 2020 for an initial term of one year, to be renewed for successive one year terms, which among other things, contains non-competition, non-solicitation and non-disclosure provisions. Compensation under the agreement includes a fee of GBP 1,200 per fiscal quarter.

4.10 Sources, Pricing and Technology

As discussed in further detail above under the heading “*Narrative Description of the Business – Research and Development Studies – Timing, Cost, Stage of Development & Major Components of Proposed Studies*,” Entheon has entered into the Psygen Supply Agreement, whereby Psygen will supply the Drug Products (both GMP quality and non-GMP DMT drug products and substances) for preclinical, clinical, and post-approval commercialization phases under the European regulatory framework. As set forth in the table below, under the Psygen Supply Agreement, Entheon is obliged to pay to Psygen an aggregate of USD\$40,000 (approximately CDN\$53,028 based on the Bank of Canada exchange rate on November 2, 2020 of 1.3257) for the initial supply purchase order of the Drug Products to be used for the Phase I Study. Within the timeframes specified in the Psygen Supply Agreement, the parties shall negotiate the purchase price and the break fee for all other clinical trial phases to follow. In each case, the purchase price shall be increased based on reasonable good-faith negotiation by the parties.

Item	Form / Strength	Unit Size	Units	USD / Unit	USD Total
DMT fumarate (GMP) ⁽¹⁾	Active Pharmaceutical Ingredient	g (bulk)	50	750	\$37,500
DMT fumarate (Non-GMP) ⁽²⁾	Active Pharmaceutical Ingredient	g (bulk)	5	500	\$2,500
Total Purchase Price for this Purchase Order					USD\$40,000

- (1) DMT fumarate is a water soluble salt of DMT that allows it to be easily dissolved in saline solution for intravenous use. GMP refers to the drug produced at high purity according to international Good Manufacturing Practices and is required for human use.
- (2) Non-GMP is produced in a less stringent way and intended as a “research batch” for a animal or laboratory use only.

4.11 Intellectual Property

Patents

In connection with the Dosing Strategies and the DMT Delivery System, Entheon has filed four provisional patent applications under the Licensed Patent Rights with the United States Patent and Trademark Office.

- The first provisional patent was filed on October 22, 2019 and is focused on the treatment and management of addiction. This patent relates to a variety of molecular compositions including DMT and Ayahuasca which allow for the improved use of psychedelics at both a hallucinogenic and sub-hallucinogenic level to combat addiction. Ayahuasca is a brew composed of a psychedelic tryptamine and beta carbolines (another chemical compound) with monoamine oxidase inhibitors, (best known as antidepressants). Ayahuasca exerts anti-addictive properties via its direct and indirect effects on the dopaminergic and serotonergic neurons in the mesolimbic pathway (a brain pathway that is thought to involve cognitive control, motivation, and emotional responses). The combination of DMT and beta carbolines prolongs the half-life of DMT.
- The second provisional patent application was filed on July 7, 2020 and is focused on psychedelic-assisted therapy for the treatment of nicotine addiction. DMT is rapidly metabolized in the body, making it a flexible therapeutic alternative to other serotonergic hallucinogens which can have effects lasting 12 hours or longer. However, the fast onset and intensity of DMT’s effects can be overwhelming, particularly in patients with no prior experience with psychedelic drugs. Entheon’s second provisional patent relates to a treatment protocol that slowly titrates DMT into the body using methods based on target-controlled intravenous infusion technology.

- The third provisional patent application was filed on August 13, 2020 and is focused on psychedelic-assisted therapy for the treatment of alcohol addiction, using the DMT Delivery System described above for treating nicotine addiction.
- The fourth provisional patent application was filed on September 4, 2020, and is focused on psychedelic-assisted therapy for the treatment of opiate addiction, using the DMT Delivery System described above for treating nicotine addiction.

Entheon intends to file additional patent applications specific to substance use disorder administration methods and dosage strategies and to its DMT Delivery System. If approved, patented administration methods, dosage strategies, protocols and DMT Delivery System will be marketed initially in the European Union, Canada and the United States pending the receipt of all applicable regulatory approvals.

4.12 Seasonality

The business of Entheon is not subject to seasonality fluctuations.

4.13 Renegotiation or Termination of Contracts

Entheon does not anticipate its business will be affected by renegotiation or termination of contracts or subcontracts during the current financial year.

4.14 Environmental Protection

Entheon does not believe there are any current or future environmental protection requirements that will have a material impact on capital expenditures, earnings, or competitive position.

4.15 Employees

Entheon has 3 full-time employees and 16 consultants and part-time contractors.

4.16 Regulatory Regimes and Foreign Operations

Set forth below is a discussion of the current legal framework and applicable legislation relating to DMT and Entheon's operations in each of Canada, the United States and Europe.

Drug Scheduling Regulations

Canada

Certain psychoactive compounds, such as DMT, are considered controlled substances under the CDSA (Canada Controlled Drugs and Substances Act). Specifically, N,N-Dimethyltryptamine (DMT) (3-[(2-dimethylamino)ethyl]indole) and any salt thereof, are listed under Schedule III of the CDSA. The possession, sale or distribution of controlled substances is prohibited unless specifically permitted by the government. Penalties for contravention of the CDSA related to Schedule I substances are the most punitive, with Schedule II being less punitive than Schedule I, Schedule III being less punitive than Schedule I and II and so forth. A party may seek government approval for a Section 56 Exemption to allow for the possession, transport or production of a controlled substance for medical or scientific purposes, as discussed in further detail below under the heading "*Regulatory Approvals Required for Studies – Canada.*"

Health Canada regulates all health products in Canada, and a health product may only be sold in Canada with the permission of Health Canada. During its evaluation of the safety, efficacy and quality of each health product, Health Canada determines whether a drug should be a controlled substance, a prescription drug or a non-prescription drug. A substance may be deemed a controlled substance but also a prescription drug. As discussed above, scheduling the

substance in the CDSA means that there are criminal consequences to possessing the drug unlawfully. If Health Canada determines that a drug requires a prescription, it is placed on the Health Canada Prescription Drug List (“PDL”). DMT is not currently on the PDL.

After Health Canada determines if a drug may be sold in Canada and if it requires a prescription, the individual provinces, territories and the National Association of Pharmaceutical Regulatory Authorities (“NAPRA”) decide where it may be sold, under advisement from the National Drug Scheduling Advisory Committee (“NDSAC”). NAPRA maintains a harmonized list referred to as the National Drug Schedules. NAPRA may decide to be more restrictive in scheduling drugs, but never less restrictive than has already been determined at the federal level.

United States

As explained in further detail below, DMT is currently a restricted drug under the CSA (United States Controlled Substances Act of 1970). In the United States, clinical trials involving restricted drugs must adhere to the CSA and its implementing regulations, which are enforced by the Drug Enforcement Agency (“DEA”) under a legislative, regulatory, and enforcement structure and process. State regulations of controlled substances frequently change, so it is important to be aware of the regulatory nuances of each state in which a trial is conducted. There are three agencies – the FDA, the National Institute on Drug Abuse, and the DEA – involved in the scheduling of controlled substances, including both narcotic drugs and psychotropic substances.

Controlled substances are categorized by the DEA according to five schedules, based upon eight factors, including: 1) actual or relative potential for abuse; 2) scientific evidence of pharmacological effect, if known; 3) state of current scientific knowledge about the drug; 4) history and current pattern of abuse; 5) scope/duration/significance of abuse; 6) what, if any, risk to public health; 7) psychic or physiological dependence liability; and 8) whether the substance is an immediate precursor of an already controlled substance.

DMT is listed as a Schedule I substance under the United States Code of Federal Regulations Title 21 – Food and Drugs 21 Part 1308.11 and assigned DEA Controlled Substances Code Number 7435. Schedule I substances are described as those that have the following findings:

- The drug or other substance has a high potential for abuse.
- The drug or other substance has no currently accepted medical use in treatment in the United States.
- There is a lack of accepted safety for use of the drug or other substance under medical supervision.

No prescriptions may be written for Schedule I substances, and such substances are subject to production quotas which the DEA imposes. All principal investigators or sub-investigators (typically a member of a university or CRO) involved in a clinical trial using a controlled substance must obtain both federal and state authorizations. DEA registration and state licensure are required at the general physical location where the controlled substances for the clinical trial will be dispensed and/or stored overnight. In some cases, it may be possible to dispense the study drug at a satellite location with a separate license and registration if there is no overnight storage at that satellite location.

Federal registration is granted by the DEA. DEA “Practitioner” registration is valid for three years although Schedule I substances such as DMT require a DEA “Researcher” registration, valid for one year only, and in this situation, the research protocol must be formally approved by the FDA prior to registration with the DEA. All practitioners who participate in a clinical trial as a principal investigator or sub-investigator must also be authorized by the state in which they practice to prescribe, dispense, administer, and conduct research with controlled substances. In most cases, these activities are authorized when a license is granted to the practitioner by the local Institutional Review Board. However, some states require a separate, state-issued controlled substance license and other states have a separate state-controlled substances authority that requires practitioners to obtain a separate registration, in addition to their board license.

Europe

The International Narcotics Control Board (“INCB”), a United Nations (“UN”) entity, monitors enforcement of restrictions on controlled substances. The INCB’s authority is defined by three international UN treaties – the UN Single Convention on Narcotic Drugs of 1961, the UN Psychotropic Convention of 1971 (referred to herein as the UN71), and the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988, which contains provisions related to the control of controlled substance precursors. European Union (EU) Member States, including the Netherlands, that have agreed to abide by the provisions of these treaties, each create responsible agencies and enact laws or regulations to implement the requirements of these conventions.

Specific EU legislation establishing different classes of controlled substances is limited to EU regulations that define classes of precursors, or substances used in the illicit manufacture of controlled substances, including Regulation (EC) No. 273/2004 of the European Parliament and the Council of February 11, 2004 and the Council Regulation (EC) No. 111/2005 of December 22, 2004. While EU legislation does not establish different classes of narcotic drugs or psychotropic substances, the Council Decision 2005/387/JHA of May 10, 2005 can provoke a Council Decision requiring EU member states to put a drug under national controls equivalent to those of the INCB. DMT is currently classified as a Schedule I substance under the UN71; the EU member states, including the Netherlands, have agreed to the following in respect of Schedule I substances:

- (a) Prohibit all use except for scientific and very limited medical purposes by duly authorized persons, in medical or scientific establishments which are directly under the control of their Governments or specifically approved by them;
- (b) Require that manufacture, trade, distribution and possession be under a special licence or prior authorization;
- (c) Provide for close supervision of the activities and acts mentioned in paragraphs a) and b);
- (d) Restrict the amount supplied to a duly authorized person to the quantity required for his authorized purpose;
- (e) Require that persons performing medical or scientific functions keep records concerning the acquisition of the substances and the details of their use, such records to be preserved for at least two years after the last use recorded therein; and
- (f) Prohibit export and import except when both the exporter and importer are the competent authorities or agencies of the exporting and importing country or region, respectively, or other persons or enterprises which are specifically authorized by the competent authorities of their country or region for the purpose.

As classification of controlled substances may vary among different EU member states, sponsors must be aware of the prevailing legislation in each country where a clinical trial may be conducted. Prior to operating or conducting any pre-clinical or clinical studies in any other EU member state, Enttheon will investigate the specific regulatory requirements of such EU member state. As referenced above, a licence is required for individuals and entities who wish to produce, dispense, import, or export Schedule I substances (including DMT), but the specific requirements vary from country to country. Currently, DMT is classified in the Netherlands as a List 1 Drug under the *Dutch Opium Act (Opiumwet)* (the “Dutch Opium Act”) and as such the production, trade and possession of DMT are prohibited.

Regulatory Approvals Required for Studies

Regulatory approvals are required for clinical (human) studies for all investigational products in all member countries of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use, which includes the United States, Canada and EU member states.

Canada

CDSA

In order to conduct any scientific research, including pre-clinical (animal) and clinical (human) trials using a controlled substance (such as DMT) in Canada, an exemption under Section 56 of the CDSA is required. This exemption allows the holder to possess and use the controlled substance without being subject to the restrictions set out in the CDSA, subject to obtaining any additional approvals such as ethics and clinical trial approvals.

Specifically, the final approved clinical study protocol and a Health Canada issued No Objection Letter are required to obtain an exemption under subsection 56(1) of the CDSA to conduct clinical investigations with DMT in Canada.

Canada FDR

Products that contain a controlled substance such as DMT cannot be made, transported or sold without proper authorization from the government. A party can apply for a dealer's license under Part J of the Canada Food and Drug Regulations ("**Canada FDR**"), which allows the party to produce, assemble, sell, provide, transport, send, deliver, import or export a restricted drug (as listed in Part J in the Canada FDR– which includes DMT), assuming compliance with all relevant laws (the CDSA and Canada) and subject to any restrictions placed on the license by Health Canada. In order to qualify as a licensed dealer, a party must meet all regulatory requirements mandated by the regulations including having compliant facilities, compliant materials and staff that meet the qualifications under the regulations of a senior person in charge and a qualified person in charge.

United States

The DEA has a streamlined application process for researchers who wish to conduct clinical trials using a Schedule I substance not currently approved for medical use (such as DMT). Schedule I substances are defined as drugs, substances, or chemicals with no accepted medical use and a high potential for abuse. Applicants must provide information about their qualifications, research protocol, and institution where the research will take place; complete requirements are outlined in the United States Code of Federal Regulations Title 21 – Food and Drugs 21 Part 1301.18.

Europe

Refer to the discussion above under the heading "*Drug Scheduling – Europe*" for a general description of the regulatory requirements to conduct research and clinical and pre-clinical studies using a Schedule I substance such as (DMT) in one of the EU member states. The specific regulatory processes and approvals required may vary among different EU member states and are set forth in the respective legislation of each country. For The Netherlands, there are specific regulatory requirements for the approval of clinical trials that need to be met. Firstly, a Clinical Trial Application ("**CTA**") dossier containing the preclinical and any clinical information along with the proposed clinical trial design must be submitted to an accredited Ethics Committee and to the CCMO (the Central Commission on Research in Humans), which is also known as the Competent Authority in The Netherlands. In Dutch, the CCMO is called the 'Centrale Commissie Mensgebonden Onderzoek'. In cases where the study involves a substance subject to the Dutch Opium Act (such as DMT), an official exemption by Farmatec (in Dutch) is needed, which needs to be included in the CTA. By law, the CCMO performs an abbreviated CTA review within 14 days of the submission. They will provide the applicant with a notification of no objection, pending full review by an accredited and independent Ethics Committee at the institution where the clinical trial is to take place. The full review of the CTA dossier is delegated to the Ethics Committee; the trial can only start when a favorable opinion is received from the Ethics Committee and a statement of no-objection from the CCMO have been obtained. The timeline for ethics review is 60 days maximum, but will be 14 days for Phase I studies within the Netherlands. During this time, the Ethics committee can request additional information. Prior to operating or conducting any pre-clinical or clinical studies in any other EU member state, Enttheon will investigate the specific regulatory requirements of such EU member state.

Other Health and Drug Product Regulations

Because Enttheon only seeks prescription status for its DMT Products, non-prescription drug product related regulations will not apply. Seeking regulatory approval for non-prescription status of a controlled substance like DMT is unlikely to yield favourable results with regulators, particularly in the United States where DMT is listed as a Schedule I substance. Additionally natural health products related regulations will not be applicable to Enttheon, as the DMT to be used in its DMT Products will be chemically synthesized to GMP standards rather than produced from natural sources.

Other Product Regulations

Entheon's operations are subject to various laws, regulations, and guidelines by governmental authorities, particularly Health Canada, the FDA and the EMA relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of consumer products, as well as laws and regulations relating to health and safety, insurance coverage, the conduct of operations, and the protection of the environment.

Canada

The applicable regulations in Canada that Entheon will be subject to with respect to labeling the DMT Products are the Canada Food and Drugs Act (the "**Canada FDA**"), the Canada FDR and the CDSA. Additionally, the Canada Consumer Packaging and Labelling Act ("**CPLA**") may be applicable although the required statements pertaining to medical products are covered in the Canada FDA and Canada FDR. The Canada FDA and Canada FDR regulate food and drugs in Canada and set forth requirements on composition (including but not limited to food additives, fortification, and food standards), packaging, and licensing requirements. Entheon is not required to obtain pre-approvals or licenses for its products, but must comply with the Canada FDA's production, packaging, labelling and marketing requirements, which include ensuring that its products are not packaged or marketed in a manner that is misleading or deceptive to a consumer. The FDR further requires most food products to display specific nutrition facts and nutrient content on their labels in the form of a Nutrition Fact Table ("**NFT**"). The FDR was amended on December 14, 2016 to introduce new nutrition labelling regulations, including a five-year transition period to meet the new requirements. The transition period will end on December 14, 2021, and inspection activities will monitor compliance with the new regulations. The Canadian Food Inspection Agency is responsible for compliance with and enforcement of the new requirements. The CPLA provides for a uniform method of packaging and labelling pre-packaged consumer goods in Canada. The relevant provisions include prevention of misleading statements and requiring certain information to be included on the labels.

United States

The packaging and labeling requirements for drug products in the United States are governed by the United States Code of Federal Regulations, Title 21--Food and Drugs - Chapter I--Food and Drug Administration Department of Health And Human Services Subchapter C--Drugs ("**CFR 21**"): General Part 211 - *Current Good Manufacturing Practice for Finished Pharmaceuticals*, and Parts 201, 314 and 610 which set out specific labelling requirements for medical products. Generally under this legislation, there shall be written procedures designed to assure that correct labels, labeling, and packaging materials are used for drug products; such written procedures shall be followed. These procedures shall incorporate the following features: (i) prevention of mix-ups and cross-contamination by physical or spatial separation from operations on other drug products; (ii) identification and handling of filled drug product containers that are set aside and held in unlabeled condition for future labeling operations to preclude mislabeling of individual containers, lots, or portions of lots; (iii) identification of the drug product with a lot or control number that permits determination of the history of the manufacture and control of the batch; (iv) examination of packaging and labeling materials for suitability and correctness before packaging operations, and documentation of such examination in the batch production record; and (v) inspection of the packaging and labeling facilities immediately before use to assure that all drug products have been removed from previous operations. Additionally, labels and other labeling materials for each different drug product, strength, dosage form, or quantity of contents shall be stored separately with suitable identification and access to the storage area shall be limited to authorized personnel. Specifically, CFR 21 sections 201.56 and 201.57 outline the general and specific requirements on the content and format of the Physician Labeling Rule (as defined therein) for prescribing information, finalized in 2006. The FDA has further issued a number of guidance documents to aid preparing structured product labelling for submission as part of a new drug application.

Europe

In Europe, the EMA provides guidance and templates, to applicants looking to receive market authorization for their drug product, with practical advice on how to draw up the product information for human medicines, which includes the summary of product characteristics, labelling and package leaflet. EMA's guidance explains the content that should be included in these documents, as well as standard headings and the most commonly used standard

statements and terms in all official European Union languages plus Icelandic and Norwegian, and defines the format and layout for the product information. EMA's guidance is without prejudice to: any final positions from the EMA, the Committee for Medicinal Products for Human Use or European institutions relating to the contents of the documents; the binding nature of the relevant legislation; any legal interpretations given by the European Commission or the Court of Justice of the European Union. Specific requirements for labelling are outlined in Regulation (EC) No 726/2004 and Directive 2001/83/EC of the European Parliament.

Regulatory Approval Strategy

Entheon has chosen to conduct its initial clinical trials in the Netherlands due to both: (i) the existence of a longstanding and strategic relationship between its clinical advisors and CHDR (the Center for Human Drug Research), and (ii) CHDR's reputation as a world-class early stage clinical research organization with a proven track record of quality and efficiency. Management of Entheon believe that taking this route will allow Entheon to competitively capitalize on both the insight and goodwill that such a strategic relationship brings, along with the knowledge and experience CHDR has in going through the regulatory approval process in Europe. Subject to the any risks, delays and related cost implications resulting from COVID-19 (discussed further under the heading "*Expected Changes*"), Entheon intends to rapidly move forward in the EU regulatory approval process for its nicotine secession indication while simultaneously pursuing phase 2 clinical trial approvals in Canada and the United States. Although the completion of clinical trials in the Netherlands will not directly support market approval applications in the United States and Canada, a successful outcome in well-designed safety studies may be one of the factors considered by regulators in these other North American jurisdictions. As described below, Entheon intends to engage Health Canada and FDA to identify the most efficient path toward trial approval.

Clinical Studies and Market Authorization Regulations

Entheon's goal is to ultimately get market authorization from Health Canada, the FDA and the EMA to sell its DMT Products in Canada, the United States and the European Union, respectively. However, prior to doing so Entheon will need to go through the clinical study regulatory process to have its Dosing Strategies and DMT Protocol approved. Thereafter Entheon will be able to develop its DMT Products (based on the approved Dosing Strategies and DMT Protocol) and then move through the market authorization regulatory process, following the completing of phase 1, 2 and 3 clinical studies, associated nonclinical studies and preparation of manufacturing documentation. Set forth below is a description of the regulatory regimes in Canada, the United States and the European Union that Entheon is and will be subject to as it moves through both: (i) the clinical study regulatory processes in respect of the Dosing Strategies and DMT Protocol; and the (ii) market authorization regulatory process in respect of the DMT Products

Canada – Health Canada

Clinical Study Regulatory Process

In Canada, a CTA is composed of three modules:

- Module 1 contains administrative and clinical information about the proposed trial, and includes the Investigator's Brochure, which details all safety, preclinical and clinical data for the drug under study. Other components of Module 1 are the clinical study synopsis and full protocol, informed consent documents, clinical trial site information, and letters of access;
- Module 2 contains common technical document summaries, including Chemistry, Manufacturing and Control ("**CMC**") information about the drug product(s) to be used in the proposed trial; and
- Module 3 contains additional supporting quality information including literature references.

The modules are organized and numbered consistently in an internationally adopted format, the Common Technical Document (“CTD”). Adhering to the CTD format facilitates evaluation by Health Canada and ensures consistency of documents in subsequent stages of the drug authorization process. Additional documents including a Clinical Trial Site Initiation Form, Qualified Investigator Undertaking and a Research Ethics Board Attestation must be completed for each clinical trial site. Once prepared, the Clinical Trial Application is sent to the Therapeutic Products Directorate at the Health Product and Food Branch (“HPFB”) of Health Canada for review. The review process is 30 days, although during the current COVID-19 pandemic environment, Health Canada is able to extend review timelines for non COVID-19 related studies to 45 days.

Health Canada invites sponsors to request a pre-CTA consultation meeting. Such consultations may be particularly useful for new active substances or applications that will include complex issues that may be new to Health Canada. Enttheon plans to hold a pre-CTA consultation meeting with Health Canada to discuss proposed phase 2 and 3 efficacy trials for its DMT Products subject to the receipt of any applicable regulatory approvals. The pre-CTA consultation meeting is also subject to the delays and related cost implications discussed under the heading “*Expected Changes*.”

Market Authorization Regulatory Process

The HPFB is the national authority that regulates, evaluates and monitors the safety, efficacy, and quality of therapeutic and diagnostic products available to Canadians. When a manufacturer decides that it would like to market a drug in Canada, the company must first file a “New Drug Submission” (“NDS”) with one of the Directorates (e.g. Therapeutic Products Directorate) within the HPFB. The NDS contains information and data about the drug’s safety, effectiveness and quality. It includes the results of the preclinical and clinical studies, whether done in Canada or elsewhere, details regarding the production of the drug, packaging and labelling details, and information regarding therapeutic claims and side effects. The HPFB performs a thorough review of the submitted information, sometimes using external consultants and advisory committees. HPFB evaluates the safety, efficacy and quality data to assess the potential benefits and risks of the drug. HPFB reviews the labelling information that the sponsor proposes to provide to health care practitioners and consumers about the drug (e.g. the drug label, product monograph, patient brochure). If, at the completion of the review, the conclusion is that the benefits outweigh the risks and that the risks can be mitigated, the drug is issued a Notice of Compliance, as well as a Drug Identification Number which permits the sponsor to market the drug in Canada and indicates the drug’s official approval in Canada. In addition, Health Canada laboratories may test certain biological products before and after authorization to sell in Canada has been issued. This is done through its Lot Release Process, in order to monitor safety, efficacy and quality. This process is predominantly utilized for biologic products seeking a marketing license. Once a drug is on the market, regulatory controls continue. The manufacturer (license holder) and distributors of the drug must report any new information received concerning serious side effects including failure of the drug to produce the desired effect. The manufacturer (license holder) must also notify HPFB about any studies that have provided new safety information and request approval for any major changes to the manufacturing processes, dose regime or recommended uses for the drug. HPFB conducts market surveillance, monitors adverse reaction reports, investigates complaints and problem reports, and manages recalls, should the necessity arise. In addition, HPFB licenses most drug production sites and conducts regular inspections as a condition for licensing.

United States - FDA

Clinical Study Regulatory Process

Current U.S. Federal law requires that a drug be the subject of an approved marketing application before it is transported or distributed across state lines. Because a sponsor (which is typically a research and development company or drug manufacturer) will want to ship the investigational drug to clinical investigators in many states, it must seek an exemption from that legal requirement. The Investigational New Drug Application (“IND”) is the means through which the sponsor technically obtains this exemption from the FDA. During a new drug’s early preclinical development, the sponsor’s primary goal is to determine if the product is reasonably safe for initial use in humans, and if the compound exhibits pharmacological activity that justifies commercial development. When a product is identified as a viable candidate for further development, the sponsor then focuses on collecting the data and information necessary to establish that the product will not expose humans to unreasonable risks when used in

limited, early-stage clinical studies. FDA's role in the development of a new drug begins when the drug's sponsor, having screened the new molecule for pharmacological activity and acute toxicity potential in animals, wants to test its diagnostic or therapeutic potential in humans. At that point, the molecule changes in legal status under the *Federal Food, Drug, and Cosmetic Act* and becomes a new drug subject to specific requirements of the drug regulatory system.

Enttheon plans to submit an IND application as a commercial sponsor. A commercial IND is one for which the sponsor intends to commercialize the product by eventually submitting a marketing application. A physician may also submit a research IND with Enttheon's DMT products to propose studying the unapproved drug, or an approved product for a new indication or in a new patient population. A research IND is one for which the sponsor (generally an individual investigator, academic institution or non-profit entity) does not intend to later commercialize the product. These studies are strictly for research, are usually shorter in duration and may result in publications in peer-reviewed journals.

The IND application must contain information in three broad areas:

- Animal Pharmacology and Toxicology Studies, consisting of preclinical data to permit an assessment as to whether the product is reasonably safe for initial testing in humans. Also included are any previous experience with the drug in humans (often foreign use).
- Manufacturing Information, pertaining to the composition, manufacturer, stability, and controls used for manufacturing the drug substance and the drug product. This is equivalent to the CMC data referenced above for Health Canada applications, and is assessed to ensure that the company can adequately produce and supply consistent batches of the drug.
- Clinical Protocols and Investigator Information, including detailed protocols for proposed clinical studies to assess whether the initial trials will expose subjects to unnecessary risks. Also, information on the qualifications of clinical investigators to assess whether they are qualified to fulfill their clinical trial duties. Finally, commitments to obtain informed consent from the research subjects, to obtain review of the study by an Institutional Review Board ("IRB"), and to adhere to the investigational new drug regulations.

Once the IND is submitted, the sponsor must wait 30 calendar days before initiating any clinical trials. During this time, the FDA has an opportunity to review the IND for safety to assure that research subjects will not be subjected to unreasonable risk.

The FDA invites sponsors to request a pre-IND consultation meeting in advance of application submission. This fosters early communications between sponsors and new drug review divisions to provide guidance on the data necessary to warrant IND submission. Enttheon plans to hold a pre-IND consultation meeting to discuss proposed phase 2 and phase 3 efficacy trials for its DMT Products, subject to the receipt of any applicable regulatory approvals. The pre-IND consultation meeting is also subject to the delays and related cost implications discussed under the heading "*Expected Changes*."

Market Authorization Regulatory Process

The FDA regulates the development, testing, manufacturing, labeling, storage, recordkeeping, promotion, marketing, distribution, and service of medical products in the United States to ensure that such medical products distributed domestically are safe and effective for their intended uses. In addition, the FDA regulates the export of medical products manufactured in the United States to international markets and the importation of medical products manufactured abroad. Unless an exemption applies, each new or significantly modified medical product Enttheon seeks to commercially distribute in the United States will require FDA approval. The FDA approval process is conducted through the submission of a New Drug Application ("**NDA**"). The process can be expensive, and lengthy (6-12 months), and require payment of significant user fees, unless an exemption is available. Significant reductions in fees are available through the Small Business Fee Waiver/Reduction program. Drug companies seeking to sell a drug in the United States must first test it. The company then sends the Centre for Drug Evaluation and Research

(“CDER”) at the FDA the evidence from these tests to prove the drug is safe and effective for its intended use, using the NDA. A team of CDER physicians, statisticians, chemists, pharmacologists, and other scientists reviews the company’s data and proposed labeling. If this independent and unbiased review establishes that a drug’s health benefits outweigh its known risks, the drug is approved for sale. The center does not actually test drugs itself, although it does conduct limited research in the areas of drug quality, safety, and effectiveness standards. The FDA drug approval process takes place within a structured framework that includes: (i) analysis of the target condition and available treatments; (ii) assessment of benefits and risks from clinical data; and (iii) strategies for managing risks.

In some cases, the approval of a new drug is expedited. Accelerated approval can be applied to promising therapies that treat a serious or life-threatening condition and provide therapeutic benefit over available therapies. The FDA also employs several approaches to encourage the development of certain drugs, especially drugs that may represent the first available treatment for an illness, or ones that have a significant benefit over existing drugs. These approaches, or designations, are meant to address specific needs, and a new drug application may receive more than one designation, if applicable. Each designation helps ensure that therapies for serious conditions are made available to patients as soon as reviewers can conclude that their benefits justify their risks. Designations include: (i) fast track; (ii) breakthrough therapy; and (iii) priority review.

Europe - EMA

Clinical Study Regulatory Process

The IMPD is one of several regulatory documents required for conducting a clinical trial of a pharmacologically API (active product ingredient) intended for one or more European Union Member States. The IMPD includes summaries of information related to the quality, manufacture and control of any Investigational Medicinal Product (including reference product and placebo) (“IMP”), and data from non-clinical and clinical studies. Guidance concerning IMPDs is based on Regulation (EU) No 536/2014 on Clinical Trials on Medicinal Products for Human Use (the “**Regulation**”) and on the approximation of laws, regulations and administrative provisions of the Member States relating to the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use (also commonly referred to as the “**Clinical Trials Directive**”). The Regulation came into force in 2016, harmonizing the laws, regulations and administrative provisions of the Member States relating to the implementation of Good Clinical Practice in the conduct of clinical trials on medicinal products for human use. European Member States have transformed the requirements outlined in the Clinical Trials Directive into the respective national laws.

The content of the IMPD may be adapted to the existing level of knowledge and the product’s phase of development. When applying for a clinical trial authorization, a full IMPD is required when little or no information about an API has been previously submitted to competent authorities, when it is not possible to cross-refer to data submitted by another sponsor and/or when there is no authorization for sale in the European Union. However, a simplified IMPD may be submitted if information has been assessed previously as part of a Marketing Authorization or a clinical trial to that competent authority. Although the format is not obligatory, the components of an IMPD are largely equivalent to clinical trial applications in Canada and the U.S. The IMPD need not be a large document as the amount of information to be contained in the dossier is dependent on various factors such as product type, indication, development phase etc.

The assessment of an IMPD is focused on patient safety and any risks associated with the IMP. Whenever any potential new risks are identified the IMPD must be amended to reflect the changes. Certain amendments are considered substantial in which case the competent authority must be informed of the substantial amendment. This may be the case for changes in IMP impurities, microbial contamination, viral safety, transmissible spongiform encephalopathies (e.g. mad cow disease) and in some particular cases to stability when toxic degradation products may be generated.

Enttheon is planning the Phase I Study to obtain preliminary evidence of the safety and efficacy of infused DMT. The study will occur in the Netherlands for 2021 and the current focus is preparing an IMPD document that includes CMC (Chemistry, Manufacturing and Control) information, an Investigator’s Brochure (including prior safety, preclinical

and clinical data) and a clinical study protocol and supporting information to be submitted to Dutch regulatory authorities, all of which is subject to the risks, delays and related cost implications discussed under the heading “Expected Changes”. In the Netherlands, this agency is the CCMO (aka the Central Committee on Research Involving Human Subjects). These documents will be co-developed in collaboration with the CHDR in Leiden, the site of the proposed clinical study, and a pre-submission meeting with CCMO is planned for December 2020.

Market Authorization Regulatory Process

Under the centralized authorization procedure, pharmaceutical companies submit a single marketing-authorization application to the EMA, which provides the basis of a legally binding recommendation that will be provided by the EMA to the European Commission, the authorizing body for all centrally authorized products. This allows the marketing-authorization holder to market the medicine and make it available to patients and healthcare professionals throughout the European Union on the basis of a single marketing authorization. EMA’s Committee for Medicinal products for Human Use or Committee for Medicinal Products for Veterinary Use carry out a scientific assessment of the application and give a recommendation on whether the medicine should be marketed or not, under any particular dosing regime. Although, under European Union law, the EMA has no authority to permit marketing in the different European Union countries, the European Commission is the authorizing body for all centrally authorized products, who takes a legally binding decision based on EMA’s recommendation. This decision is issued within 67 days of receipt of EMA’s recommendation. Once granted by the European Commission, the centralized marketing authorization is valid in all European Union Member States as well as in the European Economic Area countries Iceland, Liechtenstein and Norway. European Commission decisions are published in the Community Register of medicinal products for human use. Once a medicine has been authorized for use in the European Union, the EMA and the European Union Member States constantly monitor its safety and take action if new information indicates that the medicine is no longer as safe and effective as previously thought. The safety monitoring of medicines involves a number of routine activities ranging from: assessing the way risks associated with a medicine will be managed and monitored once it is authorized; continuously monitoring suspected side effects reported by patients and healthcare professionals, identified in new clinical studies or reported in scientific publications; regularly assessing reports submitted by Enttheon holding the marketing authorization on the benefit-risk balance of a medicine in real life; and assessing the design and results of post-authorization safety studies which were required at the time of authorization. The EMA can also carry out a review of a medicine or a class of medicines upon request of a Member State or the European Commission. These are called European Union referral procedures; they are usually triggered by concerns in relation to a medicine’s safety, the effectiveness of risk minimization measures or the benefit-risk balance of the medicine. The EMA has a dedicated committee responsible for assessing and monitoring the safety of medicines, the Pharmacovigilance Risk Assessment Committee. This ensures that EMA and the European Union Member States can move very quickly once an issue is detected and take any necessary action, such as amending the information available to patients and healthcare professionals, restricting use or suspending a medicine, in a timely manner in order to protect patients.

4.17 Significant Contracts

Set forth below is a description of the agreements upon which Enttheon’s business is substantially dependent:

- **Psygen Supply Agreement** – pursuant to the Psygen Supply Agreement, Psygen will provide Enttheon with both GMP quality and non-GMP DMT drug products and substances for its preclinical, clinical and post-approval commercialization phases under the European regulatory framework as discussed in further detail above under the headings “General Development of the Business – History – Contracts” and “Narrative Description of the Business – Research and Development Studies – Timing, Cost, Stage of Development & Major Components of Proposed Studies;” and
- **CHDR Clinical Study Agreement** – pursuant to the CHDR Clinical Study Agreement, Enttheon has engaged CHDR to perform the Phase I Study scheduled to take place in early 2021, as discussed in further detail above under the headings “General Development of the Business – History – Contracts” and “Narrative Description of the Business – Research and Development Studies – Timing, Cost, Stage of Development & Major Components of Proposed Studies”.

4.18 Market Segments and Geographic Areas

Subject to receiving the applicable FDA, Health Canada and EMA approvals, Entheon intends to operate in the United States, Canada and different countries in the European Union.

4.19 Competitive Conditions and Industry Trends

Entheon is the only DMT-focused company targeting addiction. At the time of filing, no other company has filed addiction-specific patent applications surrounding DMT, or have proposed clinical trials with respect to DMT and addiction. While other companies exist that are utilizing DMT as their intended molecule, no competitor has expressed an interest in pursuing DMT to treat addiction. However, there are several other companies pursuing both: (a) research and development targeting addiction utilizing other psychedelic inspired medications, and (b) DMT in the treatment of other mental health conditions. Set forth below are Entheon's largest competitors.

- **Mind Medicine (MindMed) Inc.** – is New York based company listed on the NEO Exchange and the OTC Market that is exploring the use of Ibogaine and microdoses of lysergic acid diethylamide (otherwise known as “LSD”, a hallucinogenic drug) in the treatment of opioid use disorder, cluster headaches, anxiety and adult attention deficit hyperactivity disorder. While also a biotechnology research and development company, MindMed is focused on treating a wide variety of physical and mental disorders, whereas Entheon is exclusively focused, and using all of its resources, on only treating addiction and substance use disorders.
- **Compass Pathways Limited** – is a United Kingdom based private mental health care company dedicated to accelerating patient access to evidence-based innovation in mental health. The company, like Entheon is focused on the clinical trial pathway, but is tackling a different indication being resistant depression and utilizing a different psychedelic molecule being psilocybin. The company received “Breakthrough Therapy” designation from the FDA in 2018 and are presently conducting randomized controlled phase 2 studies²⁰ of psilocybin therapy, testing safety and efficacy of psilocybin in participants with treatment resistant depression²¹.
- **Small Pharma** – is a United Kingdom based private company focused on creating novel psychedelic formulations for the treatment of clinical depression. The company has close ties with academia and plans to identify opportunities lost in the development process and revitalize them. The company, at present, is researching DMT as a molecule, but is focusing its efforts on treating a separate indication, being clinical depression.
- **Eleusis Ltd.** – is a clinical stage life science private company based in New York and London that is dedicated to unlocking the therapeutic potential of serotonin 2A receptor agonists, through the mitigation and management of psychoactivity. The company, like Entheon, is focused on the clinical trial pathway, but is utilizing a different psychedelic molecule being LSD.

4.20 Bankruptcy and Similar Procedures

Entheon does and has not had any bankruptcy (whether voluntary or otherwise), receivership or other similar proceedings instituted by it or against it since its incorporation nor are any such proceedings being contemplated or threatened in the foreseeable future.

²⁰ Where a phase 1 trial emphasizes safety, phase 2 trials focus on effectiveness, aiming to obtain preliminary data on whether the drug works in people with specific diseases or conditions. Phase 3 trials continue to study safety (i.e. short term side effects) and can last up to several years.

²¹ <https://clinicaltrials.gov/ct2/show/NCT03775200>.

4.21 Material Restructuring Transactions

Other than the Transaction, Entheon has not completed any material restructuring transactions since incorporation.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Consolidated Financial Information – Annual Information

Entheon's financial statements for the fiscal years ended March 31, 2020 (audited) and March 31, 2019 (audited) are attached as Schedule "A" hereto.

The following selected financial information is subject to the detailed information contained in the financial statements of Former Entheon and related notes included in this Listing Statement. The selected financial information is derived from and should be read in conjunction with the Former Entheon unaudited financial statements as at and for the nine month period ended August 31, 2020 and the Former Entheon audited financial statements as at and for the period from incorporation on June 17, 2019 to November 30, 2019 attached as Schedule "E" hereto.

	As at and for the nine month period ended August 31, 2020 (Unaudited) (\$)	As at and for the period from incorporation on June 17, 2019 to November 30, 2019 (Audited) (\$)
Revenue	Nil	Nil
Total Expenses	1,127,026	278,028
Other income	Nil	Nil
Net Loss	1,061,062	278,028
Basic and Diluted Loss per Share	0.04	0.07
Current Assets	1,924,880	136,866
Total Assets	2,036,394	136,866
Current Liabilities	44,115	94,692
Total Liabilities	44,115	94,692
Total Shareholders' Equity (Deficiency)	1,992,279	42,174

There were no material changes in the Former Entheon's business or operations that affected the variations in each period in the data above. See notes to the applicable financial statements for a further discussion.

5.2 Consolidated Financial Information – Quarterly Information

The following table sets out certain selected consolidated financial information of Entheon for the eight most recently completed quarters ended at the end of the most recently completed financial year.

	Three months Sept 30, 2018	Three months ended Dec 31, 2018	Three months ended March 31, 2019	Three months ended June 30, 2019	Three months ended Sept 30, 2019	Three months ended Dec 31, 2019	Three months ended March 31, 2020	Three months ended June 30, 2020
Statement of Loss								
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	39,906	62,646	83,622	48,512	23,053	54,259	40,961	335,922
Other Items	(3,297)	(4,046)	(3,904)	(4,998)	(4,988)	(4,936)	(5,080)	(13,906)

Net Losses	36,609	58,600	79,718	43,514	18,065	49,323	35,881	322,016
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Entheon Holdings has not been a reporting issuer for the eight most recently completed quarters ended at the end of the most recently completed financial year and has not prepared quarterly financials for all such periods.

5.3 Dividends

There are no restrictions that would prevent Entheon from paying dividends on the Common Shares, however, Entheon has neither declared nor paid any dividends on the Common Shares since incorporation and has not established any dividend or distribution policy. The payment of dividends, if any, in the future, rests within the sole discretion of the Entheon Board. The payment of dividends will depend upon Entheon's earnings, its capital requirements and its financial condition, as well as other relevant factors. Entheon intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on the Common Shares in the foreseeable future.

5.4 International Financial Reporting Standards.

The financial statements of Entheon and of Entheon Holdings have been prepared in accordance with International Financial Reporting Standards.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Entheon's Management's Discussion and Analysis provides an analysis of Entheon's financial results for the fiscal years ended March 31, 2019 and 2020 and for the three month period ended June 30, 2020 and should be read in conjunction with the condensed consolidated annual financial statements of Entheon for such periods, and the respective notes thereto. Entheon's Management's Discussion and Analysis are attached to this Listing Statement as Schedule "B" and Schedule "D".

Former Entheon's Management's Discussion and Analysis provides an analysis of Former Entheon's financial results for the period from incorporation on June 17, 2019 to November 30, 2019, and the nine months ended August 31, 2020 and should be read in conjunction with the condensed consolidated annual and interim financial statements of Former Entheon for such periods, and the respective notes thereto. Former Entheon's Management's Discussion and Analysis is attached to this Listing Statement as Schedule "D".

7. MARKET FOR SECURITIES

The Common Shares are listed for trading on the CSE under the symbol "ENBI." The Common Shares were first listed for trading on May 3, 2018 and were halted on July 2, 2020 prior to the announcement and pending completion of the Transaction.

8. CONSOLIDATED CAPITALIZATION

8.1 Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of Entheon as at March 31, 2020, the most recently completed financial year end and the capitalization of Entheon as of the date hereof.

Designation of Security	As at March 31, 2020		As of the Date Hereof	
	Amount Authorized	Amount Outstanding	Amount Authorized	Amount Outstanding
Common Shares	Unlimited	18,105,514 ⁽¹⁾	Unlimited	40,388,851 ⁽²⁾

Options	10% of Common Shares	1,610,000	10% of Common Shares ⁽³⁾	1,300,000 ⁽⁴⁾
Warrants	N/A	13,958,933	N/A	11,124,822 ⁽⁵⁾
Replacement Broker Warrants	N/A	N/A	N/A	316,945 ⁽⁶⁾

⁽¹⁾ Numbers are presented on a pre-Consolidation and non-diluted basis.

⁽²⁾ Numbers are presented on a post-Consolidation and non-diluted basis.

⁽³⁾ The number of stock options that Entheon may grant will be limited by the terms of the Stock Option Plan and policies of the CSE.

⁽⁴⁾ Issued at the closing of the Transaction and exercisable into Common Shares at a price of \$0.375 per share for a period of five years from the date of issue.

⁽⁵⁾ Exercisable into Common Shares at prices ranging from \$0.45, \$0.48, \$0.50, \$0.60, \$0.75 and \$0.90 per share and having expiry dates ranging from December 4, 2020 to November 12, 2022.

⁽⁶⁾ Exercisable into Replacement Broker Warrant Units at an exercise price of \$0.375 for a period of two years from the closing of the Subco Private Placement, with each Replacement Broker Warrant Unit being comprised of one Common Share and one-half of one Underlying Replacement Broker Warrant.

8.2 Fully Diluted Share Capital

The following table states the fully diluted share capital of Entheon as of the date hereof:

Description of Security	Number of Securities	% of Total
Common Shares	40,388,851	76.02%
Common Shares reserved for issuance on exercise of the Warrants	11,124,822	20.94%
Common Shares reserved for issuance on exercise of the Options	1,300,000	2.45%
Common Shares reserved for issuance on the exercise of the Replacement Broker Warrants	211,297	0.40%
Common Shares reserved for issuance on the exercise of the Underlying Replacement Broker Warrants	105,648	0.20%
Total outstanding securities of Entheon (on a fully diluted basis)	53,130,618	100%

9. OPTIONS TO PURCHASE SECURITIES

9.1 Options

As of the date hereof there are an aggregate of 1,300,000 Options issued and outstanding exercisable at a price of \$0.375 per Common Share for a period of five years from the date of issue.

9.2 Option Plan

In accordance with, and on the terms and conditions of, the Stock Option Plan, Entheon may from time to time grant Options to employees, directors, senior officers or consultants of Entheon or of Entheon Holdings. The Stock Option Plan was approved by shareholders of Entheon on September 12, 2017. See full description of the Stock Option Plan under the heading “Executive Compensation –Stock Option Plan.”

10. DESCRIPTION OF SECURITIES

10.1 Authorized and Issued Share Capital

The authorized share capital of Entheon consists of an unlimited number of Common Shares. As of the date hereof there are an aggregate of 40,388,851 Common Shares issued and outstanding (on a non-diluted basis) as fully paid and non-assessable common shares in the capital of Entheon.

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Entheon and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of Entheon. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of Entheon are entitled to receive such dividends in any financial year as the Entheon Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of Entheon, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of Entheon, the remaining property and assets of Entheon.

10.2 Other Securities

No securities other than the Common Shares are being listed.

10.3 Prior Sales

Other than: (i) the Common Shares issued upon the exercise of 870,000 Options immediately prior to Consolidation and the closing of the Transaction; (ii) the Options issued to certain principals of Entheon at the closing of the Transaction; and (i) the securities issued pursuant to the Transaction (described under the heading “*General Development of the Business – The Transaction*”), in each case as set out below, Entheon did not issue any securities within the 12 months prior to the date of this Listing Statement.

Immediately prior to the Consolidation and the closing of the Transaction, Entheon issued: (i) an aggregate of 750,000 Common Shares (on a pre-Consolidation basis) to certain option holders of Entheon upon the exercise of an aggregate of 750,000 Options at \$0.10 per Common Share; and (ii) an aggregate of 120,000 Common Shares (on a pre-Consolidation basis) to certain option holders of Entheon upon the exercise of an aggregate of 120,000 Options at \$0.12 per Common Share.

At the closing of the Transaction Entheon issued to certain principals of Entheon an aggregate of 1,300,000 Options exercisable at a price of \$0.375 per Common Share for a period of five years from the date of issue.

In connection with the Transaction, Entheon issued:

- a) an aggregate of 29,845,805 Common Shares in exchange for the Former Entheon Shares outstanding at the closing of the Transaction at a deemed issue price of \$0.48 (after taking into effect the Consolidation);
- b) an aggregate of 4,217,886 Common Shares (inclusive of the 100,000 Subco Class A Shares comprising the Finders’ Units) in exchange for the outstanding Subco Class A Shares issued on the conversion of the Subco Subscription Receipts at the closing of the Transaction at a deemed issue price of \$0.48 (after taking into effect the Consolidation);
- c) an aggregate of 2,108,943 MPV Financing Warrants (inclusive of the 50,000 Subco Financing Warrants comprising the Finders’ Units) in exchange for the outstanding Subco Financing Warrants issued on the conversion of the Subco Subscription Receipts at the closing of the Transaction;
- d) an aggregate of 211,297 Replacement Broker Warrants in exchange for the Broker Warrants outstanding immediately prior to the closing of the Transaction

10.4 Stock Exchange Price

The Common Shares are listed on the CSE under the trading symbol “ENBI.” The following table shows the high and low trading prices and total trading volume of the Common Shares on the CSE on a monthly basis for the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

Month	High	Low	Total Volume
Month ended October 31, 2020	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
Month ended September 30, 2020	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
Month ended August 31, 2020	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
Month ended July 31, 2020	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
Month ended June 30, 2020	\$0.16	\$0.15	349,500
Month ended May 31, 2020	\$0.15	\$0.15	100,000
Month ended April 30, 2020	\$0.14	\$0.14	72,000
Quarter ended March 31, 2020	\$0.14	\$0.09	530,000
Quarter ended December 31, 2019	\$0.09	\$0.07	380,000
Quarter ended September 30, 2019	\$0.15	\$0.11	730,000
Quarter ended June 30, 2019	\$0.17	\$0.13	850,000
Quarter ended March 31, 2019	\$0.13	\$0.12	910,000
Quarter ended December 31, 2018	\$0.09	\$0.07	750,000
Quarter ended September 30, 2018	\$0.16	\$0.14	540,000

⁽¹⁾ The Common Shares were halted on July 2, 2020 prior to the announcement and pending completion of the Transaction.

The last closing price of the Common Shares on July 2, 2020, being the last day pre-Consolidation Common Shares traded prior to the announcement of the Transaction was \$0.16.

11. ESCROWED SECURITIES

Escrow Agreement

In accordance with CSE Policy 2, each Escrowed Entheon Shareholder (constituting “Related Persons” as defined in the policies of the CSE) entered into the Escrow Agreement pursuant to which a total of 3,050,001 Common Shares, have been made subject to escrow restrictions over a 36-month period. As Entheon is an “emerging issuer” pursuant to NP 46-201, the following automatic timed releases apply to the Common Shares held by the Escrowed Entheon Shareholders:

Time	Release Schedule
On the Listing Date	1/10 of the Escrowed Securities
6 months after the Listing Date	1/6 of the remaining Escrowed Securities
12 months after the Listing Date	1/5 of the remaining Escrowed Securities
18 months after the Listing Date	1/4 of the remaining Escrowed Securities
24 months after the Listing Date	1/3 of the remaining Escrowed Securities
30 months after the Listing Date	1/2 of the remaining Escrowed Securities
36 months after the Listing Date	the remaining Escrowed Securities

Assuming there are no changes to the Escrowed Securities initially deposited and no additional Escrowed Securities are deposited, this will result in a 10% release on the listing date (as defined by NP 46-201), with the remaining Escrowed Securities being released in 15% tranches every 6 months thereafter.

The Escrowed Securities are subject to the terms and conditions set out in the Escrow Agreement, which is substantially in the form of 46-201F1 – *Escrow Agreement*, the form of agreement for escrow arrangements under NP 46-201.

The following table lists, as of the date of this Listing Statement the Escrowed Entheon Shareholders and the corresponding number and percentage of Common Shares that are held in escrow, in each case, pursuant to the terms of the Escrow Agreement:

Name of Security Holder	Number of Common Shares held in Escrow	% of Class (non-diluted)
Timothy Ko	1,300,001	3.22%
Brandon Schwabe	1,250,000	3.09%
Christopher Gondi	500,000	1.24%
Total	3,050,001	7.55%

12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of Entheon, as of the date hereof, no Person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting securities.

13. DIRECTORS AND OFFICERS

13.1 General

The following table provides the names, municipalities of residence, position, principal occupations and the number of voting securities that each director and officer of Entheon beneficially owns, directly or indirectly, or exercise control over, as of the date hereof:

Name and Municipality of Residence	Principal Occupation During Last Five Years	Position with Entheon	Number of Common Shares to be Held	Percentage of Class to be Held or Controlled
Timothy Ko, ⁽¹⁾ Vancouver, British Columbia, Canada	Founder of Former Entheon and Chief Executive Officer of Former Entheon since incorporation Director of Hyperbridge Technology from 2017 to 2019 President of Acom Building Maintenance from 2009 to 2017	President, Chief Executive Officer and Director	1,300,001	3.22%
Brandon Schwabe CPA, CGA, Vancouver, British Columbia, Canada	Chief Financial Officer of Former Entheon since November, 2019 Founder of Brandon Schwabe Consulting since May 2019 Controller at Union Construction Management October 2017 – April 2019	Chief Financial Officer	1,250,000	3.09%

	Project Accountant at Kasian Architecture Interior Design & Planning September 2013 – June 2017			
Dr. Andrew Hogle, Vancouver, British Columbia, Canada	Director of Operations of Former Entheon since January, 2020 Adjunct professor of Pharmacology at the University of British Columbia since 2015 Director of Regulatory Affairs and Quality Assurance for Cannevert Therapeutics Ltd. December 2015 – January 2020	Chief Science Officer and Director	100,000	0.25%
Dr. Christopher Gondi, ⁽¹⁾ Dunlap, Illinois, United States	Research Assistant Professor - Departments of Medicine, Surgery and Pathology at the University of Illinois College of Medicine Peoria	Director	500,000	1.24%
Ruth Chun, ⁽¹⁾ Campbellville, Ontario, Canada	Chief Executive Officer and Lawyer, Chun Law Professional Corporation since September 2019 Senior Legal Counsel, HEXO Corp. May 2019 to June 2019 General Counsel and Corporate Secretary, Newstrike Brands Ltd. / Up Cannabis Inc. February 2017 – May 2019 Head of Legal & Compliance, Hollard Insurance Group of Companies October 2015 – February 2017 Chair, Rossing Pension Fund, March 2016 – August 2017	Director	Nil	Nil
Total			3,150,001	7.80%

⁽¹⁾ Member of the Audit Committee.

Each director elected or appointed will hold office until the next annual general meeting of Entheon or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the By-laws of Entheon or with the provisions of the CBCA.

13.2 Board Committees

Audit Committee

The members of Entheon's Audit Committee are:

Dr. Christopher Gondi (Chair)	Independent ⁽¹⁾	Financially literate ⁽²⁾
Timothy Ko	Not Independent ⁽¹⁾	Financially literate ⁽²⁾
Ruth Chun	Independent ⁽¹⁾	Financially literate ⁽²⁾

⁽¹⁾ A member of an audit committee is independent if the member has no direct or indirect material relationship with Entheon, which could, in the view of the Entheon Board, reasonably interfere with the exercise of a member's independent judgment.

⁽²⁾ An individual is financially literate if he/she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Entheon's financial statements.

The Entheon Board will adopt a written charter setting forth the responsibilities, powers and operations of the Audit Committee consistent with NI 52-110. The duties and responsibilities of the Audit Committee include those related to:

- (a) the integrity of Entheon's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;
- (b) Entheon's compliance with legal and regulatory requirements;
- (c) Entheon's external auditors' qualifications and independence;
- (d) the work and performance of Entheon's financial management and its external auditors; and
- (e) Entheon's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Entheon Board.

The Audit Committee has access to all books, records, facilities and personnel and may request any information about Entheon as it may deem appropriate. It has the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Entheon Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by Entheon's auditors.

Entheon is a "venture issuer", as defined in National Instrument 52-110 – *Audit Committees*. As such, Entheon is relying on the exemption contained in section 6.1 of National Instrument 52-110 – *Audit Committees*, which exempts Entheon from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

There is no intention to create another committee of the Entheon Board at this time.

13.3 Officer of Other Companies

None of the directors or officers of Entheon, act, in their principal occupation, as an officer of a person or company other than Entheon.

13.4 Penalties, Sanctions and Bankruptcy

To the knowledge of Entheon, no director, officer, promoter or shareholder who holds a sufficient number of Entheon's securities to affect materially control of Entheon is, or has been within 10 years before the date of this Listing Statement, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied that issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of Entheon, none of Entheon's directors or officers, nor a shareholder holding a sufficient number of Entheon's securities to affect materially control of Entheon, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

To the knowledge of Entheon, none of Entheon's directors or officers, nor a shareholder holding a sufficient number of Entheon's securities to affect materially control of Entheon, or a personal holding company of any such persons has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

13.5 Existing or Potential Conflicts of Interest

Certain of the directors and officers of Entheon are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including other pharmaceutical or biotechnological companies) and, as a result of these and other activities, such directors and officers of Entheon may become subject to conflicts of interest. The CBCA provides that in the event that a director or senior officer has a material interest in a transaction or agreement or proposed transaction or agreement that is material to an issuer, the director or senior officer must disclose his interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA. To the management of Entheon's knowledge, as at the date hereof there are no existing conflicts of interest between Entheon and a director or officer of Entheon.

13.6 Management

The following is a brief description of each member of management of Entheon.

Timothy Ko, age 35, Chief Executive Officer, President and Director

As a Director, Chief Executive Officer and President of Entheon, Mr. Ko's responsibilities include:

- providing input into and ensuring compliance with corporate goals and objectives developed or approved by the Entheon Board;
- managing Entheon's general corporate matters and providing strategic planning advice with respect to the growth and development of the business and operations of Entheon;
- engaging, hiring, overseeing and terminating of employees, consultants and advisors, except as otherwise provided by the Entheon Board, and more particularly to: (i) hire, retain, oversee and terminate corporate officers, employees, consultants and advisors; and (ii) define the scope of work and responsibilities or services to be provided by such persons;
- in coordination with appropriate committees of the Entheon Board, initiating and reviewing proposals on such matters as (i) corporate governance or management practices and reporting; (ii) financing and investment; (iii) acquisitions and restructuring; (iv) new business opportunities; and (v) major capital and operational expenditures;

- communicating with Entheon's professional advisors including, without limitation, its solicitors, auditors, financial agents and independent consultants with respect to the operations, business, assets and activities of Entheon and its subsidiaries;
- developing annual business plans and budgets while ensuring consistency with the strategic plans, policies and other strategic directions of Entheon;
- overseeing Entheon's business conduct and ensuring that such conduct is consistent with the values of Entheon, including (i) overseeing corporate communications, both internal and external; and (ii) ensuring the integrity and orderly conduct of Entheon and its workplaces;
- overseeing legal compliance and risk management, including (i) developing and implementing systems to ensure that material risks and obligations are identified and assessed; (ii) taking appropriate steps to ensure oversight of employees, consultants and agents of Entheon; and (iii) leading programs for and development of policies in respect of risk management; and
- such other duties as may be specified by the Entheon Board, from time to time.

Mr. Ko's passion for the Entheon space is shaped by firsthand knowledge of the shortcomings of the current mental health system and through his exposure to psychedelics which he credits with saving his life. Following the loss of a loved one to a decades' long fight with mental health and addictions, and through his personal experiences, Mr. Ko was delighted to commit himself to the lifesaving potential of this new frontier of medicine. Mr. Ko attended a variety of universities with a broad range of studies covering finance, literature, sociology, and psychology. Mr. Ko is an employee of Entheon and expects to devote 100% of his time to the affairs of Entheon. Mr. Ko has executed a management agreement, which among other things, contains non-disclosure provisions, non-competition and non-solicitation provisions, the latter two of which apply during the course of employment and within twelve (12) months following the termination of employment.

Mr. Ko has a broad background of leading private ventures in the service sector, investor relations, retail and technology. Most recently from 2017 to 2019 he served as Director of Hyperbridge Technology, a company focused on the development of decentralized technologies that facilitate crowdfunding. To the knowledge of Mr. Ko., Hyperbridge Technology is still carrying on business. Previous to that Mr. Ko served as President of Acom Building Maintenance. To the knowledge of Mr. Ko, Acom Building Maintenance which operates in the commercial building services sector is still carrying on business.

Brandon Schwabe, CPA, CGA, age 34, Chief Financial Officer

As Chief Financial Officer of Entheon, Mr. Schwabe works closely with the senior management of Entheon to assist in the development and support of strategic plans, budgets, cash management, financial reporting, and compliance. Mr. Schwabe is a Chartered Professional Accountant (CPA, CGA) who qualified in 2016. He also holds a Bachelor of Technology in Accounting degree with distinction from the British Columbia Institute of Technology and has completed the Canadian Securities Course (CSC) from the Canadian Securities Institute.

Mr. Schwabe is an employee of Entheon and expects to devote 100% of his time to the affairs of Entheon. Mr. Schwabe has executed a management agreement, which among other things, contains non-disclosure provisions, non-competition and non-solicitation provisions, the latter two of which apply during the course of employment and within twelve (12) months following the termination of employment.

Mr. Schwabe, CPA, CGA has extensive professional experience in finance and accounting. He draws from over a decade working with private enterprises across the real estate and construction sector. Most recently from October 2017 to April 2019, Mr. Schwabe worked as the Controller for Unison Construction Management, a design build construction management company. Prior to that from September 2013 to June 2017, Mr. Schwabe worked as a Project Accountant for Kasian Architecture, an architecture, interior design and planning firm.

Dr. Andrew Hegle, Ph.D. age 42, Chief Science Officer and Director

As a Director and the Chief Science Officer of Entheon, Dr. Hegle oversees the scientific research and development of Entheon by establishing and maintaining relationships, timelines and budgets of significant research. He received his Ph.D. in Molecular, Cellular and Developmental Biology from the University of Michigan in 2007. Dr. Hegle is an employee of Entheon and expects to devote 100% of his time to the affairs of Entheon. Dr. Hegle has executed a management agreement, which among other things, contains non-disclosure provisions, non-competition and non-solicitation provisions, the latter two of which apply during the course of employment and within twelve (12) months following the termination of employment.

Dr. Hegle has been an adjunct professor of Pharmacology at the University of British Columbia since 2015. He has a background in molecular biology and biochemistry and has published research investigating the role of membrane receptor proteins in physiology, behavior and disorder. Dr. Hegle's main professional focus has been in the creation and management of laboratory operations. To that end, Dr. Hegle has held executive and operational management positions at several biotechnology companies, and was a cofounder of Cannevert Therapeutics Ltd., a company that provides medical products, conducts Cannabis research and performs chemical Cannabis laboratory testing for the country's various cannabis programs. Dr. Hegle served as Senior Scientist from December 2015 to June 2018 and Director of Regulatory Affairs and Quality Assurance from July 2018 to January 2020. Dr. Hegle has a long-held interest in the therapeutic potential of psychedelic medicine and is delighted to commit himself to furthering this field.

Dr. Christopher Gondhi, Ph.D., M.Sc. age 49, Director and Science Advisor

As a director and Science Advisor of Entheon, Dr. Gondhi provides general oversight and scientific opinion on the business of Entheon. Dr. Gondhi has a BSc in Life Sciences, and a MSc in Botany with a specialization in Microbiology from Joseph's College Bangalore, Bangalore University India. He also has a Ph.D. in Genetics from Osmania University Hyderabad India.

Dr. Gondhi is an independent contractor of Entheon. Dr. Gondhi expects to devote 50% of his time to the affairs of Entheon. Dr. Gondhi has entered into a consulting agreement with Entheon containing both non-disclosure provisions and non-solicitation provisions, the latter of which apply during the course of engagement and within two years months following the termination of the consulting agreement.

Dr. Gondhi's principal occupation is and has been for the past five years a Research Assistant Professor in the Department of Medicine, Surgery and Pathology at the University of Illinois College of Medicine Peoria. Dr. Gondhi is a professor of cancer biology and has extensive experience dealing with brain tumors and pancreatic cancer, for which the survival rates are very low. His passion for psychedelics is bred of his duty of care for patients during and after treatment of their cancer, whether the treatments fail or succeed. Knowing firsthand the difficulty many face as they approach the end of their lives, Dr. Gondhi seeks to explore the therapeutic benefits of psychedelic drugs in helping patients reconcile their views and prepare for whatever exists beyond life. He also sees the transformative potential of these drugs in positively affecting the lives of those suffering from substance use disorders.

Kelly Pladson age 38, Corporate Secretary

As the Corporate Secretary of Entheon, Ms. Pladson works closely with Entheon's officers, directors and legal counsel in maintaining corporate records and ensuring Entheon's filings with the securities commissions and exchanges are accurately filed and in accordance with their deadlines.

Ms. Pladson is an independent contractor of Entheon and expects to devote 20% of her time to the affairs of Entheon. Ms. Pladson has entered into a consulting agreement with Entheon containing both non-disclosure provisions and non-solicitation provisions, the latter of which apply during the course of engagement and within twelve (12) months following the termination of the consulting agreement.

Ms. Pladson has provided corporate governance and regulatory compliance services to many TSX Venture Exchange and Canadian Securities Exchange listed companies since 2009. She is currently or was previously the Corporate Secretary of the following mining and exploration issuers listed on the TSXV Venture Exchange: Gaia Metals Corp. (2017 to present), Aben Resources Ltd. (2017 to present), Cypress Development Corp. (2017 to present), Le Mare Gold Corp. (2019 to present), Max Resource Corp. (2018 to present), Megastar Development Corp. (2018 to present), Resolve Ventures Inc. (2017 to 2019), Rockridge Resources Ltd. (2019 to present) and Skyharbour Resources Ltd. (2017 to present). In addition, she currently is or was previously the Corporate Secretary for the following other TSX Venture Exchange listed companies: RevoluGroup Canada Inc., a technology company (2017 to 2019) and Tri Capital Opportunities Corp., a capital pool company (2019 to present). Additionally, she is currently or was previously the Corporate Secretary for the following issuers listed on the Canadian Securities Exchange: Alchemist Mining Inc., a mining company (2017 to 2019), ImagineAR Inc., a technology company (2017 to 2018), Bam Resources Corp., a mining and exploration company (2018 to present), Nova Mentis Life Science Corp., a life sciences company (2017 to present) and Lightning Ventures Inc., an oil and gas technology company (2017 to 2018).

Ruth Chun age 41, Director

As a director of Entheon, Ms. Chun acts as an independent director and member of the Audit Committee. Ms. Chun is an independent contractor of Entheon and expects to devote 20% of her time to the affairs of Entheon. Ms. Chun has not entered into a non-competition or non-disclosure agreement with Entheon. Ms. Chun has Honours Bachelor of Arts from University of Toronto (Trinity College), Master of Arts (University of Toronto) and Juris Doctor (Queen's University). Ms. Chun is a lawyer admitted to practice in Ontario, New York and Namibia.

Ms. Chun advises numerous plant-based medicine companies in the cannabis and psychedelics sectors as well as technology, branding and consumer packaged goods companies. From February 2017 to May 2019, she was general counsel and corporate secretary for Newstrike Brands Ltd. / Up Cannabis Inc., a cannabis producer, and was active in its listing on the TSX Venture Exchange, raising over \$150 million in financing and its sale to HEXO Corp., a large cannabis company, where she was senior legal counsel following the company merger from May 2019 until the end of June 2019. Ms. Chun is a regularly sought-after speaker for her expertise in the cannabis and psychedelics industries. She is a guest lecturer at several universities on cannabis law and is a lecturer and has served on the Advisory Board for the Osgoode Certificate in Cannabis Law & Regulations since February 2020. Previously, Ms. Chun was the head of legal and compliance for the Holland Insurance group of companies and was the first female member of its executive committee from October 2015 to February 2017. She was also a partner at ENS Africa, Africa's largest law firm, where she specialized in natural resources and financial services law from April 2011 to September 2015 and was previously an associate at the firm and was previously at McCarthy Tétrault and Shearman & Sterling law firms. She also chaired the Rossing Pension Fund, Rio Tinto's defined benefits fund from March 2016 to August 2017.

14. CAPITALIZATION

14.1 Issued Capital

The following tables provide information about the capitalization of Entheon's Common Shares as of the date of this Listing Statement:

Issued Capital ⁽¹⁾	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total Outstanding (A)	40,388,851	53,130,618	100%	100%
Held by Related Persons or employees of the Entheon or Related Person of the Entheon, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting	11,850,001	12,950,001	29.34%	24.37%

position in Entheon (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in Entheon upon exercise or conversion of other securities held) (B)				
Total Public Float (A-B)	28,538,850 ⁽²⁾	40,180,617	70.66%	75.63%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in shareholder agreement and securities held by control block holders (C)	3,126,418	3,126,418	7.74%	5.88%
Total Tradeable Float (A-C)	37,262,433	50,004,200	92.26%	94.12%

⁽¹⁾ Figures are reported to the best of the knowledge of management of Entheon and on a post-Consolidated basis.

⁽²⁾ All of these 28,538,850 Common Shares are freely tradeable and are held by 303 public shareholders of Entheon that hold a board lot, being 500 Common Shares, under this figure.

Public Securityholders (Registered)

The following table sets forth information regarding the number of registered “public securityholders” of Entheon, being persons other than persons enumerated in section (B) of the *Issued Capital* table above:

Class of Security: Common Shares

Size of Holding	Number of Holders	Total Number of Securities ⁽¹⁾
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	128	28,718,861
Unable to confirm	N/A	N/A
TOTAL:	128	28,718,861

⁽¹⁾ Figures are reported to the best of the knowledge of management of Entheon and on a post-Consolidated basis.

Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial “public securityholders” of Entheon, being persons other than persons enumerated in section (B) of the *Issued Capital* table above who either: (i) hold securities in their own name as registered shareholders; or (ii) hold securities through an intermediary where Entheon has been given written confirmation of shareholdings:

Class of Security: Common Shares

Size of Holding	Number of Holders	Total Number of Securities ⁽¹⁾
1 – 99 securities	Nil	Nil
100 – 499 securities	5	1,591

500 – 999 securities	62	51,244
1,000 – 1,999 securities	12	18,944
2,000 – 2,999 securities	2	4,666
3,000 – 3,999 securities	36	93,161
4,000 – 4,999 securities	53	247,732
5,000 or more securities	217	18,758,628
Unable to confirm	Cannot accurately confirm the shareholdings of objecting beneficial shareholders	Cannot accurately confirm the shareholdings of objecting beneficial shareholders
TOTAL:	387	19,176,016

⁽¹⁾ Figures are reported to the best of the knowledge of management of Entheon and on a post-Consolidated basis.

Non-Public Securityholders (Registered)

The following table sets forth information regarding the number of registered “non-public securityholders” of Entheon, being persons enumerated in section (B) of the issued capital chart:

Class of Security: Common Shares

Size of Holding	Number of Holders	Total Number of Securities ⁽¹⁾
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	7	11,850,001
Unable to confirm	N/A	N/A
TOTAL:	7	11,850,001

⁽¹⁾ Figures are reported to the best of the knowledge of management of Entheon and on a post-Consolidated basis.

14.2 Convertible Securities

The following table summarizes the outstanding securities convertible into Common Shares as of the date of this Listing Statement:

Description of Security (include conversion/exercise terms, including conversion/exercise price)	Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise	Exercise Price	Expiry Dates
Warrants	651,143	651,143	\$0.75	December 4, 2020
Warrants	13,334	13,334	\$0.45	December 4, 2020
Warrants	1,988,500	1,988,500	\$0.90	April 20, 2021
Warrants	2,000,000	2,000,000	\$0.48	February 12, 2021
Warrants	35,000	35,000	\$0.50	December 18, 2021

Warrants	1,020,000	1,020,000	\$0.50	December 23, 2021
Warrants	687,500	687,500	\$0.50	January 30, 2022
Warrants	2,620,402	2,620,402	\$0.60	June 3, 2022
Warrants	2,108,943	2,108,943	\$0.60	November 5, 2022
Options	1,300,000	1,300,000	\$0.375	November 12, 2025
Replacement Broker Warrants ⁽¹⁾	211,297	316,945	\$0.375	September 3, 2022

⁽¹⁾ Exercisable into Replacement Broker Warrant Units at an exercise price of \$0.375 for a period of two years from the closing of the Subco Private Placement, with each Broker Warrant Unit being comprised of one Common Share and one-half of one Underlying Replacement Broker Warrant.

14.3 Other Listed Securities

Entheon has no other listed securities reserved for issuance that are not included in the section above.

15. EXECUTIVE COMPENSATION

For the purposes of this section, the Named Executive Officers (or “NEOs”) are the Chief Executive Officer and Chief Financial Officer of Entheon and the most highly compensated executive officer who is proposed to serve as an executive officer of Entheon for the 12 month period following the completion of the Transaction and whose total compensation, individually, will be more than \$150,000. Based on the above criteria, the only NEOs for Entheon are Timothy Ko (President and Chief Executive Officer), Brandon Schwabe (Chief Financial Officer) and Andrew Hegle (Chief Science Officer). There are no other NEOs of Entheon other than the Chief Executive Officer, Chief Financial Officer and Chief Science Officer, as no other executive officers will be paid compensation exceeding \$150,000 for the 12-month period following the Transaction.

15.1 Oversight and Description of Director and Named Executive Officer Compensation

Compensation of NEOs and Directors

The Entheon Board has developed appropriate compensation policies for both the officers and the directors of Entheon. In determining appropriate compensation levels, the Entheon Board has reviewed compensation paid for directors and officers of companies of similar size and stage of development in the research and development industry and has determined appropriate compensation policies that reflect the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of Entheon.

Entheon relies solely on the Entheon Board to determine, by way of discussions at Entheon Board meetings, semi-annually, the executive compensation that is to be paid to NEOs and directors without any formal objectives, criteria, or analysis.

The general objectives of Entheon’s compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long term shareholder value; (b) align management’s interests with the long term interests of shareholders; (c) provide a compensation package that is commensurate with other companies to enable Entheon to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that Entheon is under by virtue of the fact that it is a start-up company without a history of earnings.

In the most recently completed financial year, no compensation was directly tied to a specific performance goal such as a milestone or the completion of a transaction, no significant events occurred that significantly affected compensation, and no peer group was formally used to determine compensation – Entheon does not expect this to change in the upcoming financial year.

Elements of Compensation for NEOs

The significant elements of compensation awarded to, earned by, paid or payable to the NEOs for the most recently completed financial year were: (i) base salary; and (ii) incentive awards in the form of Options. Entheon anticipates that these will also be the significant elements of compensation for NEOs in the upcoming financial year. The amount to be paid for each element of compensation is not based on any formula or specific objective criteria but is the result of a subjective determination of the Entheon's Board in consideration of a number of factors, including, but not limited to: the overall financial and operating performance of Entheon, each NEO's individual performance and contribution towards meeting corporate objectives, each NEO's level of responsibility, each NEO's length of service, industry comparables and Entheon's ability to pay compensation.

15.2 Director and NEO Compensation Excluding Compensation Securities

In the following 12-month period, Entheon anticipates compensating the NEOs as follows (in each case, pursuant to the Management Agreements):

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES						
Name and Position ⁽²⁾	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Timothy Ko, President, Chief Executive Officer, Director	130,000	Nil	Nil	Nil	Nil	130,000
Brandon Schwabe, CPA, CGA, Chief Financial Officer	110,000	Nil	Nil	Nil	Nil	110,000
Andrew Hegle, Chief Science Officer, Director	120,000	Nil	Nil	Nil	Nil	120,000

Directors who are not executive officers are expected to receive compensation in the following 12-month period in an amount to be negotiated.

15.3 Stock Options and Other Compensation Securities

As of the date hereof, there are 1,300,000 Options outstanding as listed below:

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class ⁽²⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Timothy Ko, President, Chief Executive Officer Director	Option	600,000	November 12, 2020	\$0.375	\$0.375	N/A	5 years from date of issuance

Brandon Schwabe, CPA, CGA, Chief Financial Officer	Option	600,000	November 12, 2020	\$0.375	\$0.375	N/A	5 years from date of issuance
Andrew Hegle, Chief Science Officer, Director	Option	100,000	November 12, 2020	\$0.375	\$0.375	N/A	5 years from date of issuance

Entheon intends to use stock option grants in the future to align executive interests with those of shareholders and such option grants will be based on the executive's performance, level of responsibility, as well as the number and exercise price of options previously issued to the executive pursuant to such executive's overall aggregate total compensation package.

15.4 Stock Option Plan

Pursuant to the Stock Option Plan, Entheon may grant Options up to a maximum of 10% of Entheon's issued and outstanding share capital at the time of grant.

Material Terms of the Stock Option Plan

Pursuant to the Stock Option Plan, Entheon may, at its discretion, grant to directors, officers, employees or consultants of Entheon options to acquire Common Shares. It is intended to help Entheon attract, retain and motivate the directors, officers, employees and consultants (collectively the "**Service Providers**") of Entheon and its subsidiaries and to align their personal interests with those of Entheon and its shareholders. In accordance with the Stock Option Plan the total number of securities reserved for issuance will be equivalent to 10% of the number of Common Shares issued and outstanding at any given time. The Stock Option Plan is administered by the Entheon Board, which has full authority to grant all the options associated with it. Options may be granted under the Stock Option Plan to the Service Providers of Entheon and its subsidiaries, if any, that the Entheon Board may designate from time to time. The exercise price will be set by the Entheon Board at the time of each stock option grant, but in any event may not be less than the minimum price prescribed by the policies of the CSE. The Stock Option Plan provides that the number of Common Shares that may be issued upon the exercise of options granted to any person, as well as all options previously granted by Entheon, may not exceed 10% of the Common Shares issued and outstanding, on an undiluted basis, at any given time. In addition, the number of Common Shares that may be reserved for issuance to any individual upon the exercise of stock options held by them within a one-year period cannot exceed 5% of the Common Shares issued and outstanding, on an undiluted basis, at the grant date without the approval of the disinterested shareholders of Entheon. Subject to early termination in case of dismissal for cause, early retirement, voluntary resignation or dismissal without cause, or in the event of death or disability, all options granted under the Stock Option Plan expire on the date set by the Entheon Board as the option expiry date, which must not be later than five years from the option grant date. Options granted under the Stock Option Plan are not transferable or assignable other than by will or pursuant to the laws of succession.

In accordance with CSE Policy 6 – *Distributions*, the terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, Entheon must post notice of the cancellation and shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

15.5 Employment, Consulting and Management Agreements

Each of Timothy Ko, Andrew Hegle and Brandon Schwabe (each an "**Employee**") have executed Management Agreements, the material terms of which are set forth below:

- **Salary:** Timothy Ko's annual salary is \$130,000; Andrew Hegle's annual salary is \$120,000; and Brandon Schwabe's annual salary is \$110,000.

- **Bonus and Options:** Entheon may, in its sole discretion, grant a bonus or Options to the Employee in any amount deemed reasonable and appropriate by the Entheon's Board based on the Employee's performance, Entheon's performance and any other relevant factors determined in Entheon's sole discretion.
- **Vacation:** The Employee is entitled to four (4) weeks of paid vacation.
- **Resignation:** The Employee may resign by providing Entheon with 30 days' prior written notice. Entheon may waive such notice in which case the Employee's resignation will become effective on the day elected by Entheon and Entheon will pay the Employee the lesser of: (i) compensation in lieu of the notice that would have been applicable if Entheon had terminated the Employee's employment without just cause; and (ii) compensation in lieu of the period of notice provided by the Employee that has been waived by Entheon.
- **Termination for Cause:** The Employee's employment may be terminated by Entheon for just cause as defined at common law, by providing the Employee with notification in writing, and the Employee will not be entitled to any notice or compensation in lieu of notice.
- **Termination without Cause:** Entheon may terminate the Employee's employment at any time without cause by: (i) providing the Employee with three (3) months' notice in writing plus two additional weeks' notice for each completed year of service up to a maximum of eight (8) months' notice (the "**Working Notice**"); or (ii) at the sole discretion of Entheon, it may choose to pay to the Employee, in lieu of all or part of the Working Notice, an amount equal to that portion of the Employee's Salary that the Employee would have earned during all or the remaining portion of the Working Notice period, less all statutory deductions.
- **Change of Control:** If within six (6) months following a change of control of Entheon, Entheon terminates the Employee's employment without just cause, Entheon will: (i) pay the Employee pay in lieu of notice pursuant to section 11(c) of the Management Agreement, either through continuing salary, or, in Entheon's sole discretion, as a lump sum (the "**Severance Payment**"); and (ii) in addition to the Severance Payment, pay the Employee six (6) months' Salary less statutory deductions, either through continuing salary, or, in Entheon's sole discretion, as a lump sum.
- **Non-Competition and Non-Solicitation:** The Employee is subject to 12-month non-solicitation and non-competition restrictions which apply during the course of employment and within twelve (12) months following the termination of employment.

Please see information under the heading "*Specialized Skill and Knowledge*" for a summary of the material terms of the consultant agreements entered into by Entheon and its Science Advisors.

15.6 Pension Disclosure

Entheon does not anticipate having a pension plan that provides for payments or benefits to the NEOs or directors at, following, or in connection with retirement.

15.7 Compensation of Directors

Entheon relies solely on the Entheon Board to determine, by way of discussions at Entheon Board meetings, the compensation that is to be paid to directors without any formal objectives, criteria, or analysis. Entheon expects to pay compensation by way of quarterly cash payment fees to certain of its directors for services as a director. Directors will also be eligible to receive Option grants under the Stock Option Plan.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of Entheon, no other individual who at any time during the most recently completed financial year was a director or executive officer of Entheon, nor any associate of the such individuals is, or at any time since the beginning of the most recently completed financial year of Entheon has been, indebted to:

- (a) Entheon or any of its subsidiaries; or
- (b) another entity, which indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar transaction or understanding provided by Entheon or any of its subsidiaries.

17. RISK FACTORS

Entheon's securities are highly speculative due to the nature of Entheon's business and an investment in Entheon's securities should only be made by investors who can afford to lose their entire investment. An investment in Entheon's securities is highly speculative, not only due to the nature of Entheon's business and operations, but also because of the uncertainty related to the recent integration of the business of Entheon Holdings into Entheon pursuant to the Amalgamation. Before making an investment decision, in addition to the other information in this Listing Statement (including all Schedules hereto), an investor should carefully consider each of, and the cumulative effect of, the following risk factors.

17.1 Risk Relating to the Common Shares

Market for securities and volatility of share price

There can be no assurance that an active trading market in Entheon's securities will be established or sustained. The market price for Entheon's securities could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of peer companies and competitors, announcements of quarterly variations in operating results, revenues and costs, and sentiments toward stocks as well as overall market movements, may have a significant adverse impact on the market price of the securities of Entheon. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of a particular company.

Speculative nature of investment risk

An investment in the securities of Entheon carries a high degree of risk and should be considered as a speculative investment. Entheon has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future.

Need for additional financing and possible effects of dilution

Entheon may issue equity securities to finance its activities, including future acquisitions. If Entheon were to issue additional Common Shares, existing holders of such Common Shares may experience dilution in their holdings. Moreover, when Entheon's intention to issue additional equity securities becomes publicly known, the price of the Common Shares may be adversely affected.

Dividends

Entheon has not paid any dividends on the outstanding Common Shares, nor is there any intention of paying dividends in the foreseeable future. Any decision to pay dividends on the Common Shares will be made by the Entheon Board on the basis of its earnings, financial requirements and other conditions.

17.2 Risks Relating to the Business

Limited operating history

The business of Entheon began in June 2019 and has yet to generate any revenue. Entheon is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Entheon will ever be able to generate revenue or will be successful in achieving a return on shareholders' investment. Entheon's ultimate success will depend on its operating ability and ability to generate cash flow from sales of its products in the future. Investors should consider Entheon's likelihood of success in light of the early stage of operations.

Risks related to adverse and uncontrollable clinical results

Entheon is developing the DMT Products to treat patients who have substance use disorders and any unfavourable or adverse effects that occur in its clinical trials could negatively impact the business of Entheon even if such adverse effects are not shown to be related to Entheon's DMT Products. It is Entheon's intention to continue to develop the DMT Products focused on substance use disorders and addiction. Patients suffering from these disorders may be extremely sick and may have a high likelihood of experiencing adverse outcomes, including death, as a result of their disorder or due to other significant risks including relapse of their underlying addictions.

As a result, it is possible that Entheon will observe severe adverse outcomes during its clinical trials, including patient death, unrelated to Entheon's DMT Products and DMT Protocol. If a significant number of study subject deaths were to occur, regardless of whether such deaths are attributable to one of Entheon's DMT Products, its ability to obtain regulatory approval and/or achieve commercial acceptance for the related drug may be adversely impacted and its business could be materially harmed. In addition, other setbacks may occur which would require Entheon to conduct additional preclinical studies both invitro and invivo and/or additional clinical trials.

Entheon will require substantial additional funding, which may not be available to it on acceptable terms, or at all, and, if not so available, may require Entheon to delay, limit, reduce or cease its operations

Entheon has used the proceeds from its previous equity offerings, and Entheon intends to use the proceeds from any possible future offerings, to, among other uses, advance its psychedelic therapeutic solution portfolio through clinical development, advancing the remainder of the existing portfolio through preclinical studies and into IND's or their equivalent, and sponsoring research with its development partners. Developing pharmaceutical solutions, including conducting preclinical studies both invitro and invivo and clinical trials, is expensive. Entheon will require substantial additional future capital in order to complete clinical development and commercialize its DMT Solutions.

Entheon will continue to require substantial additional capital to continue its clinical development and commercialization activities. Because successful development of its DMT Solutions is uncertain, Entheon is unable to estimate the actual amount of funding it will require to complete research and development and commercialize its products under development.

The amount and timing of Entheon's future funding requirements will depend on many factors, including but not limited to:

- whether its updated plan for clinical trials will be completed on a timely basis and, if completed, whether Entheon will be able to publicly announce results from its clinical trials in accordance with its announced milestones;
- whether Entheon is successful in obtaining the benefits of Health Canada's, EMA's and FDA's expedited development and review programs related to its DMT Solutions;
- whether Entheon is successful in obtaining interest for possible co-development and licensing out partners;
- the progress, costs, results of and timing of its clinical trials and also of its preclinical studies;
- the outcome, costs and timing of seeking and obtaining Health Canada, EMA, FDA and any other regulatory approvals;

- the costs associated with securing and establishing commercialization and manufacturing capabilities;
- market acceptance of its DMT Solutions;
- the costs of acquiring, licensing or investing in businesses, products, psychedelic therapeutic solutions and technologies;
- its ability to maintain, expand and enforce the scope of its intellectual property portfolio, including the amount and timing of any payments Entheon may be required to make, or that it may receive, in connection with the licensing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- its need and ability to hire additional management and scientific and medical personnel;
- the effect of competing psychedelic therapeutic solutions;
- its need to implement additional internal systems and infrastructure, including financial and reporting systems;
- research grant terms that change over time or whose terms Entheon is unable to meet;
- grants that Entheon relied upon are not funded for any reason;
- its ability to attract and retain competent staff;
- changes in the political and economic environment in the jurisdictions in which Entheon operates, including adverse economic circumstances beyond COVID-19;
- the duration and effects of COVID-19 on Entheon's personnel, business, operations and financial condition;
- the duration and effects of COVID-19 on the personnel, business, operations and financial condition of Entheon's research partners and suppliers;
- unforeseen safety hazards associated with the DMT Solutions Entheon develops; and
- the economic and other terms, timing of and success of any collaboration, licensing or other transactions into which Entheon may enter in the future.

Some of these factors are outside of Entheon's control. Entheon does not believe that its existing capital resources are sufficient to enable Entheon to complete the development and commercialization of its DMT Solutions. Accordingly, Entheon expects that it will need to raise additional funds in the future.

Entheon may seek additional funding through a combination of equity offerings, debt financings, government or other third-party funding, commercialization, marketing and distribution transactions and other collaborations, strategic alliances and licensing transactions. Additional funding may not be available to Entheon on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of Entheon securityholders. In addition, the issuance of additional Common Shares, or the possibility of such issuance, may cause the market price of the Common Shares to decline. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities.

If Entheon is unable to obtain funding on a timely basis, it may be required to significantly curtail one or more of its research or development programs and/or incur financial penalties. Entheon also could be required to seek funds through transactions with collaborative partners or otherwise that may require Entheon to relinquish rights to some of its technologies or psychedelic therapeutic solutions or otherwise agree to terms unfavourable to Entheon.

Possible increase in costs beyond what is currently expected as a result of regulatory review

If Health Canada, the FDA, or the EMA requires that Entheon perform additional nonclinical studies or clinical trials, or if Entheon determines that additional clinical trials are required for its DMT Products, its expenses would further increase beyond what is currently expected and the anticipated timing of any potential approval of its DMT Products or licensing out agreement would likely be delayed. Further, there can be no assurance that the costs Entheon will need to incur to obtain regulatory approval of its DMT Products will not increase.

Entheon, has a limited operating history and expects a number of factors to cause its operating results to fluctuate on an annual basis, which may make it difficult to predict the future performance of Entheon

Entheon is a research and development biomedical company with a limited operating history. Entheon's operations to date have been focused on developing its Dosing Strategies, conducting in-house research, preparing proprietary

dose forms of psychedelic molecules into an FDA, EMA and Health Canada approval model for eventual development of authorized Dosing Strategies for future use in clinical trials, developing clinical trials protocols, and establishing key relationships. Entheon has yet to commence clinical trials for the psychedelic therapeutic solutions in its pipeline and has yet to receive approvals from regulatory agencies.

Consequently, any predictions made about Entheon's future success or viability may not be as accurate as they could be if Entheon had a longer operating history or approved products on the market. Entheon's operating results are expected to significantly fluctuate from quarter-to-quarter or year-to-year due to a variety of factors, many of which are beyond its control. Factors relating to Entheon's business that may contribute to these fluctuations include:

- any delays in regulatory review and approval of its DMT Products in clinical development, including its ability to receive approval from Health Canada, the FDA or the EMA for its Dosing Strategies in clinical trials;
- delays in the commencement, enrolment and timing of preclinical and clinical trials;
- difficulties in identifying patients suffering from its target indications;
- the success of its clinical trials through all phases of clinical development;
- potential side effects of its DMT Products that could delay or prevent approval or license-out agreements or cause an approved solution to be taken off the market;
- its ability to obtain additional funding to develop its DMT Solutions;
- its ability to attract and retain talented and experienced people;
- competition from existing products or new products that continue to emerge;
- the ability of patients or healthcare providers to obtain coverage or sufficient reimbursement for its products;
- its ability to adhere to clinical trial requirements directly or with third parties such as CROs;
- its dependency on third-party manufacturers to manufacture products and key ingredients;
- its ability to establish or maintain collaborations, licensing or other transactions;
- its ability to defend against any challenges to its intellectual property including, claims of patent infringement;
- its ability to enforce its intellectual property rights against potential competitors;
- its ability to secure additional intellectual property protection for its developing DMT Solutions and associated technologies;
- its ability to attract and retain key personnel to manage its business effectively;
- a biological or chemical effect that Entheon does not predict;
- adverse economic circumstances;
- potential liability claims; and
- the duration and effects of COVID-19 on Entheon's personnel, business, operations and financial condition.

Accordingly, the results of any historical quarterly or annual periods should not be relied upon as indications of future operating performance.

Entheon is preparing to conduct important preclinical and clinical trials in Europe. The risks associated with conducting research and clinical trials abroad could materially adversely affect Entheon's business. Currently, clinical trials are planned at the Centre for Human Drug Research in Leiden, the Netherlands. Additional sites in Europe and elsewhere are currently being evaluated for preclinical trials and subsequent studies.

Risks of operating in European countries

Entheon is subject to additional risks related to operating in countries in Europe including:

- differing regulatory requirements in Europe;
- unexpected changes in price and exchange controls and other regulatory requirements;
- increased difficulties in managing the logistics and transportation of collecting and shipping patient material;
- import and export requirements and restrictions;
- compliance with tax, employment, immigration and labour laws for employees living or traveling abroad;

- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses, and other obligations incident to doing business in another country;
- difficulties staffing and managing foreign operations;
- potential liability under the *Corruption of Foreign Public Officials Act* or comparable foreign regulations;
- challenges enforcing its contractual and intellectual property rights, especially in those European countries that do not respect and protect intellectual property rights to the same extent as Canada or the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism.

These and other risks associated with Entheon's international operations may materially adversely affect its ability to attain or maintain profitable operations.

Entheon has never been profitable, it has no products approved for commercial sale, and to date it has not generated any revenue. As a result, Entheon's ability to reduce its losses and reach profitability is unproven, and thus, Entheon may never achieve or sustain profitability.

Entheon has never been profitable and does not expect to be profitable in the foreseeable future. Entheon has not yet submitted any psychedelic therapeutic solutions for approval by regulatory authorities in Canada, the European Union, the United States or elsewhere. For the year ended November 30, 2019, Entheon's subsidiary, Entheon Holdings, incurred a net loss of \$278,028. For the nine months ended August 31, 2020, Entheon Holdings incurred a net loss of \$1,061,062.

To date, Entheon has devoted most of its financial resources to research and development, including drug discovery research, preclinical development activities and clinical trial preparation, as well as corporate overhead. Entheon has not generated any revenues from product sales. Entheon expects to continue to incur losses for the foreseeable future, and expects these losses to increase as Entheon continues its development of, and seek regulatory approvals for its DMT Solutions, prepare for and begin the commercialization of any approved solutions and add infrastructure and personnel to support its continuing product development efforts. Entheon anticipates that any such losses could be significant for the next several years. If its DMT Products fail in clinical trials or do not gain regulatory approval, or if its DMT Solutions do not achieve market acceptance, Entheon may never become profitable. As a result of the foregoing, Entheon expects to continue to experience net losses and negative cash flows for the foreseeable future. These net losses and negative cash flows have had, and will continue to have, an adverse effect on Entheon's stockholders' equity and working capital.

Because of the numerous risks and uncertainties associated with pharmaceutical solution development, Entheon is unable to accurately predict the timing or amount of increased expenses or when, or if, Entheon will be able to achieve profitability. In addition, Entheon's expenses could increase if it is required by Health Canada, the FDA or the EMA to perform studies or trials in addition to those currently expected, or if there are any delays in completing its clinical trials or the development of any of its DMT Solutions. The amount of future net losses will depend, in part, on the rate of future growth of its expenses and its ability to generate revenues.

There are limited suppliers for API used in Entheon's DMT Products. Problems with the third parties that manufacture the API used in its DMT Products may delay its clinical trials or subject Entheon to liability

Entheon does not currently own or operate manufacturing facilities for clinical or commercial production of the API used in any of Entheon's DMT Products. Entheon has no experience in API manufacturing, and it lacks the resources and the capability to manufacture any of the APIs used in its DMT Products, on either a clinical or commercial scale. As a result, Entheon relies on third parties to supply the API used in each of its DMT Products. Entheon expects to continue to depend on third parties to supply the API for its current and future solution candidates and to supply the API in commercial quantities, in the foreseeable future. Entheon is ultimately responsible for confirming that the APIs used in its Products are manufactured in accordance with applicable regulations.

Entheon's third-party suppliers may not carry out their contractual obligations or meet its deadlines. In addition, the API they supply to Entheon may not meet its specifications and quality policies and procedures or they may not be able to supply the API in commercial quantities. If Entheon needs to find alternative suppliers of the API used in any of its DMT Products, it may not be able to contract for such supplies on acceptable terms, if at all. Any such failure to supply or delay caused by such contract manufacturers would have an adverse effect on Entheon's ability to continue clinical development of its DMT Products or commercialization of its DMT Solutions.

If its third-party drug suppliers fail to achieve and maintain high manufacturing standards in compliance with current good manufacturing practices regulations, Entheon could be subject to certain product liability claims in the event such failure to comply resulted in defective products that caused injury or harm.

Entheon cannot be certain that any of its DMT Solutions will receive regulatory approval, and without regulatory approval Entheon will not be able to market such solutions

Entheon's business currently depends on the successful development and commercialization of its DMT Solutions. As discussed in further detail under the heading "*Narrative Description of the Business – Regulatory Regimes*" Entheon anticipates that DMT will be subject to extensive and rigorous regulation by Health Canada, the FDA and the EMA. Health Canada, the FDA and the EMA regulate the development, testing, manufacturing, labeling, storage, recordkeeping, promotion, marketing, distribution, and service of medical products in Canada, the United States and the European Union respectively, to ensure that such medical products distributed are safe and effective for their intended use. Entheon's ability to generate revenue related to solution sales, if ever, will depend on the successful development and regulatory approval of its DMT Solutions. The process of getting regulatory approval is both time consuming and costly and Entheon's ability to satisfactorily navigate this process will have a material impact on its business and prospects. Additionally, the receipt of regulatory approval may be impacted by the delays, risks, and related costs implications discussed under the heading "*Expected Changes*" and there is no certainty that Entheon will ever receive regulatory approval. If Entheon does obtain such approvals, Entheon will continue to be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of Entheon. Entheon cannot predict the time required to secure all appropriate regulatory approvals for its protocols, or the extent of testing and documentation that may be required by Governmental Authorities. Any delays in obtaining, or failure to obtain the necessary regulatory approvals will significantly delay the development of Entheon's protocols and could have a material adverse effect on the business, results of operations and financial condition of Entheon. Additionally, to the extent any further approvals, permits or licenses are required and not obtained, Entheon may be prevented from operating and/or expanding its business, which could have a material adverse effect on Entheon's business, financial condition and results of operations. If Entheon is unable to obtain approval from Health Canada, the FDA, the EMA, or other regulatory agencies, for any of its DMT Solutions, or if, subsequent to approval, Entheon is unable to successfully commercialize its DMT Solutions, it will not be able to generate sufficient revenue to become profitable or to continue its operations.

Delays in the commencement, enrolment and completion of clinical trials could result in increased costs to Entheon and delay or limit Entheon's ability to obtain regulatory approval for any of its DMT Solutions

Delays in the commencement, enrolment and completion of preclinical and clinical trials could increase Entheon's solution development costs or limit the regulatory approval of its DMT Solutions. Entheon does not know whether any future trials or studies of its other psychedelic therapeutic solutions will begin on time or will be completed on schedule, if at all. The start or end of a clinical study is often delayed or halted due to changing regulatory requirements, manufacturing challenges, including delays or shortages in available product, required clinical trial administrative actions, slower than anticipated patient enrolment, changing standards of care, availability or prevalence of use of a comparative product or required prior therapy, clinical outcomes or financial constraints. For instance, delays or difficulties in patient enrolment or difficulties in retaining trial participants can result in increased costs, longer development times or termination of a clinical trial. Clinical trials of a new solution can require the enrolment of a sufficient number of patients, including patients who are suffering from the disorder the solution is intended to treat and who meet other eligibility criteria. Rates of patient enrolment are affected by many factors, including the size of the patient population, the eligibility criteria for the clinical trial, that include the age and

condition of the patients and the stage and severity of disorder, the nature of the protocol, the proximity of patients to clinical sites and the availability of effective treatments and/or availability of investigational treatment options for the relevant disorder. Additionally, delays in the commencement, enrolment and completion of preclinical and clinical trials could result from the duration and impact of COVID-19.

A psychedelic therapeutic solution can unexpectedly fail at any stage of preclinical and clinical development. The historical failure rate for psychedelic therapeutic solutions is high due to scientific feasibility, safety, efficacy, changing standards of medical care and other variables. The results from preclinical testing or early clinical trials of a psychedelic therapeutic solution may not predict the results that will be obtained in later phase clinical trials of the psychedelic therapeutic solution. Health Canada, the EMA, the FDA or other applicable regulatory authorities may suspend clinical trials of a psychedelic therapeutic solution at any time for various reasons, including, but not limited to, a belief that subjects participating in such trials are being exposed to unacceptable health risks or adverse side effects, or other adverse initial experiences or findings. Entheon may not have the financial resources to continue development of, or to enter into collaborations for, a psychedelic therapeutic solution if Entheon experiences any problems or other unforeseen events that delay or prevent regulatory approval of, or its ability to commercialize, psychedelic therapeutic solutions, including:

- inability to obtain sufficient funds required for a clinical trial;
- inability to recruit and retain qualified personnel;
- inability to reach agreements on acceptable terms with prospective CROs and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- negative or inconclusive results from its clinical trials or the clinical trials of others for psychedelic therapeutic solutions similar to its, leading to a decision or requirement to conduct additional preclinical testing or clinical trials or abandon a program;
- serious and unexpected drug-related side effects experienced by subjects in its clinical trials or by individuals using drugs similar to its DMT Products;
- conditions imposed by the EMA, Health Canada, the FDA or comparable foreign authorities regarding the scope or design of its clinical trials;
- delays in enrolling research subjects in clinical trials;
- high drop-out rates and high fail rates of research subjects;
- inadequate supply or quality of psychedelic therapeutic solution components or materials or other supplies necessary for the conduct of its clinical trials;
- greater than anticipated clinical trial costs;
- poor effectiveness of its DMT Products during clinical trials; or
- unfavourable FDA or other regulatory agency inspection and review of a clinical trial site or vendor.

Entheon has no sales, marketing or distribution experience and it will have to invest significant resources to develop those capabilities or enter into acceptable third-party sales and marketing transactions

Entheon has no sales, marketing or distribution experience. To develop sales, distribution and marketing capabilities, Entheon will have to invest significant amounts of financial and management resources, some of which will need to be committed prior to any confirmation that its DMT Solutions will be approved by Health Canada, the FDA or the EMA. For psychedelic therapeutic solutions where Entheon decides to perform sales, marketing and distribution functions itself or through third parties, it could face a number of additional risks, including that Entheon or its third-party sales collaborators may not be able to build and maintain an effective marketing or sales force. If Entheon uses third parties to market and sell its solutions, it may have limited or no control over their sales, marketing and distribution activities on which its future revenues may depend.

Entheon may not be successful in establishing and maintaining development and commercialization collaborations, which could adversely affect its ability to develop its DMT Solutions and its financial condition and operating results

Because developing psychedelic therapeutic solutions, conducting clinical trials, obtaining regulatory approval, establishing manufacturing capabilities and marketing approved solutions are expensive, Entheon may seek to enter into collaborations with companies that have more experience. Additionally, if any of its DMT Solutions receives marketing approval, Entheon may enter into licensing out agreements or sales and marketing transactions with third parties with respect to its unlicensed territories. If Entheon is unable to enter into transactions on acceptable terms, if at all, it may be unable to effectively market and sell its solutions in its target markets. Entheon expects to face competition in seeking appropriate collaborators. Moreover, collaboration transactions are complex and time consuming to negotiate, document and implement and they may require substantial resources to maintain. Entheon may not be successful in its efforts to establish and implement collaborations or other alternative transactions for the development of its DMT Solutions.

When Entheon collaborates with a third party for development and commercialization of a psychedelic therapeutic solution or collaboration in making grant applications, it can expect to relinquish some or all of the control over the future success of that psychedelic therapeutic solution to the third party. One or more of its collaboration partners may not devote sufficient resources to the commercialization of its DMT Solutions or may otherwise fail in their commercialization. The terms of any collaboration or other transaction that Entheon establishes may contain provisions that are not favourable to Entheon. In addition, any collaboration that Entheon enters into may be unsuccessful in the development and commercialization of its DMT Solutions. In some cases, Entheon may be responsible for continuing preclinical and initial clinical development of a psychedelic therapeutic solution or research program under a collaboration transaction, and the payment Entheon receives from its collaboration partner may be insufficient to cover the cost of this development. If Entheon is unable to reach agreements with suitable collaborators for its DMT Solutions, it would face increased costs, it may be forced to limit the number of its DMT Solutions it can commercially develop or the territories in which it can market them. As a result, Entheon might fail to commercialize solutions for which a suitable collaborator cannot be found. If Entheon fail to achieve successful collaborations, its operating results and financial condition could be materially and adversely affected.

Entheon may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights

Entheon may from time to time seek to enforce its intellectual property rights against infringers when it determines that a successful outcome is probable and may lead to an increase in the value of the intellectual property. If Entheon chooses to enforce its patent rights against a party, then that individual or company has the right to ask the court to rule that such patents are invalid or should not be enforced. Additionally, the validity of its patents and the patents it has licensed may be challenged if a petition for post grant proceedings such as inter partes review and post grant review is filed within the statutorily applicable time with the Canadian Intellectual Property Office, the United States Patent and Trademark Office or the European Patent Office. These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of managerial and scientific personnel even if Entheon were successful in stopping the infringement of such patents. In addition, there is a risk that the court will decide that such patents are not valid and that Entheon does not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of such patents is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe its intellectual property rights.

If Entheon is not able to adequately prevent disclosure of trade secrets and other proprietary information, the value of its psychedelic therapeutic solutions could be significantly diminished

Entheon relies on trade secrets to protect its proprietary information, especially where it does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Entheon relies in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect its trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover its trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of its proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect its competitive business position.

Entheon will need to expand its operations and increase the size of its company, and it may experience difficulties in managing growth

As of the date hereof, Entheon has 3 full-time employees and 16 consultants and part-time contractors. As Entheon advances its DMT Products through preclinical studies and clinical trials, Entheon will need to increase its product development, scientific and administrative headcount to manage these programs. In addition, to meet its obligations as a public company, Entheon may need to increase its general and administrative capabilities. Entheon's management, personnel and systems currently in place may not be adequate to support this future growth. If Entheon is unable to successfully manage this growth and increased complexity of operations, our business may be adversely affected.

Entheon may not be able to manage its business effectively if it is unable to attract and retain key personnel and consultants

Entheon may not be able to attract or retain qualified management, finance, scientific and clinical personnel and consultants due to the intense competition for qualified personnel and consultants among biotechnology, pharmaceutical and other businesses. If Entheon is not able to attract and retain necessary personnel and consultants to accomplish its business objectives, it may experience constraints that will significantly impede the achievement of its development objectives, its ability to raise additional capital and its ability to implement its business strategy.

Entheon is highly dependent on the development, regulatory, commercialization and business development expertise of its management team, key advisors and consultants. If Entheon loses one or more of its executive officers or key advisors or consultants, its ability to implement its business strategy successfully could be seriously harmed. Any of its executive officers or key advisors or consultants may terminate their engagement at any time. Replacing executive officers, key advisors and consultants may be difficult and may take an extended period of time because of the limited number of individuals in Entheon's industry. Competition to hire and retain employees and consultants from this limited pool is intense, and Entheon may be unable to hire, train, retain or motivate these additional key personnel and consultants. Entheon's failure to retain key personnel or consultants could materially harm its business.

In addition, Entheon has scientific and clinical advisors and consultants who assist Entheon in formulating its research, development and clinical strategies. These advisors are not its employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to Entheon. Although Entheon's current scientific and clinical advisors have entered into non-compete agreements which apply during the course of engagement and within the 12 months following the termination of the engagement, future advisors may not. If a conflict of interest arises between their work for Entheon and their work for another entity, Entheon may lose their services. In addition, future advisors may have transactions with other companies to assist those companies in developing products or technologies that may compete with those of Entheon.

Insurance and uninsured risks

Entheon's business is subject to a number of risks and hazards generally, including adverse clinical trial results, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Entheon's insurance will not cover all the potential risks associated with its operations. Entheon may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Entheon is not generally available on acceptable terms. Entheon might also become subject to liability for pollution or other hazards which may not be insured against or which Entheon may elect not to insure against because of premium costs or other reasons. Losses

from these events or any significant uninsured liability may require Entheon to pay substantial amounts, which would adversely affect its financial position and results of operations.

Entheon may be materially adversely affected in the event of cyber-based attacks, network security breaches, service interruptions, or data corruption

Entheon relies on information technology to process and transmit sensitive electronic information and to manage or support a variety of business processes and activities. Entheon uses technology systems to record, process, and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal, and tax requirements. Entheon's information technology systems, some of which are managed by third-parties, may be susceptible to damage, disruptions or shutdowns due to computer viruses, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, telecommunication failures, user errors or catastrophic events. Although Entheon has developed systems and processes that are designed to protect proprietary or confidential information and prevent data loss and other security breaches, such measures cannot provide absolute security. If its systems are breached or suffer severe damage, disruption or shutdown and Entheon is unable to effectively resolve the issues in a timely manner, its business and operating results may significantly suffer and it may be subject to litigation, government enforcement actions or potential liability. Security breaches could also cause Entheon to incur significant remediation costs, result in product development delays, disrupt key business operations, including development of its DMT Solutions, and divert attention of management and key information technology resources.

Internal controls

Effective internal controls are necessary for Entheon to provide reliable financial reports and to help prevent fraud. Although Entheon will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on Entheon under Canadian securities law, Entheon cannot be certain that such measures will ensure that Entheon will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Entheon's results of operations or cause it to fail to meet its reporting obligations. If Entheon or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Entheon's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

Management of Entheon will ensure the accounting cycle, payroll administration, operational activities, and financial reporting controls to assess internal control risks and to ensure proper internal control is in place. One of the deficiencies in internal control is the lack of segregation of accounting duties due to the limited size of Entheon. However, the threat of this deficiency is considered immaterial as management has taken effective measures to mitigate this weakness.

The potential risk that flows from the identified deficiencies and weaknesses is the risk of potential fraud. However, the risk of fraud is considered low as management anticipates taking a number of measures as stated above to mitigate the potential risk of fraud, including without limitation: (i) all purchase and payment, including payroll, must be authorized by management; (ii) all capital expenditures must be preapproved by the Entheon Board; (iii) all source documents in any other language other than English must be translated and scanned for accounting entries and recordkeeping purposes; (iv) and almost all of Entheon's cash will be deposited with a Canadian bank in Vancouver, Canada. Bank statements of Entheon will be reviewed by the CFO of Entheon regularly.

The Entheon Board will continue to monitor the operations of Entheon, evaluate the internal controls, and develop measures in the future to mitigate any potential risks and weaknesses.

Litigation

Entheon may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Entheon becomes involved be determined against Entheon such a decision could adversely affect Entheon's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if Entheon is involved in litigation and wins, litigation can redirect significant company resources.

Conflicts of interest

Certain of the directors and officers of Entheon are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of Entheon may become subject to conflicts of interest. The CBCA provides that in the event that a director or senior officer has a material interest in a transaction or agreement or proposed transaction or agreement that is material to an issuer, the director or senior officer must disclose his interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA. To the management of Entheon's knowledge, as at the date hereof there are no existing conflicts of interest between Entheon and a director or officer of Entheon except as otherwise disclosed in this Listing Statement.

Impact of COVID-19

Entheon's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak of a global health emergency and on March 13, 2020 the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and China. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, Entheon cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Entheon is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic. Entheon may face disruption to restrictions on operations, delays and uncertainties to planned clinical trials, travel restrictions, impact on personnel and the impact on the economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health care challenge for Entheon. There can be no assurance that Entheon's personnel will not be impacted by this pandemic and ultimately that Entheon would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. Depending on the length and severity of the pandemic, COVID-19 could impact Entheon's operations, could cause delays relating to pre-clinical and clinical trials and receipt of approval from Health Canada, the FDA and/or the EMA, could postpone research activities, and could impair Entheon's ability to raise funds depending on COVID-19's effect on capital markets. The duration of the COVID-19 pandemic outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on Entheon's operations and access to capital. There can be no assurance that Entheon will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets, share prices and financial liquidity and thereby that may severely limit the financing capital available. Finally, the duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Entheon in future periods.

17.3 Financial and Accounting Risks

Liquidity and future financing risk

Entheon will likely operate at a loss until its business becomes established and it may require additional financing in order to fund future operations and expansion plans. Entheon's ability to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There can be no assurance that Entheon will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. Moreover, future activities may require Entheon to alter its capitalization significantly and, if additional financing is raised by issuance of additional Common Shares from treasury, control may change and shareholders may suffer dilution. The inability of Entheon to access sufficient capital for its operations could have a material adverse effect on Entheon's financial condition and results of operations.

Entheon's financial condition would be adversely impacted if its intangible assets become impaired

Intangibles are evaluated quarterly and are tested for impairment at least annually or when events or changes in circumstances indicate the carrying value of each segment, and collectively Entheon taken as a whole, might exceed its fair value. If Entheon determines that the value of its intangible assets is less than the amounts reflected on its balance sheet, it will be required to reflect an impairment of its intangible assets in the period in which such determination is made. An impairment of its intangible assets would result in its recognizing an expense in the amount of the impairment in the relevant period, which would also result in the reduction of its intangible assets and a corresponding reduction in its stockholders' equity in the relevant period.

Tax risk

Entheon is subject to various taxes including, but not limited to the following: income tax; goods and services tax; sales tax; land transfer tax; payroll tax; and equivalent taxes imposed by the taxing authorities in the United States and in Europe. Entheon's tax filings will be subject to audit by various taxation authorities. While Entheon intends to base its tax filings and compliance on the advice of its tax advisors, there can be no assurance that its tax filing positions will never be challenged by a relevant taxation authority resulting in a greater than anticipated tax liability.

17.4 Risks Relating to the Psychedelic Therapy Market and Pharmaceutical Industry

The psychedelic therapy industry and market are relatively new and this industry and market may not continue to exist or grow as anticipated

Entheon operates its business in a relatively new industry and market. In addition to being subject to general business risks, Entheon must continue to build brand awareness in this industry and market through significant investments in its strategy, its operational capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the psychedelic therapy industry and market could have a material adverse effect on Entheon's business, financial conditions and results of operations.

Unfavourable publicity or consumer perception

Entheon believes the psychedelic therapeutic solution industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the psychedelic formulations developed. Consumer perception of Entheon's solutions can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of psychedelic products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the psychedelic drug market or any particular solution, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media

attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Entheon's solutions and the business, results of operations, financial condition and cash flows of Entheon. Entheon's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Entheon, the demand for solutions, and the business, results of operations, financial condition and cash flows of Entheon. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of psychedelic drugs in general, animal trials being conducted, or Entheon's solutions specifically, or associating the consumption of psychedelic drugs with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

The psychedelic therapy industry is difficult to quantify and investors will be reliant on their own estimates of the accuracy of market data

Because the psychedelic therapy industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in Entheon and, few, if any, established companies whose business model Entheon can follow or upon whose success Entheon can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in Entheon. There can be no assurance that Entheon's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

The psychedelic therapy and biotechnology industries are experiencing rapid growth and increased competition

The psychedelic therapy industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm Entheon in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing Entheon to expend greater resources to meet new or additional competitive threats, all of which could harm Entheon's operating results.

Additionally, the biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Entheon has competitors in Canada, the United States, Europe and other jurisdictions, including major multinational pharmaceutical companies, established biotechnology companies, specialty pharmaceutical and generic drug companies and universities and other research institutions. Many of its competitors have greater financial and other resources, such as larger research and development staff and more experienced marketing and manufacturing organizations than it does. Large pharmaceutical companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and manufacturing pharmaceutical products. These companies also have significantly greater research, sales and marketing capabilities and collaborative transactions in Entheon's target markets with leading companies and research institutions. Entheon's competitors may introduce new products or develop technological advances that compete with Entheon. Entheon cannot predict the timing or impact of competitors introducing new products or technological advances. Such competing products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than Entheon's products, and this could negatively impact Entheon's business and results of operations. Established pharmaceutical companies may also invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make the psychedelic therapeutic solutions that Entheon develops obsolete. As a result of all of these factors, its competitors may succeed in obtaining patent protection and/or Health Canada, FDA or EMA approval or discovering, developing and commercializing solutions for the disorders that Entheon is targeting before it does or may develop solutions that are deemed to be more effective or gain greater market acceptance than those of Entheon.

Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative transactions with large, established companies. In addition, many universities and private and public research institutes may become active in its target disorder areas. Entheon's competitors may succeed in developing,

acquiring or licensing on an exclusive basis, technologies and drug products that are more effective or less costly than any of the solutions that Entheon is currently developing or that it may develop, which could render its solutions obsolete or non-competitive.

If Entheon's competitors market solutions that are more effective, safer or less expensive or that reach the market sooner than its future solutions, if any, it may not achieve commercial success. In addition, because of its limited resources, it may be difficult for Entheon to stay abreast of the rapid changes in each technology. If Entheon fails to stay at the forefront of technological change, it may be unable to compete effectively. Technological advances or products developed by its competitors may render its technologies or psychedelic therapeutic solutions obsolete, less competitive or not economical.

Changes in legislation, regulations and guidelines

Entheon's operations are subject to various laws, regulations and guidelines relating to, among other things, drug research, development, marketing practices, health and safety, the conduct of operations and clinical trials. In addition to Health Canada, EMA and FDA restrictions on the marketing of pharmaceutical solutions, several other types of state and federal laws have been applied to restrict certain marketing practices in the pharmaceutical and medical industries in recent years, as well as consulting or other service agreements with physicians or other potential referral sources. While to the knowledge of management, Entheon is currently in compliance with all such laws, changes to applicable laws, regulations and guidelines may cause adverse effects to its operations. The risks to the business of Entheon represented by this or similar risks are that they could significantly reduce the addressable market for Entheon's solutions and could materially and adversely affect the business, financial condition and results of its operations.

Psychedelic regulatory risks

Psychedelic therapy is a new and emerging industry with ambiguous existing regulations and uncertainty as to future regulations. Certain psychedelics may be illegal substances other than when used for scientific or medical purposes. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. This industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of and cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce Entheon's earnings and could make future capital investments or operations uneconomic. The psychedelic therapy industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

17.5 Regulatory Risks and Risks Related to Local and Foreign Operations

Third party risk with respect to preclinical studies and clinical trials

Entheon will rely on foreign contract research organizations, including CHDR, to conduct its preclinical and clinical development activities. Preclinical activities include toxicological and pharmacological assays as well as in vivo studies using specific disease models. Clinical development activities include trial design, regulatory submissions, patient recruitment, trial monitoring, data management and analysis, and safety monitoring. If there is any dispute or disruption in Entheon's relations with CHDR or other third parties, Entheon's active development programs will face delays. Although Entheon does not anticipate any risk specific to CHDR's foreign jurisdiction (being the Netherlands), if they or other third parties fail to perform as expected or if their work fails to meet regulatory requirements, Entheon's testing could be delayed, cancelled or rendered ineffective.

Reliance on third party contract manufacturers

Entheon will rely on contract manufacturing organizations ("CMOs") to develop and manufacture its DMT Products and DMT Delivery System, over which it has limited control. Entheon intends to rely on CMOs for manufacturing

filling, packaging, storing and shipping of drug products in compliance with local GMP regulations applicable to its DMT Products and DMT Delivery System. All applicable jurisdictions, including Health Canada, EMA and FDA, ensure the quality of drug products by carefully monitoring drug manufacturers' compliance with GMP regulations. The GMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product. There can be no assurances that CMOs will be able to meet Entheon's timetable and requirements. If Entheon is unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, it may be delayed in the development of its product candidates. Further, CMOs must operate in compliance with GMP and failure to do so could result in, among other things, the disruption of product supplies. Entheon's dependence upon third parties for the manufacture of Entheon's products may adversely affect profit margins and Entheon's ability to develop and deliver products on a timely and competitive basis.

Safety and efficacy risks

Before obtaining marketing approval from regulatory authorities for the sale of Entheon's DMT Products, Entheon must conduct extensive clinical trials in humans to demonstrate the safety and efficacy. Clinical testing is difficult to design and implement, can take many years to complete and can have uncertain outcomes. The outcome of early studies may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, despite promising results in earlier trials. Entheon does not know whether the clinical trials it conducts will demonstrate adequate efficacy and safety to result in the receipt of market authorization of Entheon's DMT Products in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk faced by Entheon is the possibility that none of Entheon's product candidates will successfully gain market approval from regulatory authorities, resulting in Entheon's inability to derive any commercial revenue from them after investing significant amounts of capital in their development.

Risks associated with delays in clinical testing

Entheon cannot predict whether any clinical trials will commence as planned, will need to be restructured, or will be completed on schedule, or at all. Although Entheon does not anticipate delays specifically related to the foreign jurisdiction of clinical trial(s), any delays could shorten the period during which the company may have the exclusive right to commercialize its products, or could provide room for competitors to bring products to market. The commencement and completion of clinical trials may be delayed for a number of reasons, including delays related but not limited to:

- regulatory authorities' failure to grant permission to proceed or placing the clinical trial on hold;
- patients failing to enroll or remain in Entheon's trials at the rate Entheon expects;
- suspension or termination of clinical trials by regulators for a variety of reasons, including failure of CHDR or other contract research organizations to satisfy their contractual duties or meet expected deadlines;
- inspections of clinical trial sites by regulatory authorities, regulatory authorities or ethics committees finding regulatory violations that require Entheon to undertake corrective action;
- one or more regulatory authorities or ethics committees rejecting, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial;
- product candidates demonstrating a lack of safety or efficacy during clinical trials;
- patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons;
- reports of clinical testing on similar technologies and products raising safety or efficacy concerns;
- competing clinical trials and scheduling conflicts with participating clinicians;
- clinical investigators not performing Entheon's clinical trials within their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner; and
- the impact of COVID-19 on the personnel, business, operations, or financial condition on Entheon, its research partners or its suppliers.

Regulatory approval risk

Entheon's development and commercialization activities and product candidates are and will be significantly regulated by a number of governmental entities, including Health Canada, the EMA, and the FDA. Regulatory approvals are required prior to each clinical trial and Entheon may fail to obtain the necessary approvals to commence or continue clinical testing in one or more jurisdictions. The time required to obtain approval by regulatory authorities is unpredictable but typically takes many years following the commencement of clinical trials. Any analysis of data from clinical activities Entheon performs is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary by jurisdiction.

Entheon could fail to receive regulatory approval for Entheon's product candidates for many reasons, including but not limited to:

- disagreement with the design or implementation of its clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement with Entheon's interpretation of data from preclinical studies or clinical trials;
- the insufficiency of data collected from clinical trials of Entheon's product candidates to support the submission and filing of a submission to obtain regulatory approval;
- deficiencies in the manufacturing processes or the failure of facilities of collaborators with whom Entheon contracts for clinical and commercial supplies to pass a pre-approval inspection; or
- changes in the approval policies or regulations that render Entheon's preclinical and clinical data insufficient for approval.

Protection and enforcement of Entheon's intellectual property in all jurisdictions it operates in

Entheon's success will depend in part upon its ability to protect Entheon's intellectual property interests in Canada, the United States and Europe and upon the nature and scope of the intellectual property protection it receives. The ability to compete effectively and to achieve partnerships will depend on Entheon's ability to develop and maintain proprietary aspects of Entheon's DMT Solutions and to operate without infringing on the proprietary rights of others. As described in further detail under the heading "*Narrative Description of the Business – Overview*" Entheon has filed four provisional patent applications with the United States Patent and Trademark Office. The United States Patent and Trademark Office might not approve the patent applications or might delay approval for a number of reasons, including as a result of the on-going COVID-19 pandemic. Additionally there is no assurance that Entheon's pending patent applications will be approved in a form that will be sufficient to protect its intellectual property interests in Canada, the United States and Europe. As a result, Entheon could experience delays in its ability to distribute and commercialize its DMT Solutions, which would have a material adverse effect on Entheon's business, results of operations and financial condition.

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions for which important legal principles remain unresolved. Patents issued to Entheon may be challenged, invalidated or circumvented. To the extent Entheon's intellectual property, including licensed intellectual property, offers inadequate protection in any of the jurisdictions in which it intends to operate in, or is found to be invalid or unenforceable, Entheon is exposed to a greater risk of direct competition. If Entheon's intellectual property does not provide adequate protection against its competitors' products, Entheon's competitive position could be adversely affected, as could its business, financial condition and results of operations. Both the patent application process and the process of managing patent disputes can be time consuming and expensive, and the laws of some foreign countries may not protect Entheon's intellectual property rights to the same extent as do the laws of Canada and the United States. Entheon will be able to protect its intellectual property from unauthorized use by third parties only to the extent that its intellectual property interests, key products, and any future products are covered by valid and enforceable intellectual property rights in each jurisdiction in which it operates in.

18. PROMOTERS

Timothy Ko, the President, Chief Executive Officer and a Director of Entheon is also a promoter of Entheon. Mr. Ko has ownership and control of: (i) 1,300,001 Common Shares representing 3.22% of the issued and outstanding Common Shares as of the date of this Listing Statement; and (ii) and 600,000 Options representing 46.15% of the issued and outstanding Options as of the date of this Listing Statement. Mr. Ko does not beneficially own, directly or indirectly, or exercise control over, any voting or equity securities in any subsidiaries of Entheon. No asset was acquired within the two years before the date of the Listing Statement or thereafter, or is to be acquired, by Entheon or by a subsidiary of Entheon from Mr. Ko. For further information regarding Mr. Ko please see information under the heading *"Directors and Officers"* and *"Executive Compensation."*

19. LEGAL PROCEEDINGS

Neither Entheon, nor its subsidiary, are party to, nor is any of their respective property the subject matter of, any legal proceeding or to the knowledge of Entheon any contemplated legal proceeding, which in any such case is material to Entheon. From time to time, however, Entheon or any of its subsidiaries may be subject to various claims and legal actions arising in the ordinary course of business.

Entheon has not been subject to any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or a securities regulatory authority, any other penalties or sanctions imposed by a court or regulatory body, nor any settlement agreements entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, or principal shareholder of Entheon or an associate or affiliate of a director, executive officer or principal shareholder of Entheon has or had any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect Entheon.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditor

The auditor of Entheon is Manning Elliott LLP, Chartered Professional Accountants, of 1030 West Georgia St #1700, Vancouver, BC V6E 2Y3.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of Entheon is Computershare Trust Company of Canada of 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada V6C 3B9.

22. MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by Entheon in the two years immediately prior to the date hereof that can reasonably be regarded as material to Entheon are as follows:

- (a) the Amalgamation Agreement;

- (b) the CHDR Clinical Study Agreement, as discussed in further detail above under the headings “*General Development of the Business – History – Contracts and “Narrative Description of the Business – Research and Development Studies – Timing, Cost, Stage of Development & Major Components of Proposed Studies”*”; and
- (c) the Psygen Supply Agreement, as discussed in further detail above under the headings “*General Development of the Business – History – Contracts and “Narrative Description of the Business – Research and Development Studies – Timing, Cost, Stage of Development & Major Components of Proposed Studies”*”.

23. INTEREST OF EXPERTS

To the best of Entheon’s knowledge, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or who prepared or certified a report or valuation described or included in this Listing Statement: (i) has received or will receive any direct or indirect interests in the property of Entheon or of a Related Person (as defined in the policies of the CSE) of Entheon; or (ii) has any beneficial ownership, direct or indirect of any securities of Entheon or any Related Person (as defined in the policies of the CSE) of Entheon.

24. OTHER MATERIAL FACTS

There are no material facts about Entheon and its securities that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to Entheon and its securities

25. FINANCIAL STATEMENTS

The following financial statements and related MD&A are attached as schedules to this Listing Statement.

Schedule “A” - Financial Statements of Entheon for the fiscal years ended March 31, 2020 (audited) and March 31, 2019 (audited)

Schedule “B” - MD&A of Entheon for the fiscal years ended March 31, 2020 and March 31, 2019

Schedule “C” - Financial Statements of Entheon for the three month period ended June 30, 2020 (unaudited) and June 30, 2019 (unaudited)

Schedule “D” - MD&A of Entheon for the three month period ended June 30, 2020 and June 30, 2019

Schedule “E” - Financial Statements of Former Entheon for the fiscal year ended November 30, 2019 (audited) and the nine-month period ended August 31, 2020 (unaudited)

Schedule “F” - MD&A of Former Entheon for the fiscal year ended November 30, 2019 and the nine-month period ended August 31, 2020

Schedule “G” - Pro Forma Financial Statements of Entheon

CERTIFICATE OF ENTHEON BIOMEDICAL CORP.

Pursuant to a resolution duly passed by its Board of Directors, Entheon Biomedical Corp. hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Entheon Biomedical Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 12th day of November, 2020.

"Timothy Ko"

Timothy Ko
Chief Executive Officer, President and Director

"Brandon Schwabe"

Brandon Schwabe
Chief Financial Officer

"Christopher Gondi"

Christopher Gondi
Director

"Andrew Hegle"

Andrew Hegle
Chief Science Officer and Director

"Ruth Chun"

Ruth Chun
Director

"Timothy Ko"

Timothy Ko
Promoter

CERTIFICATE OF ENTHEON BIOMEDICAL CORP.

The foregoing contains full, true and plain disclosure of all material information relating to Entheon Biomedical Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 12th day of November, 2020.

"Timothy Ko"

Timothy Ko
Chief Executive Officer and Director

"Brandon Schwabe"

Brandon Schwabe
Chief Financial Officer and Director

"Christopher Gondi"

Christopher Gondi
Director

"Andrew Hegle"

Andrew Hegle
Director

"Timothy Ko"

Timothy Ko
Promoter

SCHEDULE "A"

**Financial Statements of Entheon for the fiscal years ended
March 31, 2020 (audited) and March 31, 2019 (audited)**

EXPLORATION MPV INC.
(Une société d'exploration)

RAPPORT FINANCIER ANNUEL
EXERCICES CLOS LES 31 MARS 2020 ET 2019

MPV EXPLORATION INC.
(an exploration company)

ANNUAL FINANCIAL REPORT
YEARS ENDED MARCH 31, 2020 AND 2019

RAPPORT DE L'AUDITEUR INDÉPENDANT

INDEPENDENT AUDITOR'S REPORT

ÉTATS FINANCIERS

États de la situation financière
États de la perte nette et de la perte globale
États des variations des capitaux propres
Tableaux des flux de trésorerie
Notes aux états financiers

FINANCIAL STATEMENTS

Statements of financial position
Statements of net loss and comprehensive loss
Statements of changes in equity
Statements of cash flow
Notes to financial statements

RAPPORT DE L'AUDITEUR INDÉPENDANT

Aux actionnaires d'Exploration MPV Inc.

Opinion

Nous avons effectué l'audit des états financiers de la société Exploration MPV Inc. (ci-après « la société »), qui comprennent les états de la situation financière aux 31 mars 2020 et 2019, les états de la perte nette et de la perte globale, les états des variations des capitaux propres et les tableaux des flux de trésorerie pour les exercices terminés à ces dates, ainsi que les notes complémentaires aux états financiers, y compris le résumé des principales méthodes comptables.

À notre avis, les états financiers ci-joints donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la société au 31 mars 2020 et 2019 ainsi que de sa performance financière et de ses flux de trésorerie pour les exercices terminés à ces dates, conformément aux Normes internationales d'information financière (IFRS).

Fondement de l'opinion

Nous avons effectué notre audit conformément aux normes d'audit généralement reconnues du Canada. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités de l'auditeur à l'égard de l'audit des états financiers » du présent rapport. Nous sommes indépendants de la société conformément aux règles de déontologie qui s'appliquent à notre audit des états financiers au Canada et nous nous sommes acquittés des autres responsabilités déontologiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion.

Informations autres que les états financiers et le rapport de l'auditeur sur ces états

La responsabilité des autres informations incombe à la direction. Les autres informations se composent des informations contenues dans le rapport de gestion, mais ne comprennent pas les états financiers et notre rapport de l'auditeur sur ces états.

Notre opinion sur les états financiers ne s'étend pas aux autres informations et nous n'exprimons ni n'exprimerons aucune forme d'assurance que ce soit sur ces informations. En ce qui concerne notre audit des états financiers, notre responsabilité consiste à lire les autres informations et, ce faisant, à apprécier s'il existe une incohérence significative entre celles-ci et les états financiers ou la connaissance que nous avons acquise au cours de l'audit, ou encore si les autres informations semblent autrement comporter une anomalie significative.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MPV Exploration Inc.

Opinion

We have audited the financial statements of MPV Exploration Inc. (hereafter "the Corporation"), which comprise the statements of financial position as at March 31, 2020 and 2019, the statements of net loss and of comprehensive loss, the statements of changes in equity and the statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Corporation 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.

Information other than the financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in Management's Discussion & Analysis.

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 identified above 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.

Nous avons obtenu le rapport de gestion avant la date du présent rapport. Si, à la lumière des travaux que nous avons effectués sur les autres informations, nous concluons à la présence d'une anomalie significative dans celles-ci, nous sommes tenus de signaler ce fait dans le présent rapport. Nous n'avons rien à signaler à cet égard.

Responsabilités de la direction et des responsables de la gouvernance à l'égard des états financiers

La direction est responsable de la préparation et de la présentation fidèle des états financiers conformément aux Normes internationales d'information financière (IFRS), ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Lors de la préparation des états financiers, c'est à la direction qu'il incombe d'évaluer la capacité de la société à poursuivre son exploitation, de communiquer, le cas échéant, les questions relatives à la continuité de l'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si la direction a l'intention de liquider la société ou de cesser son activité, ou si aucune autre solution réaliste ne s'offre à elle.

Il incombe aux responsables de la gouvernance de surveiller le processus d'information financière de la société.

Responsabilités de l'auditeur à l'égard de l'audit des états financiers

Nos objectifs sont d'obtenir l'assurance raisonnable que les états financiers pris dans leur ensemble sont exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, et de délivrer un rapport de l'auditeur contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes d'audit généralement reconnues du Canada permettra toujours de détecter toute anomalie significative qui pourrait exister. Les anomalies peuvent résulter de fraudes ou d'erreurs et elles sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce qu'elles, individuellement ou collectivement, puissent influencer sur les décisions économiques que les utilisateurs des états financiers prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux normes d'audit généralement reconnues du Canada, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique tout au long de cet audit. En outre :

- nous identifions et évaluons les risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative résultant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne;
- nous acquérons une compréhension des éléments du contrôle interne pertinents pour l'audit afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de la société;
- nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que des informations y afférentes fournies par cette dernière;

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- nous tirons une conclusion quant au caractère approprié de l'utilisation par la direction du principe comptable de continuité d'exploitation et, selon les éléments probants obtenus, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité de la société à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états financiers au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants obtenus jusqu'à la date de notre rapport. Des événements ou situations futurs pourraient par ailleurs amener la société à cesser son exploitation;

- nous évaluons la présentation d'ensemble, la structure et le contenu des états financiers, y compris les informations fournies dans les notes, et apprécions si les états financiers représentent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle.

Nous communiquons aux responsables de la gouvernance notamment l'étendue et le calendrier prévus des travaux d'audit et nos constatations importantes, y compris toute déficience importante du contrôle interne que nous aurions relevée au cours de notre audit.

Nous fournissons également aux responsables de la gouvernance une déclaration précisant que nous nous sommes conformés aux règles de déontologie pertinentes concernant l'indépendance, et leur communiquons toutes les relations et les autres facteurs qui peuvent raisonnablement être considérés comme susceptibles d'avoir des incidences sur notre indépendance ainsi que les sauvegardes connexes s'il y a lieu.

L'associé responsable de la mission d'audit au terme de laquelle le présent rapport de l'auditeur indépendant est délivré est Louis Berardi.

- 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 Corporation'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 Corporation 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.

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

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

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12 juin 2020

Montréal

June 12, 2020

Montréal

1 CPA auditeur, CA permis de comptabilité publique no A115879

1 CPA auditor, CA public accountancy permit no. A115879

Exploration MPV Inc.

(Une société d'exploration)

États de la situation financière**Exercice clos le 31 mars**

(en dollars canadiens)

MPV Exploration Inc.

(An Exploration Company)

Statements of financial position**Years ended March 31**

(in Canadian dollars)

	31 mars / March 31, 2020	31 mars / March 31, 2019	
ACTIFS	\$	\$	ASSETS
Actifs courants			Current assets
Trésorerie et équivalents de trésorerie (note 5)	1 132 490	1 224 481	Cash and cash equivalents (Note 5)
Intérêts à recevoir	9 387	9 673	Interests receivable
Taxes à recevoir	3 044	13 752	Taxes receivable
Frais payés d'avance	12 675	10 610	Prepaid expenses
Crédit d'impôt relatif aux ressources	-	79 934	Tax credit related to resources
Crédits d'impôt miniers à recevoir	-	11 876	Mining tax credits receivable
	1 157 596	1 350 326	
Actifs non courants			Non-current assets
Actifs de prospection et d'évaluation (note 6)	563 986	492 502	Exploration and evaluation assets (Note 6)
Total des actifs	1 721 582	1 842 828	Total assets
PASSIFS			LIABILITIES
Passifs courants			Current liabilities
Créditeurs et charges à payer	28 041	38 972	Accounts payable and accrued liabilities
Total des passifs	28 041	38 972	Total liabilities
CAPITAUX PROPRES			EQUITY
Capital-social (note 8)	2 284 070	2 284 070	Share capital (Note 8)
Bons de souscription (note 9)	58 603	58 603	Warrants (Note 9)
Surplus d'apport (note 9)	217 266	180 798	Contributed surplus (Note 9)
Déficit	(866 398)	(719 615)	Deficit
Total des capitaux propres	1 693 541	1 803 856	Total equity
Total des passifs et des capitaux propres	1 721 582	1 842 828	Total liabilities and equity

STATUTS CONSTITUTIFS, NATURE DES ACTIVITÉS (note 1)
ET ÉVÈNEMENTS POSTÉRIEURS À LA DATE DU BILAN (note 17)

STATUTE OF INCORPORATION, NATURE OF ACTIVITIES (Note 1) AND
SUBSEQUENT EVENTS (Note 17)

POUR LE CONSEIL D'ADMINISTRATION / ON BEHALF OF THE BOARD,

Les notes complémentaires font partie intégrante des états financiers. / The accompanying notes are an integral part of the financial statements.

Les états financiers ont été approuvés et autorisés pour publication par le conseil d'administration le 12 juin 2020. / These financial statements were approved and authorized for issue by the Board of Directors on June 12, 2020.

(s) Jean Rainville, Administrateur – Director

(s) Marc-André Lavoie, Administrateur – Director

Exploration MPV Inc.
(Une société d'exploration)
**États de la perte nette
et de la perte globale**
Exercice clos le 31 mars
(en dollars canadiens)

MPV Exploration Inc.
(An Exploration Company)
**Statements of net loss
and comprehensive loss**
Years ended March 31
(in Canadian dollars)

	2020	2019	
	\$	\$	
CHARGES			EXPENSES
Information aux actionnaires	36 136	46 361	Shareholders' information
Honoraires professionnels et de consultants	64 601	63 287	Professional and consultant fees
Déplacement et représentation	7 309	8 193	Travel and representation
Autres charges	22 271	30 119	Other expenses
Coûts relatifs au premier appel public à l'épargne	-	12 450	Cost related to the initial public offering
Dévaluation du prêt et des intérêts à recevoir de Biomoss Carbon ULC	-	28 840	Devaluation of the loan and interests receivable from Biomoss Carbon ULC
Paiements fondés sur des actions	36 468	51 688	Share-based payments
Impôts de la partie XII.6	-	490	Part XII.6 taxes
	166 785	241 428	
AUTRES			OTHERS
Charges d'intérêts	-	218	Interest charges
Revenus d'intérêts	(20 002)	(11 561)	Interest income
	20 002	11 343	
PERTE AVANT IMPÔTS	(146 783)	(230 085)	LOSS BEFORE INCOME TAXES
Impôts différés (note 10)	-	(72 551)	Deferred income taxes (Note 10)
PERTE NETTE ET PERTE GLOBALE TOTALE	(146 783)	(157 534)	NET LOSS AND TOTAL COMPREHENSIVE LOSS
Perte nette par action de base et diluée (note 11)	(0,008)	(0,013)	Basic and diluted loss per share (Note 11)
Nombre moyen pondéré d'actions en circulation	18 105 514	12 550 917	Weighted average number of common shares

Les notes complémentaires font partie intégrante des états financiers. / The accompanying notes are an integral part of the financial statements.

Exploration MPV Inc.

(société d'exploration)

Etats des variations des capitaux propres

Exercice clos le 31 mars

(en dollars canadiens)

MPV Exploration Inc.

(an Exploration Company)

Statements of changes in equity

Years ended March 31

(in Canadian dollars)

	Capital-social / Share capital	Composante capitaux propres du billet à ordre convertible non garanti / Equity component of the unsecured convertible promissory note	Bons de souscription / Warrants	Surplus d'apport / Contributed surplus	Déficit / Deficit	Capitaux propres / Total equity	
	\$	\$	\$	\$	\$	\$	
Solde au 31 mars 2019	2 284 070	-	58 603	180 798	(719 615)	1 803 856	Balance, March 31, 2019
Perte nette et perte globale pour l'exercice	-	-	-	-	(146 783)	(146 783)	Net loss and comprehensive loss for the year
Options octroyées (note 9)	-	-	-	36 468	-	36 468	Options granted (Note 9)
Solde au 31 mars 2020	2 284 070	-	58 603	217 266	(866 398)	1 693 541	Balance, March 31, 2020
Solde au 31 mars 2018	584 152	3 668	58 603	54 120	(326 781)	373 762	Balance, March 31, 2018
Emission d'actions et d'unités (note 8)	1 673 100	-	-	-	-	1 673 100	Share and units issued (Note 8)
Frais d'émission d'actions	-	-	-	74 990	(235 300)	(160 310)	Share issuance expenses
Options octroyées (note 9)	-	-	-	51 688	-	51 688	Options granted (Note 9)
Conversion du billet à ordre convertible non garanti (note 9)	26 818	(3 668)	-	-	-	23 150	Conversion option of the unsecured convertible promissory note (Note 9)
Perte nette et perte globale pour l'exercice	2 284 070	-	58 603	180 798	(562 081)	1 961 390	Net loss and comprehensive loss for the year
	-	-	-	-	(157 534)	(157 534)	
Solde au 31 mars 2019	2 284 070	-	58 603	180 798	(719 615)	1 803 856	Balance, March 31, 2019

Les notes complémentaires font partie intégrante des états financiers. / The accompanying notes are an integral part of the financial statements.

Exploration MPV Inc.

(Une société d'exploration)

Tableaux des flux de trésorerie**Exercices clos le 31 mars**

(en dollars canadiens)

MPV Exploration Inc.

(An Exploration Company)

Statements of cash flow**Years ended March 31**

(in Canadian dollars)

	2020	2019	
	\$	\$	
ACTIVITÉS OPÉRATIONNELLES			OPERATING ACTIVITIES
Perte nette	(146 783)	(157 534)	Net loss
Élément n'impliquant aucun mouvement de trésorerie :			Items not involving cash :
Paielements fondés sur des actions	36 468	51 688	Share-based payments
Impôts différés	-	(72 551)	Deferred income taxes
Dévaluation du prêt et des intérêts à recevoir de Biomoss Carbon ULC	-	28 840	Devaluation of the loan and interests receivable of Biomoss Carbon ULC
	(110 315)	(149 557)	
Variation nette des éléments hors caisse du fonds de roulement (note 12)	7 988	(71 755)	Net change in non-cash operating working capital items (Note 12)
Flux de trésorerie liés aux activités opérationnelles	(102 317)	(221 312)	Cash flow related to operating activities
ACTIVITÉS DE FINANCEMENT			FINANCING ACTIVITIES
Crédits d'impôt relatif aux ressources et crédit d'impôt minier encaissés	95 326	276	Receipt of tax credit related to resources and mining tax credit
Encaissement à titre de capital-social	-	1 673 100	Cash inflow related to share capital
Frais d'émission d'actions	-	(160 310)	Share issue expenses
Flux de trésorerie liés aux activités de financement	95 326	1 513 066	Cash flow related to financing activities
ACTIVITÉS D'INVESTISSEMENT			INVESTING ACTIVITIES
Augmentation des actifs de prospection et d'évaluation	(85 000)	(411 301)	Increase of exploration and evaluation assets
Flux de trésorerie liés aux activités d'investissement	(85 000)	(411 301)	Cash flow related to investment activities
VARIATION DE LA TRÉSORERIE ET ÉQUIVALENTS DE TRÉSORERIE	(91 991)	880 453	CASH AND CASH EQUIVALENTS VARIATION
TRÉSORERIE ET ÉQUIVALENTS DE TRÉSORERIE, AU DÉBUT DE L'EXERCICE	1 224 481	344 028	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
TRÉSORERIE ET ÉQUIVALENTS DE TRÉSORERIE, À LA FIN DE L'EXERCICE	1 132 490	1 224 481	CASH AND CASH EQUIVALENTS, END OF YEAR
Information supplémentaire			Supplementary information
Intérêts reçus liés aux activités opérationnelles	10 615	1 888	Interest received related to operational activities

Voir note 12 pour les transactions non monétaires et les informations additionnelles au flux de trésorerie. / See Note 12 for non-cash transactions and supplemental disclosure with respect to cash flow.

Les notes complémentaires font partie intégrante des états financiers. / The accompanying notes are an integral part of the financial statements.

Exploration MPV Inc.

(Une société d'exploration)

Notes complémentaires aux états financiers

31 mars 2020 et 2019

(en dollars canadiens)

MPV Exploration Inc.

(An Exploration Company)

Notes to financial statements

March 31, 2020 and 2019

(in Canadian dollars)

1- STATUTS CONSTITUTIFS ET NATURE DES ACTIVITÉS

Exploration MPV Inc. (« MPV ») ou la (« Société »), constituée en vertu de la *Loi canadienne sur les sociétés par actions*, est une société d'exploration minière dont les activités se situent au Canada. Le 23 octobre 2018, les actionnaires ont approuvé la modification des statuts constitutifs de la Société afin de changer sa dénomination sociale pour Exploration MPV Inc. Le siège social de la Société est situé au 1080, Côte du Beaver Hall, bureau 1606, Montréal, Québec H2Z 1S8.

Depuis le début mars 2020, l'écllosion de la nouvelle souche de coronavirus, plus précisément identifiée comme la « COVID-19 », a forcé les gouvernements à l'échelle mondiale à mettre en œuvre des mesures d'urgence pour freiner la propagation du virus. Ces mesures ont perturbés de façon significative les entreprises à l'échelle mondiale causant ainsi un ralentissement économique.

La Société poursuit ses activités hors site afin de poursuivre ses objectifs pendant cette période incertaine qui évolue rapidement et afin de suivre les directives émises par le Gouvernement du Québec et Santé Canada / Santé Québec. Il n'est pas possible d'estimer de façon fiable la durée et la gravité de ces conséquences, tout comme leur incidence sur les résultats financiers ou la situation financière de la Société et de ses activités dans les périodes futures. Nous prévoyons cependant, qu'en raison de l'incertitude des marchés, la Société pourrait être limitée dans sa capacité à lever des fonds supplémentaires.

2- DÉCLARATION DE CONFORMITÉ AUX IFRS

Les états financiers de la Société ont été établis conformément aux Normes internationales d'information financières (« IFRS »).

3- NORMES, MODIFICATIONS ET INTERPRÉTATION DE NORMES PUBLIÉES QUI NE SONT PAS ENCORE EN VIGUEUR ET QUI N'ONT PAS ÉTÉ ADOPTÉES DE FAÇON ANTICIPÉES

À la date d'autorisation de ces états financiers, de nouvelles normes et interprétations de normes existantes et de nouvelles modifications ont été publiées, mais ne sont pas encore en vigueur, et la Société ne les a pas adoptées de façon anticipée.

1- STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

MPV Exploration Inc. ("MPV") or the ("Company"), incorporated under the *Business Canadian Corporations Act*, is a mining exploration company operating in Canada. On October 23, 2018, the shareholders approved the amendment to the Company's articles to change its name to MPV Exploration Inc. The address of the Company's head office and registered office is 1080, Cote du Beaver Hall, Suite 1606, Montreal, Quebec, H2Z 1S8.

Since beginning of March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown.

The Company is continuing off-site activities to further the Company's objectives during this uncertain and rapidly evolving time and to follow the recommendations of Quebec Government and Health Canada/Santé Québec. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating in future periods. However, we anticipate that due to market uncertainty the Company may be restricted in its ability to raise additional funding.

2- STATEMENT OF COMPLIANCE WITH IFRS

The financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS").

3- STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Exploration MPV Inc.

(Une société d'exploration)

Notes complémentaires aux états financiers

31 mars 2020 et 2019

(en dollars canadiens)

MPV Exploration Inc.

(An Exploration Company)

Notes to financial statements

March 31, 2020 and 2019

(in Canadian dollars)

3- NORMES, MODIFICATIONS ET INTERPRÉTATION DE NORMES PUBLIÉES QUI NE SONT PAS ENCORE EN VIGUEUR ET QUI N'ONT PAS ÉTÉ ADOPTÉES DE FAÇON ANTICIPÉES (suite)

La direction prévoit que l'ensemble des prises de position sera adopté dans les méthodes comptables de la Société au cours de la période débutant après la date d'entrée en vigueur de chaque prise de positions. Certaines nouvelles normes et interprétations ont été publiées, mais on ne s'attend pas à ce qu'elles aient une incidence sur les états financiers de la Société.

4- PRINCIPALES MÉTHODES COMPTABLES

Généralités

Les principales méthodes comptables ayant servi à la préparation des présents états financiers sont résumées ci-dessous.

Base d'évaluation

Les états financiers ont été préparés au coût historique.

Monnaie fonctionnelle et de présentation

La monnaie de présentation et fonctionnelle de la Société est le dollar canadien.

Crédit d'impôt à recevoir

La Société a droit à des crédits d'impôt remboursables sur les frais de prospection admissibles engagés et à des crédits de droits remboursables selon la Loi sur l'impôt minier. Ces crédits d'impôt sont comptabilisés en réduction des dépenses de prospection engagées et en fonction des estimations de la direction. La Société comptabilise ces crédits d'impôt lorsqu'il existe une assurance raisonnable que les crédits seront recouverts et accordés et que la Société respectera les conditions connexes.

Dépenses de prospection et d'évaluation et actifs de prospection et d'évaluation

Les dépenses de prospection et d'évaluation sont les coûts engagés dans la recherche initiale de ressources minérales avant que la faisabilité technique et la viabilité commerciale de l'extraction ne soient démontrables. Les coûts engagés avant l'acquisition des servitudes légales de prospection et d'évaluation sont comptabilisés en résultat net au moment où ils sont engagés.

3- STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY (continued)

Management anticipates that all the pronouncements will be adopted into the Company accounting policies for the first period beginning after the effective date of each pronouncement. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company financial statements.

4- SIGNIFICANT ACCOUNTING POLICIES

Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The functional and reporting currency of the Company is the Canadian dollar.

Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration expenses incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

Exploration and evaluation expenditures, and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Exploration MPV Inc.

(Une société d'exploration)

Notes complémentaires aux états financiers

31 mars 2020 et 2019

(en dollars canadiens)

MPV Exploration Inc.

(An Exploration Company)

Notes to financial statements

March 31, 2020 and 2019

(in Canadian dollars)

4- PRINCIPALES MÉTHODES COMPTABLES (suite)

Dépenses de prospection et d'évaluation et actifs de prospection et d'évaluation (suite)

Lorsque les servitudes légales de prospection et d'évaluation ont été obtenues, tous les coûts liés à l'acquisition des droits miniers, les options d'acquies de tels droits (convention d'options) et les dépenses liées à la prospection et à l'évaluation des propriétés minières, diminués des crédits d'impôt liés à ces dépenses, sont comptabilisés en actifs de prospection et d'évaluation. Les dépenses liées à la prospection et à l'évaluation qui sont capitalisées incluent notamment les études topographiques, géologiques, géochimiques et géophysiques, les forages d'exploration, le creusement de tranchées, l'échantillonnage ainsi que les activités en liaison avec l'évaluation de la faisabilité technique et de la viabilité commerciale de l'extraction d'une ressource minérale. Les différents coûts sont incorporés au coût de l'actif de prospection et d'évaluation, propriété minière par propriété minière, jusqu'à ce que la faisabilité technique et la viabilité commerciale de l'extraction d'une ressource minérale soient démontrées. Ces actifs sont comptabilisés en tant qu'immobilisations incorporelles et sont présentés au coût moins le cumul des pertes de valeur. Aucune charge d'amortissement n'est comptabilisée pour ces actifs durant la phase de prospection et d'évaluation.

S'il était établi que la viabilité d'une propriété minière n'est pas assurée ou si la propriété minière était abandonnée, le montant capitalisé serait réduit à sa valeur recouvrable, l'écart étant alors comptabilisé immédiatement en résultat net.

Si la faisabilité technique et la viabilité commerciale de l'extraction d'une ressource minérale peuvent être démontrées, les actifs de prospection et d'évaluation liés à la propriété minière correspondante sont alors transférés dans les immobilisations corporelles dans la catégorie Actifs miniers en construction. Avant le transfert, les actifs de prospection et d'évaluation doivent être soumis à un test de dépréciation et toute perte de valeur doit être comptabilisée en résultat net avant le reclassement.

Jusqu'à maintenant, aucune faisabilité technique ni aucune viabilité commerciale de l'extraction d'une ressource minérale n'a été démontrée.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures, and exploration and evaluation assets (continued)

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit and loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Exploration MPV Inc.

(Une société d'exploration)

Notes complémentaires aux états financiers

31 mars 2020 et 2019

(en dollars canadiens)

MPV Exploration Inc.

(An Exploration Company)

Notes to financial statements

March 31, 2020 and 2019

(in Canadian dollars)

4- PRINCIPALES MÉTHODES COMPTABLES (suite)

Dépenses de prospection et d'évaluation et actifs de prospection et d'évaluation (suite)

Bien que la Société ait pris des mesures conformes aux pratiques de l'industrie pour le stade d'exploration actuel de telles propriétés afin d'obtenir les titres de propriété des propriétés minières dans lesquelles il détient un intérêt financier, ces procédures ne garantissent toutefois pas la validité du titre de propriété. Les titres de propriété des propriétés minières peuvent être assujettis à des ententes préalables non enregistrées et au non-respect de dispositions réglementaires.

Dépréciation des actifs de prospection et d'évaluation

Aux fins d'évaluation de la dépréciation, les actifs sont regroupés aux niveaux les plus bas générant des entrées de trésorerie largement indépendantes (unités génératrices de trésorerie). Par conséquent, certains actifs sont soumis individuellement à un test de dépréciation, tandis que d'autres sont testés au niveau d'une unité génératrice de trésorerie.

Tous les actifs individuels ou unités génératrices de trésorerie sont soumis à un test de dépréciation lorsque des événements ou des changements de circonstances indiquent que leur valeur comptable pourrait ne pas être recouvrable.

Des tests de dépréciation des actifs de prospection et d'évaluation sont effectués projet par projet, chaque projet représentant une seule unité génératrice de trésorerie. Un test de dépréciation est effectué lorsque les indicateurs de dépréciation l'indiquent, mais généralement lorsqu'une de ces circonstances se présente :

- Le droit de prospection dans la zone spécifique expire ou expirera dans un proche avenir et il n'est pas prévu qu'il soit renouvelé;
- Aucune dépense de prospection et d'évaluation ultérieure dans la zone spécifique n'est prévue au budget ni planifiée;
- Aucune découverte de ressources n'est commercialement viable et la Société a décidé de cesser l'exploration dans la zone spécifique;
- Un travail suffisant a été réalisé afin d'indiquer que la valeur comptable de la dépense comptabilisée en actif ne sera pas entièrement récupérée.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures, and exploration and evaluation assets (continued)

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- No further exploration or evaluation expenditures in the area are planned or budgeted;
- No commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

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Dépréciation des actifs de prospection et d'évaluation (suite)

De plus, si la faisabilité technique et la viabilité commerciale de l'extraction d'une ressource minérale peuvent être démontrées, les actifs de prospection et d'évaluation liés à la propriété minière correspondante doivent être soumis à un test de dépréciation avant d'être transférés dans les immobilisations corporelles.

Une perte de valeur égale au montant par lequel la valeur comptable d'un actif ou d'une unité génératrice de trésorerie excède sa valeur recouvrable est comptabilisée en résultat net. La valeur recouvrable d'un actif ou d'une unité génératrice de trésorerie est la plus élevée de sa juste valeur moins les coûts de sa vente, et de sa valeur d'utilité.

Une perte de valeur peut être reprise si la valeur recouvrable d'un actif ou d'une unité génératrice de trésorerie excède sa valeur comptable.

Actions accréditives

L'émission d'actions accréditives constitue en substance une émission d'actions ordinaires et la vente d'un droit à des déductions fiscales au profit des investisseurs. Au moment de l'émission des actions accréditives, la vente du droit aux déductions fiscales est différée et comptabilisée, le cas échéant, dans l'autre passif à l'état de la situation financière. Les produits des émissions d'actions accréditives sont répartis entre les actions et l'autre passif au moyen de la méthode résiduelle. Les produits sont d'abord imputés aux actions en fonction du cours de la Bourse à la date de l'émission et le montant résiduel est alloué à l'autre passif.

Lorsque les dépenses admissibles ont été engagées et que la Société a renoncé ou à l'intention de renoncer à son droit aux déductions fiscales, le montant comptabilisé à l'autre passif est renversé et comptabilisé en résultat net en déduction de la charge d'impôt différé.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of exploration and evaluation assets (continued)

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed when the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Flow-through shares

Issuance of flow-through shares represents an issue of ordinary shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented in other liability in the statement of financial position. The proceeds received from flow-through shares are allocated between share and, if any, the other liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds is allocated to the other liability.

The other liability recorded is reversed on renouncement of the right to tax deductions to the investors or when the Company has the intention to renounce of tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income taxes expense.

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Autres éléments des capitaux propres

Le déficit comprend l'ensemble des profits et pertes non distribués de l'exercice en cours et des exercices antérieurs ainsi que les frais d'émission d'actions et d'unités déduction faite de tout avantage d'impôt sur le résultat sous-jacent à ces frais d'émission.

Le surplus d'apport inclut les charges de rémunération liées à la rémunération d'options émises aux courtiers et à des intermédiaires ainsi que le coût de la rémunération des options d'achat d'actions. Lorsque ces options sont exercées, les coûts de rémunération correspondants sont transférés dans le capital-social.

Les bons de souscription incluent les charges liées aux bons de souscription. Lorsque ces bons de souscription sont exercés, les charges correspondantes sont transférées dans le capital-social. Lorsque ces bons de souscription sont expirés, les charges correspondantes sont transférées dans le surplus d'apport.

Perte par action

La perte par action de base est calculée en divisant la perte nette attribuable aux détenteurs d'actions ordinaires par le nombre moyen pondéré d'actions en circulation au cours de l'exercice présenté. La perte par action diluée est calculée selon la méthode du rachat d'actions. Conformément à la méthode du rachat d'actions, le nombre moyen pondéré d'actions ordinaires en circulation est augmenté pour inclure les actions additionnelles découlant de l'exercice présumé des options émises aux courtiers et à des intermédiaires, des options d'achat d'actions et des bons de souscription, si l'effet est dilutif. Le nombre d'actions additionnelles est calculé en présumant que les options d'achat d'actions et les bons de souscription en circulation seront exercés et que le produit de ces exercices sera utilisé pour acquérir des actions ordinaires au prix moyen du marché au cours de l'exercice présenté.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Other elements of equity

Deficit includes all current and prior year retained profits or losses and shares issuance expenses net of any underlying income tax benefit from these share issuance expenses.

Contributed surplus includes charges related to brokers and intermediaries' options and share purchase options. When options are exercised, the related compensation cost is transferred to share capital.

Warrants include charges relating to warrants. When these warrants are exercised, the relating charges are transferred to share capital. When these warrants are expired, the relating charges are transferred to contributed surplus.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed using the treasury stock method. In accordance with the treasury stock method, the weighted average number of common shares outstanding is increased to include additional shares for the assumed exercise of brokers and intermediaries' options, stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting years.

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4- PRINCIPALES MÉTHODES COMPTABLES (suite)

Paiements fondés sur des actions

La Société dispose d'un régime d'options d'achat d'actions. Les paiements fondés sur des actions destinées à des employés sont évalués à la juste valeur des instruments émis et amortis sur les périodes d'exercice au moyen du modèle d'évaluation du prix des options de Black-Scholes. Les paiements fondés sur des actions destinées à des non employés sont évalués à la juste valeur des biens ou des services reçus ou à la juste valeur des instruments de capitaux propres émis, s'il est déterminé que la juste valeur des biens ou des services ne peut être évaluée de façon fiable, et sont comptabilisés à la date à laquelle les biens ou les services sont reçus. Le montant comptabilisé est inscrit dans le surplus d'apport.

Les paiements fondés sur des actions (à l'exception des options aux courtiers et à des intermédiaires) sont ultimement comptabilisés en résultat net à la dépense ou capitalisés comme actifs de prospection et d'évaluation selon la nature du paiement et la contrepartie est portée au crédit du surplus d'apport dans les capitaux propres. Les paiements fondés sur des actions à des courtiers et à des intermédiaires dans le cas d'un financement en actions sont comptabilisés comme frais d'émission d'instruments de capitaux propres et la contrepartie est comptabilisée au crédit du surplus d'apport dans les capitaux propres.

Si des périodes d'acquisition de droits ou d'autres conditions d'acquisition des droits s'appliquent, la charge est attribuée au cours de la période d'acquisition, suivant la meilleure estimation disponible du nombre d'options sur actions dont l'acquisition est attendue. Des conditions d'acquisition des droits, autre que des conditions de marché, sont comprises dans les hypothèses sur le nombre d'options qui, selon les attentes, deviendront exerçables. Les estimations sont ensuite révisées lorsqu'il y a des indications à l'effet que le nombre d'options sur actions dont l'acquisition est attendue diffère des estimations précédentes. Tout rajustement cumulatif avant l'acquisition des droits est comptabilisé dans l'exercice en cours. Aucun rajustement n'est apporté aux charges comptabilisées dans des exercices antérieurs si le nombre d'options sur actions qui ont finalement été acquises diffère de celui qui avait été prévu au moment de l'acquisition.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the Black-Scholes Options Pricing Model. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is credited to contributed surplus.

Share-based payments (except brokers and intermediaries' options) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Share-based payments to brokers and intermediaries, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-Market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised is different from that estimated on vesting.

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4- PRINCIPALES MÉTHODES COMPTABLES (suite)

Instruments financiers

Comptabilisation et décomptabilisation

Les actifs et les passifs financiers sont comptabilisés lorsque la Société devient une partie aux dispositions contractuelles de l'instrument financier et sont initialement évalués à leur juste valeur ajustée des coûts de transaction. L'évaluation ultérieure des actifs et des passifs financiers est décrite ci-après.

Les actifs financiers sont décomptabilisés lorsque les droits contractuels sur les flux de trésorerie liés à l'actif financier arrivent à expiration, ou lorsque l'actif financier et tous les risques et avantages importants sont transférés. Un passif financier est décomptabilisé en cas d'extinction, de résiliation, d'annulation ou d'expiration.

Le classement des instruments financiers selon IFRS 9 repose sur le modèle d'affaires de l'entité et les caractéristiques des flux de trésorerie contractuels de l'actif ou du passif financier.

Évaluation ultérieure des actifs financiers

Actifs financiers au coût amorti

Les actifs financiers sont évalués au coût amorti s'ils répondent aux conditions suivantes :

- Ils sont détenus selon un modèle économique dont l'objectif est de détenir des actifs financiers afin d'en percevoir les flux de trésorerie contractuels;
- Les conditions contractuelles des actifs financiers donnent lieu à des flux de trésorerie qui correspondent uniquement à des remboursements de principal et à des versements d'intérêts sur le principal restant dû.

Après leur comptabilisation initiale, ils sont évalués au coût amorti en utilisant la méthode du taux d'intérêt effectif. L'actualisation est omise si son effet est non significatif. La trésorerie et équivalents de trésorerie et les intérêts à recevoir font partie de cette catégorie d'instruments financiers.

Tous les produits et charges se rapportant aux actifs financiers comptabilisés en résultat net sont présentés dans les charges d'intérêts ou les revenus d'intérêts.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transactions costs. The subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

The classification of financial instruments under IFRS 9 is based on the entity's business model and the characteristics of the contractual cash flows of the financial asset or liability.

Subsequent valuation of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if they meet the following conditions:

- They are held according to an economic model whose objective is to hold financial assets in order to collect the contractual cash flows;
- The contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. The update is omitted if its effect is not significant. Cash and cash equivalents and interests receivable fall into this category of financial instruments.

All income and expenses relating to financial assets recognized in profit or loss are presented in interest charges or Interest income.

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Évaluation ultérieure des actifs financiers (suite)

Dépréciation des actifs financiers

Les dispositions relatives à la dépréciation d'IFRS 9 utilisent davantage d'informations de nature prospective, soit le modèle des pertes de crédit attendues, lequel remplace le modèle des pertes subies d'IAS 39.

La comptabilisation de pertes de crédit n'est plus tributaire de l'identification d'un événement générateur de pertes de crédit par la Société. Cette dernière doit plutôt tenir compte d'un éventail élargi d'informations pour l'appréciation du risque de crédit et l'évaluation de pertes de crédit attendues, notamment : des événements passés, des circonstances actuelles, des prévisions raisonnables et justifiables qui touchent la recouvrabilité attendue des flux de trésorerie futurs de l'instrument financier.

L'évaluation des pertes de crédit attendues est déterminée à chaque date de clôture afin de refléter les variations du risque de crédit depuis la comptabilisation initiale de l'actif financier correspondant.

Évaluation ultérieure des passifs financiers

Les passifs financiers de la Société comprennent les créditeurs et charges à payer.

Subséquentement, les passifs financiers sont évalués au coût amorti en utilisant la méthode du taux d'intérêt effectif.

Les charges d'intérêts et, le cas échéant, les variations de la juste valeur d'un instrument comptabilisée en résultat net sont présentées dans les charges d'intérêts ou dans les revenus d'intérêts.

Instrument financier composé

La composante de l'instrument financier composé (billet à ordre convertible non garanti) émise par la Société est classée séparément comme passifs financiers et capitaux propres selon la substance de l'accord contractuel et selon les définitions d'un passif financier et d'un instrument de capitaux propres. L'option de conversion qui sera réglée par l'échange d'un montant fixe de trésorerie pour un nombre fixe d'instruments de capitaux propres de la Société est classée comme un instrument de capitaux propres.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent valuation of financial assets (continued)

Impairment of financial assets

The impairment provisions in IFRS 9 use more forward-looking information, the expected credit loss model, which replaces the IAS 39 loss model.

The recognition of credit losses is no longer dependent on the identification of a credit loss event by the Company. Rather, it must take into account an expanded range of information for assessing credit risk and assessing expected credit losses, including past events, current circumstances, reasonable and justifiable forecasts that affect expected recoverability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

Subsequent valuation of financial liabilities

The Company's financial liabilities include trade accounts payable and accrued liabilities.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Interest expense and, as the case may be, changes in the fair value of an instrument recognized in profit or loss are presented in interest charges or interest income.

Compound financial instrument

The component of the compound financial instrument (unsecured convertible promissory note) issued by the Company is classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount in cash for a fixed number of equity instruments of the Company is classified as an equity instrument.

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Instrument financier composé (suite)

À la date de l'émission, la composante passif est comptabilisée à la juste valeur, qui est estimée selon le taux d'intérêt en vigueur sur le marché pour des instruments non convertibles semblables. Par la suite, la composante passif est évaluée au coût amorti selon la méthode du taux d'intérêt effectif jusqu'à ce qu'elle soit éteinte à la conversion ou jusqu'à l'échéance.

La valeur de l'option de conversion classée comme capitaux propres est déterminée à la date de l'émission, en déduisant le montant de la composante passif de la juste valeur de l'instrument composé dans son ensemble. Ce montant est comptabilisé en capitaux propres, après déduction de l'incidence fiscale, et n'est pas revu ultérieurement. Lorsque l'option de conversion est exercée, la composante capitaux propres du billet à ordre convertible non garanti sera transférée au capital social. Aucun profit ni gain n'est comptabilisé à la conversion ou à l'expiration de l'option de conversion.

Impôts sur le résultat

La charge d'impôts sur les bénéfices représente les impôts exigibles et les impôts différés. La Société comptabilise les impôts exigibles en fonction des bénéfices imposables pour l'exercice, lesquels sont calculés en utilisant les taux d'imposition qui sont en vigueur ou pratiquement en vigueur à la date de l'état de la situation financière. Toutefois, puisque la Société est en phase d'exploration et qu'il n'y a pas de bénéfice imposable, la charge d'impôt comptabilisée en perte nette ne correspond présentement qu'à de l'impôt différé.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Compound financial instrument (continued)

At the issue date, the liability component is recognized at fair value, which is estimated using the effective interest rate on the market for similar non-convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest rate until it is extinguished on conversion or maturity.

The value of the conversion option classified as equity is determined at the issue date, by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of tax effects, and is not revised subsequently. When the conversion option is exercised, the equity component of the unsecured convertible promissory note will be transferred to share capital. No profit or gain is recognized to the conversion or expiration of the conversion option.

Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the year, which is calculated using tax rates that have been enacted or substantively enacted by the reporting date. However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

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4- PRINCIPALES MÉTHODES COMPTABLES (suite)

Impôts sur le résultat (suite)

Les impôts sur les bénéfices différés sont comptabilisés en utilisant la méthode du passif fiscal qui requiert que les impôts sur les bénéfices reflètent l'impact fiscal prévu dans l'avenir des écarts temporaires entre la valeur comptable des actifs et des passifs et leur valeur fiscale. Les actifs et les passifs d'impôts différés sont déterminés pour chaque écart temporaire basé sur les taux d'imposition en vigueur ou pratiquement en vigueur qui devraient s'appliquer au moment où les éléments sous-jacents des charges ou des recouvrements d'impôts devraient être réalisés. L'impact d'un changement au niveau du taux d'imposition ou du régime fiscal est comptabilisé au cours de l'exercice où il entre en vigueur. Les actifs d'impôts différés, comme les reports de pertes autres qu'en capital ou la différence temporaire déductible sous-jacente, sont comptabilisés dans la mesure où il est probable que des bénéfices imposables seront disponibles et contre lesquels les actifs pourront être utilisés. L'évaluation repose sur la prévision des résultats opérationnels futurs de la Société ajustés pour tenir compte des produits et des charges non imposables importants et de limites particulières sur l'utilisation de toute perte fiscale ou tout crédit d'impôt inutilisés. Les passifs d'impôt différés sont toujours comptabilisés en entier.

Les actifs ou les passifs d'impôt différé sont compensés uniquement lorsque la Société a le droit et l'intention de compenser les actifs ou les passifs d'impôt exigible découlant des mêmes administrations fiscales.

Les variations des actifs ou les passifs sont comptabilisés en perte nette à titre de charge d'impôt différé, sauf si elles concernent des éléments qui ont été comptabilisés en autres éléments de la perte globale ou directement en capitaux propres, auquel cas l'impôt différé correspondant est également comptabilisé en autres éléments de la perte globale ou en capitaux propres, respectivement.

Provisions et passifs éventuels

Des provisions sont comptabilisées lorsqu'il y a une obligation juridique ou implicite résultant d'événements passés, qu'il est probable qu'un déboursé de ressources sera requis pour régler l'obligation, et que le montant de l'obligation peut être évalué de façon fiable. Les provisions sont évaluées à la valeur actuelle des dépenses prévues pour régler l'obligation.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred income taxes are accounted for using the liability method that requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the year of substantive enactment. Deferred tax assets, such as non-capital loss carry-forwards or deductible temporary difference, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention of set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they are related to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

Provisions and contingent liabilities

Provision are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

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4- PRINCIPALES MÉTHODES COMPTABLES (suite)

Information sectorielle

La Société exerce actuellement ses activités dans un seul secteur, soit l'acquisition, la prospection et la mise en valeur de propriétés minières. Toutes les activités de la Société sont menées au Canada.

Jugements, estimations et hypothèses comptables significatifs

Lorsqu'elle prépare ses états financiers, la direction pose un certain nombre de jugements, d'estimations et d'hypothèses quant à la comptabilisation et à l'évaluation des actifs, des passifs, des produits et des charges.

Jugements posés par la direction

L'information sur les jugements qui ont la plus grande incidence sur la comptabilisation et l'évaluation des actifs, des passifs, des produits et des charges est présentée ci-après.

Comptabilisation des actifs d'impôt différé et évaluation de la charge d'impôt sur le résultat

La direction évalue régulièrement les probabilités que ses actifs d'impôt différé ne se réalisent pas. Dans le cadre de cette évaluation, la direction doit déterminer s'il est probable que la Société génère ultérieurement un bénéfice imposable suffisant auquel ces pertes pourront être imputées pendant la période de report. De par sa nature, cette évaluation requiert une grande part de jugement. À ce jour, la direction n'a comptabilisé aucun actif d'impôt différé en excédent des différences temporaires imposables existantes, qui sont censées s'inverser durant la période de report.

Les actifs d'impôt différé sont comptabilisés dans la mesure où il est probable que la perte fiscale ou la différence temporaire déductible sous-jacente permettra de compenser un bénéfice imposable futur. L'évaluation repose sur la prévision des résultats opérationnels futurs de la Société, ajustés pour tenir compte des produits et des charges non imposables importants et de limites particulières sur l'utilisation de toute perte fiscale ou tout crédit d'impôts inutilisés.

Source d'incertitude relative aux estimations

L'information sur les estimations et les hypothèses significatives qui ont la plus grande incidence sur la comptabilisation et l'évaluation des actifs, des passifs, des produits et des charges est présentée ci-après. Les résultats réels peuvent différer significativement.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment Disclosure

The Company currently operates in a single segment: the acquisition, exploration and development of mining properties. All of the Company's activities are conducted in Canada.

Significant accounting judgments, estimates and assumptions

When preparing its financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

Information about critical judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Recognition of deferred income tax assets and measurement on income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss of deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below. Actual results may be substantially different.

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4- PRINCIPALES MÉTHODES COMPTABLES (suite)

Jugements, estimations et hypothèses comptables significatifs (suite)

Dépréciation des actifs de prospection et d'évaluation

L'évaluation des faits et circonstances démontrant l'existence d'un quelconque indice qu'un actif a pu se déprécier ou reprendre de la valeur est un processus subjectif qui implique du jugement et souvent un certain nombre d'estimations et d'hypothèses (se reporter à la note Dépréciation des actifs de prospection et d'évaluation ci-haut).

S'il existe un indice qu'un actif a pu se déprécier ou reprendre de la valeur, la valeur recouvrable de l'actif pris individuellement ou de l'unité génératrice de trésorerie doit être estimée.

En évaluant la dépréciation, la Société doit procéder à certaines estimations et hypothèses concernant les circonstances futures, en particulier sur la faisabilité technique et la démontrabilité de la viabilité commerciale de l'extraction, la probabilité que les dépenses seront récupérées par l'exploitation future de la propriété ou la cession de la propriété lorsque les activités n'ont pas atteint un stade suffisant pour permettre l'évaluation de l'existence de réserve, la capacité de la Société d'obtenir le financement nécessaire afin de compléter l'exploration et le développement, et le renouvellement des permis.

Les estimations et hypothèses peuvent changer si de nouvelles informations deviennent disponibles. Si, après la capitalisation des dépenses de prospection et d'évaluation, des informations suggèrent que le recouvrement des dépenses est improbable, les montants capitalisés sont radiés dans l'exercice où l'information devient disponible.

Aucune perte de valeur n'a été comptabilisée pour les périodes considérées.

Paiements fondés sur des actions

Pour estimer les charges liées aux paiements fondés sur des actions, il faut sélectionner un modèle d'évaluation approprié et obtenir les données qui sont nécessaires pour le modèle d'évaluation choisi. La Société a estimé la volatilité par rapport aux données historiques des actions de sociétés similaires ainsi que la durée de vie probable et la période d'exercice des options octroyées. Le modèle utilisé par la Société est le modèle Black-Scholes (se reporter à la note 9).

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions (continued)

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in any cases (see Note Impairment of exploration and evaluation assets above).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits.

Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

No impairment was recognized for the reporting periods.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of historical data of similar company's shares, the probable life and the time of exercise of those options. The model used by the Company is the Black-Scholes valuation model (see Note 9).

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4- PRINCIPALES MÉTHODES COMPTABLES (suite)**Jugements, estimations et hypothèses comptables significatifs (suite)***Crédit d'impôt à recevoir*

Le calcul des crédits d'impôt remboursables sur les frais de prospection admissible engagés et des crédits de droits remboursables implique un certain degré d'estimation et de jugement en ce qui a trait à certains éléments dont le traitement fiscal ne peut être déterminé avec certitude jusqu'à ce qu'un avis de cotisation et qu'un paiement aient été émis par les autorités fiscales dont ils relèvent et qu'un paiement ait été reçu. Des écarts entre le résultat réel suivant la résolution finale de certains de ces éléments et les hypothèses retenues pourraient nécessiter des ajustements aux crédits d'impôt remboursables et aux crédits de droits remboursables, aux actifs de prospection et d'évaluation, et aux charges d'impôt sur le résultat lors d'exercices futurs.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)**Significant accounting judgments, estimates and assumptions (continued)***Tax credit receivable*

The calculation of the Company's refundable tax credits on qualified exploration expenditure incurred and refundable tax credits involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been issued from the relevant taxation authority and a payment have been received. Differences arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

5- TRÉSORERIE ET ÉQUIVALENTS DE TRÉSORERIE

	2020
	\$
Trésorerie	332 628
Certificat de placement garanti	799 862
	<u>1 132 490</u>

Au 31 mars 2020, les équivalents de trésorerie totalisant 799 862 \$ consistaient en un certificat de placement garanti émis par une banque canadienne, avec un taux d'intérêt de 1,77 % (1,85 % au 31 mars 2019). Cet investissement est remboursable sans pénalité et son échéance est le 3 août 2020.

5- CASH AND CASH EQUIVALENTS

	2019	
	\$	
	439 147	Cash
	785 334	Guaranteed Investment certificate
	<u>1 224 481</u>	

As at March 31, 2020, cash equivalents totaled \$799,862 consisting of Guaranteed investment Certificate issued by Canadian banks, with an interest rate of 1.77% (1.85% as at March 31, 2019). This investment is redeemable without penalty and have a maturity date of August 3rd, 2020.

6- ACTIFS DE PROSPECTION ET D'ÉVALUATION

	2020
	\$
Propriétés minières	173 171
Frais de prospection et d'évaluation	390 815
	<u>563 986</u>

6- EXPLORATION AND EVALUATION ASSETS

	2019	
	\$	
	98 171	Mining properties
	394 331	Exploration and evaluation expenses
	<u>492 502</u>	

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6- ACTIFS DE PROSPECTION ET D'ÉVALUATION (suite)			6- Solde au 31 mars 2019 / Balance as at March 31, 2019	6- EXPLORATION (continued) Augmentation / Addition	AND Crédit d'impôt et crédit d'impôt minier / Tax credit and mining tax credit	AND EVALUATION Solde au 31 mars 2020 / Balance as at March 31, 2020
Propriétés minières : / Mining properties:	Redevances / Royalties	Canton / Township	\$	\$	\$	\$
Québec : / Quebec:						
Umex Bloc Ouest / Umex Block West (option)	2 %	CL325 et CS120	90 000	75 000	-	165 000
Umex Bloc Est / Umex Block East	-	SCS120 et CD450	8 171	-	-	8 171
			<u>98 171</u>	<u>75 000</u>	<u>-</u>	<u>173 171</u>
Frais de prospection et d'évaluation reportés : / Deferred exploration and evaluation expenses:						
Québec : / Quebec:						
Umex Bloc Ouest / Umex Block West			316 886	-	(2 243)	314 643
Umex Bloc Est / Umex Block East			77 445	-	(1 273)	76 172
			<u>394 331</u>	<u>-</u>	<u>(3 516)</u>	<u>390 815</u>
			<u>492 502</u>	<u>75 000</u>	<u>(3 516)</u>	<u>563 986</u>
Propriétés minières : / Mining properties:						
Redevances / Royalties		Canton / Township	Solde au 31 mars 2018 / Balance as at March 31, 2018	Augmentation / Addition	Crédit d'impôt et crédit d'impôt minier / Tax credit and mining tax credit	Solde au 31 mars 2019 / Balance as at March 31, 2019
			\$	\$	\$	\$
Québec : / Quebec:						
Umex Bloc Ouest / Umex Block West (option)	2 %	CL325 et CS120	40 000	50 000	-	90 000
Umex Bloc Est / Umex Block East	-	SCS120 et CD450	4 744	3 397	-	8 171
			<u>44 744</u>	<u>53 397</u>	<u>-</u>	<u>98 171</u>
Frais de prospection et d'évaluation reportés : / Deferred exploration and evaluation expenses:						
Québec : / Quebec:						
Umex Bloc Ouest / Umex Block West			118 178	238 492	(39 784)	316 886
Umex Bloc Est / Umex Block East			-	129 412	(51 967)	77 445
			<u>118 178</u>	<u>367 904</u>	<u>(91 751)</u>	<u>394 331</u>
			<u>162 952</u>	<u>421 301</u>	<u>(91 751)</u>	<u>492 502</u>

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6- ACTIFS DE PROSPECTION ET D'ÉVALUATION 6- (suite)

Québec

Propriété Umex Bloc Ouest

La propriété Umex Bloc Ouest est composée de 14 cellules représentant une superficie de 777,63 hectares. La propriété est située dans la région Abitibi Est à 50 km à l'ouest de la ville de Chapais et 88 km à l'ouest de la ville de Chibougamau. La Société a signé, le 31 mars 2017, une entente d'option afin d'acquérir 100 % de la propriété et une entente modifiée a été signée le 26 mars 2020, selon les conditions suivantes :

- Versement d'un montant de 15 000 \$ à la signature de l'entente (condition respectée);
- Le ou avant le premier anniversaire de l'entente un montant additionnel de 25 000 \$ et engager un minimum de 50 000 \$ en travaux d'exploration (conditions respectées);
- Le ou avant le deuxième anniversaire de l'entente un montant additionnel de 50 000 \$ et engager un minimum de 100 000 \$ en travaux d'exploration (conditions respectées);
- Le ou avant le troisième anniversaire de l'entente un montant additionnel de 75 000 \$ (conditions respectées);
- Le ou avant le quatrième anniversaire de l'entente un montant additionnel de 135 000 \$.

La propriété est sujette à une redevance de 2 % sur les produits nets de fonderie dont la moitié pourra être rachetée pour la somme de 1 500 000 \$.

Propriété Umex Bloc Est

La propriété Umex Bloc Est est constituée d'un bloc de 111 cellules contiguës à l'est, et sur la même bande conductrice que celle traversant la propriété Umex Bloc Ouest. La propriété couvre une superficie de 6 163,82 hectares. Elle appartient à 100 % à la Société.

EXPLORATION AND EVALUATION ASSETS (continued)

Quebec

Umex Block West Property

The Umex Block West property consists of 14 cells covering a total area of 777.63 hectares. The property is located within the Eastern Abitibi region at 50 km west of the town of Chapais and 88 km west of the town of Chibougamau. On March 31, 2017, the Company signed an option agreement to acquire 100% of the property and signed an amended agreement on March 26, 2020 under the following conditions:

- Pay an amount of \$15,000 upon the signature of the agreement (conditions fulfilled);
- On or before the first anniversary of the agreement, pay an additional sum of \$25,000 and incur exploration expenditures in a minimum of \$50,000 (conditions fulfilled);
- On or before the second anniversary of the agreement, pay an additional sum of \$50,000 and incur exploration expenditures in a minimum of \$100,000 (conditions fulfilled);
- On or before the third anniversary of the agreement, pay an additional sum of \$75,000 (conditions fulfilled);
- On or before the fourth anniversary of the agreement, pay an additional sum of \$135,000.

The property is subject to a 2% NSR, half of which can be bought back for \$1,500,000.

Umex Block East Property

The Umex Block East property is composed of one block of 111 contiguous cells to the east, and on the same conductive strip as that traversing the Umex Block East property. The property is covering an area of 6,163.82 hectares. It is wholly-owned by the Company.

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7- BILLET À ORDRE CONVERTIBLE NON GARANTI

En septembre 2017, la Société a émis un billet à l'ordre convertible non garanti au montant de 25 000 \$ portant intérêt au taux de 6 % (taux d'intérêt effectif de 25 %) et échéant en septembre 2018. Le capital du billet à ordre convertible non garanti a été remboursé en mai 2018 par l'émission de 208 333 actions. Les intérêts, d'un montant de 1 003 \$, ont été payés en espèces à cette date.

	Billet à ordre convertible non garanti / Unsecured convertible promissory note
	\$
Solde au 31 mars 2018	23 150
Conversion en actions (note 8)	(23 150)
Solde au 31 mars 2019 et 2020	-

7- UNSECURED CONVERTIBLE PROMISSORY NOTE

In September 2017, the Company issued a unsecured convertible promissory note in the amount of \$25,000 bearing interest at the rate of 6% (effective interest rate of 25%) and maturing in September 2018. The principal of the unsecured convertible promissory note was repaid in May 2018 by the issuance of 208,333 shares. Interests of an amount of \$1,003 were paid in cash at that time.

Composante capitaux
propres du billet à
ordre convertible non
garanti / Equity
component of the
unsecured convertible
promissory note

	\$	
Balance, March 21, 2018	3 868	
Conversion in shares (Note 8)	(3 868)	
Balance, March 31, 2019 and 2020	-	

8- CAPITAL-SOCIAL

Autorisé / Authorized

Nombre illimité d'actions ordinaires sans valeur nominale / Unlimited number of common shares without par value

Les mouvements dans le capital-social de la Société se détaillent comme suit : / Changes in the Company's share capital were as follows:

	2020		2019		
	Quantité / Number	Montant / Amount	Quantité / Number	Montant / Amount	
		\$		\$	
Solde au début de l'exercice	18 105 514	2 284 070	5 931 681	584 152	Balance, beginning of year
Émission d'actions	-	-	11 965 500	1 673 100	Share issuance
Émission d'actions ordinaires en contrepartie d'un billet à ordre convertible non garanti	-	-	208 333	26 818	Issuance of common shares in exchange of an unsecured convertible promissory note
Solde à la fin de l'exercice	18 105 514	2 284 070	18 105 514	2 284 070	Balance, end of year

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8- CAPITAL-SOCIAL (suite)

Pour l'exercice clos le 31 mars 2019

En février 2019, la Société a clôturé un placement privé de 6 000 000 unités au prix de 0,08 \$ l'unité, pour une contrepartie monétaire totale de 480 000 \$. Chaque unité est composée d'une action ordinaire et d'un bon de souscription à un prix de 0,16 \$ par action, valide pour 24 mois. Aucune valeur n'a été accordée aux bons de souscription.

En avril et mai 2018, la Société a clôturé un premier appel public à l'épargne de 5 965 500 unités à 0,20 \$ l'unité, pour une contrepartie monétaire totale de 1 193 100 \$. Chaque unité est composée d'une action ordinaire et d'un bon de souscription à un prix de 0,30 \$ par action, valide pour 24 mois. Aucune valeur n'a été accordée aux bons de souscription. La Société a versé à Leede Jones Gable une commission en espèces égale à 10 % du produit brut de l'offre et émis des options non transférables égales à 10 % du montant des unités émises exerçables au prix de 0,20 \$ l'unité pour une période de 24 mois à compter de la date de clôture ce qui représente 303 915 options. La Société a également versé 20 000 \$ à Leede Jones Gable pour les honoraires juridiques engagés, en plus des décaissements et des taxes applicables.

En mai 2018, la Société a procédé au remboursement du capital du billet à ordre convertible non garanti consenti en septembre 2017 par l'émission de 208 333 actions ordinaires.

9- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION

Les actionnaires de la Société ont approuvé un régime d'options d'achat d'actions (le « régime ») selon lequel le conseil d'administration peut attribuer des options d'achat d'actions permettant à ses administrateurs, dirigeants, employés et fournisseurs d'acquies des actions ordinaires de la Société. Les conditions de chaque option d'achat d'actions sont déterminées par le conseil d'administration. Les options attribuées en vertu du régime seront acquises et pourront être exercées par le détenteur d'options à ce moment ou aux moments déterminés par le conseil.

8- SHARE CAPITAL (continued)

For year ended March 31, 2019

In February 2019, the Company closed a private placement of 6,000,000 units at \$0.08 per unit, for total gross proceeds of \$480,000. Each unit is comprising of one common share and one warrant at a price of \$0.16 per share, valid for 24 months. No value was attributed to the warrants.

In April and May 2018, the Company closed an initial public offering of 5,965,500 units at \$0.20 per unit, for total gross proceeds of \$1,193,100. Each unit is comprising of one common share and one warrant at a price of \$0.30 per share, valid for 24 months. No value was attributed to the warrants. The Company paid to Leede Jones Gable a cash commission equal to 10% of the gross proceed of the offering and issued a non-transferable option for the purchase of that number of units issued from treasury of the Company equal to 10% exercisable at a price of \$0.20 per unit for a period of 24 months from the closing date who represents 303,915 options. The Company also paid \$20,000 for the legal costs incurred by Leede Jones Gable plus disbursements and applicable taxes.

In May 2018, the Corporation repaid the principal amount of the unsecured convertible promissory note issued in September 2017 by issuing 208,333 common shares.

9- SHARE PURCHASE OPTIONS AND WARRANTS

The shareholders of the Company approved a share option plan (the "Plan") whereby the Board of Directors may grant to directors, officers, employees and suppliers of the Company share purchase options to acquire common shares of the Company. The terms of each share purchase option are determined by the Board of Directors. Options granted pursuant to the Plan shall vest and become exercisable by an optionee at such time or times as may be determined by the Board.

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9- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION (suite)

Le régime stipule que le nombre maximum d'actions ordinaires, qui pourrait être réservé pour attribution en vertu du régime, ne peut pas excéder 10 % des actions ordinaires de la Société au moment de l'octroi. Le nombre maximal d'actions ordinaires, réservées à l'attribution des options d'achat d'actions à un seul détenteur, ne peut pas dépasser 10 % des actions ordinaires en circulation à la date d'attribution et ne peut pas excéder 10 % des actions ordinaires en circulation sur une période d'une année dans le cas des dirigeants. Les options d'achat d'actions expireront au plus tard cinq ans après avoir été octroyées.

Le prix d'exercice de chaque option d'achat d'actions est établi par le conseil d'administration au moment de l'octroi de l'option, mais, si les actions sont négociées en bourse, le prix d'exercice ne pourra être inférieur au cours de clôture des actions à la bourse, le jour précédant immédiatement la date d'octroi de l'option.

Options d'achat d'actions

Les mouvements dans les options d'achat d'actions de la Société se détaillent comme suit / Changes in the Company's stock options were as follows:

	2020		2019		
	Quantité / Number	Prix de levée moyen pondéré / Weighted average exercise price	Quantité / Number	Prix de levée moyen pondéré / Weighted average exercise price	
		\$		\$	
Solde au début de l'exercice	1 250 000	0,14	500 000	0,20	Balance, beginning of year
Octroyées	360 000	0,12	750 000	0,10	Granted
Solde à la fin de l'exercice	<u>1 610 000</u>	0,14	<u>1 250 000</u>	0,14	Balance, end of year
Options exerçables à la fin de l'exercice	<u>1 610 000</u>	0,14	<u>1 250 000</u>	0,14	Exercisable options at the end of the year

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9- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION (suite)**Options d'achat d'actions (suite)**

	2020
	\$
Moyenne pondérée de la juste valeur des options attribuées	0,10

Le tableau ci-après résume l'information relative aux options d'achat d'actions accordées en vertu du régime.

Options en circulation / Options outstanding

500 000
550 000
200 000
360 000
<u>1 610 000</u>

9- SHARE PURCHASE WARRANTS (continued)**Share purchase options (continued)****2019**

\$

0,07

Weighted average fair value of options granted

The following table summarizes the information relating to the share purchase options granted under the plan.

Prix de levée / Exercise price

\$

0,20

0,10

0,10

0,12

Date d'expiration / Expiry date

Décembre / December 2022

Novembre / November 2023

Février / February 2024

Novembre / November 2024

La juste valeur de chaque option accordée est estimée à la date d'octroi en utilisant la méthode Black-Scholes, avec les hypothèses de la moyenne pondérée suivantes : / The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2020	2019
Taux d'intérêt sans risque / Risk free-interest rate	1,55 %	2,26 %
Volatilité prévue / Expected volatility	125,1 %	109,3 %
Prix moyen de l'action à la date de l'octroi / Weighted share price at the date of grant	0,12 \$	0,09 \$
Durée estimative / expected life	5 ans / years	5 ans / years
Dividende prévu / Expected dividend yield	- %	0 %
Prix d'exercice moyen à la date de l'octroi / Weighted exercise price at the date of grant	0,12 \$	0,10 \$

La volatilité prévue sous-jacente a été déterminée par rapport aux données historiques des actions de sociétés similaires sur la durée de vie moyenne prévue des options. Aucune caractéristique particulière inhérente aux options attribuées n'a été prise en compte dans l'évaluation de la juste valeur. / The underlying expected volatility was determined by reference to historical data of similar company's shares over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

En tout, un montant de 36 468 \$ de paiements fondés sur les actions a été comptabilisé en perte nette au cours de l'exercice clos le 31 mars 2020 (51 688 \$ pour l'exercice clos le 31 mars 2019) et porté au crédit du surplus d'apport. / In total, \$36,468 of share-based payments were accounted in profit or loss for the year ended March 31, 2020 (\$51,688 for the year ended March 31, 2019) and credited to contributed surplus.

Exploration MPV Inc.

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9- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION (suite)**Options aux courtiers et à des intermédiaires**

Les mouvements dans les options aux courtiers et à des intermédiaires se détaillent comme suit :

	2020	Prix de souscription moyen pondéré / Weighted average exercise price
	Quantité / Number	
		\$
Solde au début de l'exercice	636 552	0,20
Octroyées	-	-
Solde à la fin de l'exercice	<u>636 552</u>	0,20
Options exerçables à la fin de l'exercice	<u>636 552</u>	0,20

Moyenne pondérée de la juste valeur des options octroyées à des courtiers et des intermédiaires

2020

\$

-

SHARE PURCHASE OPTIONS AND WARRANTS (continued)**Brokers and intermediaries' options**

Changes in brokers and intermediaries' options were as follows:

	2019	Prix de souscription moyen pondéré / Weighted average exercise price
	Quantité / Number	
		\$
Balance, beginning of year	40 002	0,15
Granted	<u>596 550</u>	0,20
Balance, end of year	<u>636 552</u>	0,20
Exercisable options, end of the year	<u>636 552</u>	0,20

2019

\$

0,125

Weighted average fair value of options granted to brokers and intermediaries

Le tableau ci-après résume l'information relative aux options accordées aux courtiers et à des intermédiaires :

The following table summarizes the information relating to brokers and intermediaries' options granted :

Options aux courtiers et à des intermédiaires en circulation au 31 mars 2020 /
Brokers and intermediaries' options outstanding as at March 31, 2020**Prix / Price**

\$

596 550	0,20
<u>40 002</u>	0,15
<u>636 552</u>	

Date d'expiration / Expiry dateAvril / April 2020
Décembre / December 2020

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9- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION (suite)**Options aux courtiers et à des intermédiaires (suite)****SHARE PURCHASE OPTIONS AND WARRANTS (continued)****Brokers and intermediaries' options (continued)**

La juste valeur de chaque option accordée aux courtiers et à des intermédiaires en 2019 est estimée à la date d'octroi en utilisant la méthode Black-Scholes, avec les hypothèses de la moyenne pondérée suivantes : / The fair value of each brokers and intermediaries options granted in 2019 are estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2019
Taux d'intérêt sans risque / Risk free-interest rate	1,93 %
Volatilité prévue / Expected volatility	124,7 %
Prix moyen de l'action à la date de l'octroi / Weighted share price at the date of grant	0,20 \$
Durée estimative / Expected life	2 ans / years
Dividende prévu / Expected dividend yield	0 %
Prix d'exercice moyen à la date de l'octroi / Weighted exercise price at the date of grant	0,20 \$

La volatilité prévue sous-jacente a été déterminée par rapport aux données historiques des actions de sociétés similaires sur la durée de vie moyenne prévue des options aux courtiers et aux intermédiaires. Aucune caractéristique particulière inhérente aux options attribuées n'a été prise en compte dans l'évaluation de la juste valeur. / The underlying expected volatility was determined by reference to historical data of similar company's shares over the expected average life of the broker and intermediaries' options. No special features inherent to the options granted were incorporated into measurement of fair value.

En tout, un montant de 74 990 \$ d'options aux courtiers et à des intermédiaires a été comptabilisé comme frais d'émission d'actions pour l'exercice clos le 31 mars 2019 et porté au crédit du surplus d'apport. / In total, an amount of \$74,990 of brokers and intermediaries' options was accounted in share issue expenses for the year ended March 31, 2019 and credited to contributed surplus.

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9- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION (suite)**Bons de souscription**

Les mouvements dans les bons de souscription de la Société se détaillent comme suit / Changes in Company warrants were as follows:

2020			2019		
	Quantité / Number	Prix de souscription moyen pondéré / Weighted average exercise price \$		Prix de souscription moyen pondéré / Weighted average exercise price \$	
Solde au début de l'exercice	13 918 931	0,23	1 953 431	0,25	Balance, beginning of year
Octroyés	-	-	11 965 500	0,23	Granted
Solde à la fin de l'exercice	<u>13 918 931</u>	0,23	<u>13 918 931</u>	0,23	Balance, end of year

Le tableau ci-après résume l'information relative aux bons de souscription accordés.

The following table summarizes the information relating to the warrants granted under the plan.

Bons de souscription en circulation / Warrants outstanding	Prix de levée / Exercise price \$	Date d'expiration / Expiry date
5 965 500	0,30	Avril / April 2020
1 953 431	0,25	Décembre / December 2020
<u>6 000 000</u>	0,16	Février / February 2021
<u>13 918 931</u>		

Le 8 avril 2020, la Société a annoncé qu'elle prolongera jusqu'au 20 avril 2021 la date d'expiration des 5 965 500 bons de souscription d'actions ordinaires émis dans le cadre de son premier appel public à l'épargne en avril 2018.

On April 8, 2020, the Company announced that it will extend until April 20, 2021 the expiry date of 5,965,500 common share purchase warrants issued in connection with its Initial Public Offering in April 2018.

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10- IMPÔTS SUR LE RÉSULTAT ET IMPÔTS DIFFÉRÉS**Rapprochement du taux d'imposition effectif**

La dépense (recouvrement) d'impôt attribuable aux résultats diffère des montants calculés par l'application du taux d'imposition combiné fédéral et provincial de 26,58 % (26,70 % en 2019) à la perte avant impôt en raison des éléments suivants :

	2020
	\$
Perte avant impôt	(146 783)
Recouvrement d'impôt prévu	(39 015)
Augmentation (diminution) des impôts sur les bénéfices résultants des éléments suivants :	
Variation du taux d'imposition	551
Effet fiscal de l'émission d'actions accréditives	-
Renversement des autres passifs relatifs aux actions accréditives	-
Paiements fondés sur des actions	9 693
Ajustement des impôts différés antérieurs	-
Portion non imposable de la perte en capital	-
Dépenses non-déductibles	(124)
Variation des différences temporaires non constatées	28 895
Recouvrement d'impôts sur les bénéfices	-

10- INCOME TAXES AND DEFERRED TAXES**Reconciliation of effective tax rate**

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.58% (26.70% in 2019) to the loss before taxes for the following reasons:

	2019	
	\$	
	(230 085)	Loss before income taxes
	(61 433)	Expected tax recovery
		Increase (decrease) in income taxes resulting from:
	-	Change in tax rate
	37 252	Tax effect of the issuance of flow-through shares
	(72 551)	Reversal of other liability related to flow-through shares
	13 801	Share-based payments
	75 410	Adjustment of previous deferred taxes
	3 338	Non-taxable portion of capital loss
	1 110	Non-deductible expenses
	(69 478)	Change in temporary difference not recorded
	(72 551)	Income tax recovery

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10- IMPÔTS SUR LE RÉSULTAT ET IMPÔTS	10- INCOME TAXES AND DEFERRED TAXES
DIFFÉRÉS (suite)	(continued)
Impôts reconnus dans les états de la perte nette	Tax recognized in the statement of net loss
2020	2019
\$	\$
Naissance et renversement de différences temporaires	Inception and reversal of temporary differences
(29 446)	(46 522)
Effet fiscal de l'émission d'actions accréditives	Tax effect of the issuance of flow-through shares
-	37 252
Renversement de l'autre passif relatif aux actions accréditives	Reversal of the other liability related to flow-through shares
-	(72 551)
Variation du taux d'imposition	Change in tax rate
551	-
Ajustement des impôts différés antérieurs	Adjustment of previous deferred taxes
-	75 410
Portion non imposable de la perte en capital	Non-taxable portion of capital loss
-	3 338
Variation de l'effet fiscal des différences temporaires non constatées	Variation of unrecorded temporary differences
28 895	(69 478)
-	(72 551)
Mouvements des impôts différés	Change in deferred taxes
Solde au 1 ^{er} avril 2019 / Balance at April 1st, 2019	Solde au 31 mars 2020 / Balance at March 31, 2020
\$	\$
Frais de prospection et d'évaluation	Exploration and evaluation expenses
(53 413)	(58 366)
Crédit d'impôt minier à recevoir	Mining tax credit receivable
(9 346)	(2 848)
Perte autre qu'en capital	Non-capital tax losses
62 759	61 214
-	-
Renversement de l'autre passif relatif aux actions accréditives	Reversal of the other liability related to flow-through shares
-	-
Variation des impôts différés selon l'état de la perte nette	Variation of future income taxes in the net loss statement
-	-

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10- IMPÔTS SUR LE RÉSULTAT ET IMPÔTS DIFFÉRÉS (suite)	10- INCOME TAXES AND DEFERRED TAXES (continued)
--	--

Mouvements des impôts différés (suite)**Change in deferred taxes (continued)**

	Solde au 1 ^{er} avril 2019 / Balance at April 1st, 2018	Comptabilisé en perte nette / Recognized in net loss	Solde au 31 mars 2020 / Balance at March 31, 2019	
	\$	\$	\$	
Frais de prospection et d'évaluation	-	(53 413)	(53 413)	Exploration and evaluation expenses
Crédit d'impôt minier à recevoir	-	(9 346)	(9 346)	Mining tax credit receivable
Perte autre qu'en capital	-	62 759	62 759	Non-capital tax losses
	-	-	-	
Renversement de l'autre passif relatif aux actions accréditives		(72 551)		Reversal of the other liability related to flow-through shares
Variation des impôts différés selon l'état de la perte nette		(72 551)		Variation of future income taxes in the net loss statement

Différences temporaires et pertes non comptabilisées**Unrecognized deductible temporary differences and losses****2020**

	Fédéral/ Federal \$	Provincial/Provincial \$	
Pertes autres qu'en capital	278 020	268 356	Non-capital tax losses
Pertes en capital	12 500	12 500	Capital tax losses
Frais d'émission d'actions	148 746	148 746	Share issuance expenses
	439 266	429 602	

2019

	Fédéral/ Federal \$	Provincial/Provincial \$	
Pertes autres qu'en capital	106 841	102 683	Non-capital tax losses
Pertes en capital	12 500	12 500	Capital tax losses
Frais d'émission d'actions	206 078	206 076	Share issuance expenses
	325 419	321 259	

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10- IMPÔTS SUR LE RÉSULTAT ET IMPÔTS DIFFÉRÉS (suite)**Différences temporaires non comptabilisées (suite)**

Les actifs d'impôts différés n'ont pas été comptabilisés au titre de ces éléments, car il n'est pas probable qu'un bénéfice imposable futur sera disponible et sur lequel la Société pourra tirer des bénéfices. Les pertes en capital n'expireront pas en vertu de la législation fiscale actuelle.

Les pertes autres qu'en capital expirent comme suit :

	Fédéral / Federal	Provincial / Provincial
	\$	\$
2039	112 912	104 003
2040	165 108	164 353
	<u>278 020</u>	<u>268 356</u>

10- INCOME TAXES AND DEFERRED TAXES (continued)**Unrecognized deductible temporary differences (continued)**

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise benefits therefrom. The capital losses do not expire under current tax legislation.

The non-capital losses expire as follows:

11- RÉSULTATS PAR ACTION

Les bons de souscription, les options d'achat d'action et les options aux courtiers et à des intermédiaires ont été exclus du calcul du nombre moyen pondéré dilué d'actions ordinaires puisque la Société est à perte et que leur effet aurait été antidilutif. Les informations sur les options et les bons de souscription en circulation ayant un effet potentiellement dilutif sur le résultat par action sont présentées à la note 9.

Le résultat de base et dilué par action a été calculé à partir de la perte nette comme numérateur, c'est-à-dire qu'aucun ajustement à la perte nette n'a été nécessaire en 2020 et 2019.

11- LOSS PER SHARE

The warrants, the share purchase options and the brokers and intermediaries' options were excluded from the diluted weighted average number of common shares calculation since the Company is at loss and that their effect would have been antidilutive. Detail of share purchase options and warrants issued that could potentially dilute earnings per share in the future are given in Note 9.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2020 and 2019.

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12- RENSEIGNEMENTS COMPLÉMENTAIRES AUX FLUX DE TRÉSORERIE

Variation nette des éléments hors caisse du fonds de roulement :

	2020	2019
	\$	\$
Intérêts à recevoir de Biomoss Carbon ULC	-	(1 250)
Intérêts à recevoir	286	(9 673)
Taxes à recevoir	10 708	351
Frais payés d'avance	(2 065)	(571)
Créditeurs et charges à payer	(931)	(60 612)
	7 988	(71 755)

12- COMPLEMENTARY INFORMATIONS RELATED TO CASH FLOW

Net change in non-cash operating working capital items:

Interests receivable from Biomass Carbon ULC
Other receivables
Taxes receivable
Prepaid expenses
Accounts payable and accrued liabilities

Renseignements supplémentaires :

	2020	2019
	\$	\$
Crédit d'impôt relatif aux ressources et crédits d'impôt miniers à recevoir		
crédités aux actifs de prospection et d'évaluation	-	91 751
Créditeurs et charges à payer inclus dans les actifs de prospection et d'évaluation	-	10 000
Émission d'actions ordinaires en contrepartie d'un billet à ordre convertible non garanti	-	25 000

Supplementary information

Tax credit related to resources and mining tax credits receivable credited to exploration and evaluation assets

Accounts payable and accrued liabilities included in exploration and evaluation assets

Issuance of common shares in exchange of an Unsecured Convertible Promissory Note

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13- OPÉRATIONS ENTRE PARTIES LIÉES

Transactions avec les principaux dirigeants et les membres du conseil d'administration

Au cours de l'exercice clos le 31 mars 2020, la Société a engagé 17 695 \$ (21 786 \$ en 2019) en honoraires professionnels et de consultants auprès de la secrétaire et chef des finances de la Société. En relation avec ces transactions, la Société avait 256 \$ à payer au 31 mars 2020 (nil en 2019).

De plus, un montant de 36 468 \$ (51 688 \$ en 2019) a été comptabilisé comme paiements fondés sur des actions aux principaux dirigeants et membres du conseil d'administration.

Ces opérations sont conclues dans le cours normal des activités de la Société et sont mesurées en fonction de leur valeur d'échange, soit le montant de la contrepartie convenue entre les parties aux accords.

14- PASSIFS ÉVENTUELS

- a) Les opérations de la Société sont régies par des lois gouvernementales concernant la protection de l'environnement. Les conséquences environnementales sont difficilement identifiables, que ce soit au niveau de la résultante, de son échéance ou de son impact. Présentement, au meilleur de la connaissance de ses dirigeants, la Société opère en conformité avec les lois et les règlements en vigueur.

- b) La Société est soumise à des exigences fiscales relativement à l'utilisation de fonds levés par financement accréditif, ceux-ci devant obligatoirement être dépensés en frais d'exploration admissibles.

Ces règles fiscales fixent également des échéances pour la réalisation des travaux d'exploration qui doivent être entrepris au plus tard à la première des dates suivantes :

- Deux ans suivant les placements accréditifs;
- Un an après que la Société a renoncé aux déductions fiscales relatives aux travaux d'exploration.

Cependant, il n'existe aucune garantie à l'effet que ces dépenses d'exploration seront admissibles à titre de frais de prospection au Canada, même si la Société s'est engagée à prendre toutes les mesures nécessaires à cet égard. Le refus de certaines dépenses par l'administration fiscale pourrait avoir un impact fiscal négatif pour les investisseurs. Aux 31 mars 2020 et 2019, la Société n'avait aucune somme à engager à titre de travaux de prospection.

13- RELATED PARTY TRANSACTIONS

Transactions with Key Executives and with members of the Board of Directors

During the year ended March 31, 2020, the Company incurred \$17,695 (\$21,786 in 2019) in professional and consultant fees with its Secretary and Financial Chief Officer. In relation with these transactions \$256 was payable as at March 31, 2020 (Nil in 2019).

Furthermore, an amount of \$36,468 (\$51,688 in 2019) was accounted as share-based payments for Key Executives and members of the Board of Directors.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

14- CONTINGENT LIABILITIES

- a) The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to identify, in terms of level, impact or deadline. At the present time and to the best knowledge of management, the Company is in conformity with the laws and regulations.

- b) The Company is subject to tax requirements related to the use of funds obtained by flow-through share financing. These funds must be incurred for eligible exploration expenses.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors. As at March 31, 2020 and 2019, the Company did not have any amount to spent for exploration work.

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15- POLITIQUES EN MATIÈRE DE GESTION DES RISQUES FINANCIERS

Les activités de la Société sont exposées à divers risques financiers : le risque de crédit et le risque de liquidité.

a) Risque de crédit

Le risque de crédit est le risque qu'une partie à un instrument financier manque à l'une de ses obligations et amène de ce fait l'autre partie à subir une perte financière. La valeur comptable de la trésorerie et équivalents de trésorerie et des intérêts à recevoir, d'un montant total de 1 141 877 \$ (1 234 154 \$ au 31 mars 2019) représente l'exposition maximale de la Société face au risque de crédit. Le risque de crédit sur la trésorerie et équivalents de trésorerie est limité puisque les parties contractantes sont des sociétés ayant des cotes de crédit élevées attribuées par des agences de crédit internationales.

La direction de la Société estime que la qualité du crédit de tous les actifs financiers décrits ci-dessus qui ne sont pas dépréciés ou en souffrance, à chaque date de présentation de l'information financière, est bonne.

b) Risque de liquidité

Le risque de liquidité est le risque qu'une entité éprouve des difficultés à honorer des engagements liés à des passifs financiers. La gestion du risque de liquidité vise à maintenir un montant suffisant de trésorerie et équivalents de trésorerie et à s'assurer que la Société dispose de sources de financement suffisantes. La Société établit des prévisions budgétaires afin de s'assurer qu'elle dispose des fonds nécessaires pour rencontrer ses obligations.

Les passifs financiers de la Société, soient les créditeurs et charges à payer ont des échéances de moins d'un an et s'élèvent à 28 041 \$ (38 972 \$ au 31 mars 2019).

15- FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to financial risks: credit risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument fails to meet its obligation and causes the other party to incur a financial loss. The carrying value of cash and cash equivalents and interest receivable for an amount of \$1,141,877 (\$1,234,154 as at March 31, 2019) represents the Company's maximum exposure to credit risk. The credit risk on cash and cash equivalents, interest receivable is limited because the contracting parties are entities with high credit ratings assigned by international credit-rating agencies.

Management believes that the credit quality of all financial assets described above that are not impaired or delinquent on each reporting date is good.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalent to ensure that the Company has sufficient financing sources. The Company establishes budgets to ensure it has the necessary funds to fulfill its obligations.

The Company's financial liabilities which are accounts payable and accrued liabilities have a contractual maturity within less than a year and amount to \$28,041 (\$38,972 as at March 31, 2019).

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**16- POLITIQUES ET PROCÉDURES DE GESTION
DU CAPITAL**

Au 31 mars 2020, le capital de la Société est constitué des capitaux propres qui se chiffrent à 1 693 541 \$ (1 803 856 \$ au 31 mars 2019). L'objectif de gestion du capital de la Société est de s'assurer qu'elle dispose d'un capital suffisant pour rencontrer ses obligations pour son plan de développement minier et de prospection et ainsi assurer la croissance de ses activités. Elle a également pour objectif de s'assurer qu'elle dispose de suffisamment de liquidités pour financer ses frais de prospection et d'évaluation, ses activités d'investissement et ses besoins en fonds de roulement. Il n'y a pas eu de changement significatif concernant l'approche de politique de gestion du capital au cours de l'exercice clos le 31 mars 2020.

**16- POLICIES AND PROCESSES FOR MANAGING
CAPITAL**

As at March 31, 2020, the capital of the Company consisted of equity amounting to \$1,693,541 (\$1,803,856 as at March 31, 2019). The Company's capital management objective is to have sufficient capital to be able to meet its exploration and mining development plan in order to ensure the growth of its activities. It also has the objective to have sufficient cash to finance its exploration and evaluation expenses, investing activities and working capital requirements. There were no significant changes in the Company's approach to capital management during the year ended March 31, 2020.

SCHEDULE “B”

**Management’s Discussion and Analysis of Entheon
for the fiscal years ended March 31, 2020 and March 31, 2019**



MPV EXPLORATION INC.
(an exploration company)

MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended March 31, 2020

This management discussion and analysis ("MD&A") of MPV Exploration Inc. ("MPV Exploration", "MPV" or the "Company") complies with Rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure.

The MD&A is a narrative explanation, through the eyes of the management of MPV, of how the Company performed during the year ended March 31, 2020, and of the Company's financial condition and future prospects. This discussion and analysis supplements, but does not form part of, the audited financial statements for the year ended March 31, 2020. It reports on the Company's performance for the year ended March 31, 2020, and should therefore be read in conjunction with the audited financial statements as at March 31, 2020 and the notes thereto. This review was prepared by management with information available as at the date of the MD&A.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com. The shares of MPV are listed on the Canadian Securities Exchange under the symbol MPV.

All figures are in Canadian dollars unless otherwise stated.

DATE

The MD&A was prepared on the basis of information available as at June 12, 2020.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, particularly: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; imprecision in reserve estimates; environmental risks including increased regulatory burdens; unexpected geological conditions; adverse mining conditions; changes in government regulations and policies, including laws and policies; failure to obtain the necessary permits and approvals from government authorities; and other development and operating risks.

While the Company believes that the assumptions underlying in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised because of new information, future events or otherwise, unless required to do so by the applicable securities laws.

NATURE OF ACTIVITIES

MPV is incorporated under the Canada Business Corporations Act. The Company is involved in the acquisition, exploration and development of mining properties. The Company is active in Canada.

In October 2018, following shareholder's approval, the Company changed its name to MPV Exploration Inc.

HIGHLIGHTS

The mineral exploration industry continued showed steady signs of improvement over the past year, albeit mainly for gold projects, with little improvement for base metals. In March 2020, all exploration activities were suspended due to the COVID-19 crisis. Management and the Board of Directors have been reviewing the market conditions on a regular basis and are assessing the various scenarios for ways to proceed while

keeping expenditures to a minimum. MPV is also actively pursuing a number of potential strategic opportunities with a view to the best interests of the Company and its shareholders.

Since beginning of March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown.

The Company is continuing off-site activities to further the Company's objectives during this uncertain and rapidly evolving time and to follow the recommendations of Quebec Government and Health Canada/Santé Québec. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating in future periods. However, we anticipate that due to market uncertainty the Company may be restricted in its ability to raise additional funding.

OVERALL PERFORMANCE

Results of Operations

Umex Block West Project

Property Description

The Umex Block West property consists of 14 cells covering a total area of 777.63 hectares. The property is located within the Eastern Abitibi region at 50 km west of the town of Chapais and 88 km west of the town of Chibougamau.

On March 31, 2017, the Company signed an option agreement to acquire 100% of the property.

During the year ended March 31, 2019, the Company performed the following work:

- 1) A 1,200-metre drilling program;
- 2) A BoreHole EM-type geophysical survey in two 2018 drill holes;
- 3) A BoreHole EM-type geophysical survey in two historical drill holes;
- 4) An airborne magnetic survey over the entire property, on lines spaced at 75 m.

The results of the drilling program were disclosed in a press release dated August 16, 2018.

The Company is currently evaluating potential exploration next steps with regards to its properties.

Work done during the year

No exploration work was carried out on the property during the year.

Umex Block East Property

The Umex Block East property is now composed of 111 contiguous cells to the east, and on the same conductive strip as that traversing the Umex Block West property. The property covers an area of 6,163.28 hectares. It is wholly-owned by the Company.

During the year ended March 31, 2019, the Company conducted:

- 1) An airborne magnetic survey over the entire property on lines spaced at 75 m;
- 2) A Max-Min ground geophysical survey covering +/-40 km.

Work done during the year

No exploration work was carried out on the property during the year.

Person In Charge of Technical Disclosure

Hughes Gu  rin Tremblay (OGQ #1584), geologist, acts as an independent consulting geologist for the Company and a Qualified Person under *NI 43-101 on standards of disclosure for mineral projects*, has written and approved the technical content of this MD&A for the properties.

SELECTED ANNUAL INFORMATION

The following selected financial data is derived from our audited financial statements for the year ended March 31, 2020.

	Year ended March 31 2020	Year ended March 31 2019	Year ended March 31 2018
<u>In \$ except for share data</u>			
Interest income	20,002	11,561	1,250
Net loss and total comprehensive loss	(146,783)	(157,534)	(144,981)
Total liabilities	28,041	38,972	185,285
Basic and diluted net loss per share	(0.008)	(0.01)	(0.04)
Total assets	1,721,582	1,842,828	559,047

This selected annual information should be read in conjunction with the audited financial statements filed on www.sedar.com for the year ended March 31, 2020.

RESULTS OF OPERATIONS

MPV anticipates that, for the foreseeable future, quarterly results of operations will primarily be impacted by several factors, including the timing of exploration and the efforts and timing of expenditures related to the development of the Company. Due to fluctuations in these factors, the Company believes that the period-to-period comparisons of operating results are not a good indication of its future performance.

The following discussion and analysis are based on MPV's results of operations for the year ended March 31, 2020. The following selected financial information data is derived from the Company's audited financial statements for the year indicated.

FINANCIAL HIGHLIGHTS

	March 31	
	2020	2019
Shareholders' information	\$ 36,136	\$ 46,361
Professional and consultant fees	\$ 64,601	\$ 63,287
Travel and representation	\$ 7,309	\$ 8,193
Other expenses	\$ 22,271	\$ 30,119
Cost related to the initial public offering	\$ -	\$ 12,450
Devaluation of the loan and interests receivable from Biomoss Carbon ULC	\$ -	\$ 28,840
Part XII.6 taxes	\$ -	\$ 490
Share-based payments	\$ 36,468	\$ 51,688
	<u>\$ 166,785</u>	<u>\$ 241,428</u>
Interest charge	\$ -	\$ 218
Interest income	\$ (20,002)	\$ (11,561)
Loss before income taxes	\$ (146,783)	\$ (230,085)
Deferred income taxes	\$ -	\$ (72,551)
Net loss and total comprehensive loss	<u>\$ (146,783)</u>	<u>\$ (157,534)</u>
Cash and cash equivalents	<u>\$ 1,132,490</u>	<u>\$ 1,224,481</u>

Shareholders' Information

Shareholders' information expenses for year ended March 31, 2020, consisted mainly of expenditures of legal and regulatory nature incurred to comply with the requirements of the securities commission. The decrease of \$10,225 from previous year was due to stock exchange fees.

Other expenses

Other expenses for the year ended March 31, 2020, consisted mainly of office expenses, general office expenditures, insurance and the Company's claim expenses. The decrease of \$7,848 from the previous year is due to a decrease in the Company's claim expenses and office expenses offset by a slight increase in insurance costs.

Cost related to the initial public offering

Costs related to the initial public offering for the year ended March 31, 2019 consist of expenses incurred in connection with the Company's initial public offering. Most of the costs associated with the Company's initial public offering were recognized in the previous year.

Share-based payments

Share-based payments for the year ended March 31, 2020, represented the recognition of the charge for the 360,000 options granted to directors and officers of the Company. A compensation expense of \$36,468 calculated using the Black-Scholes option pricing model was allocated during the year in relation to the stock options granted.

SUMMARY OF QUARTERLY RESULTS

The comments below provide an analysis of the operating results for the three-month period ended March 31, 2020. The selected financial information shown below is taken from the unaudited condensed interim financial statements for each of the three-month periods indicated.

FINANCIAL HIGHLIGHTS

	March 31 (3 months)	
	2020	2019
Shareholders' information	\$ 4,959	\$ 12,776
Professional and consultant fees	\$ 27,031	\$ 9,387
Travel and representation	\$ 3,721	\$ 3,136
Other expenses	\$ 5,249	\$ 11,989
Devaluation of the loan and interests receivable from Biomoss Carbon ULC	\$ -	\$ 28,840
Part XII.6 taxes	\$ -	\$ 58
Share-based payments	\$ -	\$ 17,437
	<u>\$ 40,960</u>	<u>\$ 83,623</u>
Interest income	\$ (5,080)	\$ (3,904)
Loss before income taxes	<u>\$ (35,880)</u>	<u>\$ (79,719)</u>
Net loss and total comprehensive loss	<u>\$ (35,880)</u>	<u>\$ (79,719)</u>
Cash and cash equivalents	<u>\$ 1,132,490</u>	<u>\$ 1,224,481</u>

Shareholders' Information

Shareholders' information expenses for the three-month period ended March 31, 2020, consisted mainly of expenditures of legal and regulatory nature incurred to comply with the requirements of the securities commission. The decrease of \$7,817 compared to the previous period is primarily due to a decrease in transfer agent fees and shareholder information costs.

Professional and Consultant Fees

Professional and consultant fees for the three-month period ended March 31, 2020, consisted primarily of expenses of a legal and accounting nature, as well as audit expenses. A variation of \$ 17,644 was recognized compared to the previous period and results from an increase in legal expenses related to project evaluations.

Other expenses

Other expenses for the three-month period ended March 31, 2020, consisted mainly of office expenses, general office expenditures, insurance and the Company's claim expenses. The decrease of \$6,740 from the previous period is due to a decrease in the Company's claim expenses and a slight decrease in office expenses offset by an increase in insurance costs.

Share-based payments

Share-based payments for the three-month ended March 31, 2019, represented the recognition of the charge for the 200,000 options granted to a consultant of the Company. A compensation expense of \$17,437 calculated using the Black-Scholes option pricing model was allocated during that period in relation to the stock options granted.

The selected financial information below was taken from MPV Exploration's unaudited financial statements for each of the following quarters:

	March 31 2020	Dec 31 2019	Sept. 30 2019	June 30 2019	March 31 2019	Dec 31 2018	Sept. 30 2018	June 30 2018
Interest Income	5,080	4,936	4,988	4,998	3,904	4,046	3,297	314
Net loss	(35,881)	(49,323)	(18,065)	(43,514)	(79,718)	(58,600)	(36,609)	17,393
Basic and diluted net loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.00	\$ 0.00

Liquidity and Capital Resources

Cash and cash equivalents as at March 31, 2020, totaled \$1,132,490 of compared to \$1,224,481 as at March 31, 2019. It is management's intention to secure further capital funding in the form of equity to support current and future exploration and development of its assets.

Date	Financing	Commercial Goals
April and May 2018	Common shares	\$1,193,100
		Working Capital

VARIANCES IN THE USE OF PROCEEDS FROM THE FINANCING BY WAY OF PROSPECTUS

	Maximum offering under the April 2018 prospectus \$	March 31		Explanation for variance
		2019 \$	2020 \$	
Source of funds				
Gross proceeds	1,000,000	1,193,100	-	The agent exercised a portion of its over-allotment option at the time of the initial public offering.
Working capital	280,997	-	-	
Total	1,280,997	-	-	
Use of funds				
Agent's fee	100,000	119,310	-	The agent's fee was higher due to the exercise of a portion of its over-allotment option.
Estimated offering expenses	115,000	40,750	-	The Company paid \$68,648 in 2018 from its working capital. The estimated offering expenses were slightly higher than the actual expenses.
Cost of Phase 1 exploration program	253,750	367,094	-	The Company did more work than described in the prospectus in order to adapt to the project realities.
Administrative costs for 12 months	176,000	147,960	28,040	

Cost of Phase 2 exploration program	400,000	-	-	The Phase 2 exploration program did not take place due to unfavourable base metal prices in the period leading up to the start of Phase 2. The Company is seeking potential strategic opportunities to restart exploration.
Property option payment	25,000	-	-	The option payment was made during the fiscal year ended March 31, 2018.
Total	1,069,750	675,114	28,040	Expenses incurred in 2018: \$93,648.

For the next year, the Company has budgeted \$130,000 for administrative expenses. Management is of the opinion that, even if it is unable to raise additional equity financing, the Company will be able to meet its current exploration obligations and keep its properties in good standing for the next 12 months. There is no assurance that such financing will be available when required, or under terms that are favourable to MPV. The Company may also select to advance the exploration and development of exploration and evaluation assets through joint ventures.

CASH FLOWS

	March 31	
	2020	2019
Operating activities	\$ (102,317)	\$ (221,312)
Financing activities	\$ 95,326	\$ 1,513,066
Investing activities	\$ (85,000)	\$ (411,301)
	<u>\$ (91,991)</u>	<u>\$ 880,453</u>
Cash and cash equivalents	<u>\$ 1,132,490</u>	<u>\$ 1,224,481</u>

During the year ended March 31, 2020, funds used for operating activities were spent primarily on improving operations and development of the Company.

During the year ended March 31, 2020, financing activities consisted to the receipt of tax credits relating to resources and mining tax credits.

During the year ended March 31, 2020, investing activities consisted primarily of exploration to develop the Umex Block West property.

ROYALTIES ON THE MINING PROPERTIES

PROPERTY	ROYALTY		DESCRIPTION
	Name	Percentage	
Umex Bloc West	Les Ressources Tectonic Inc.	100%	2% NSR of which 1% may be purchased for an amount of \$1,500,000

RELATED PARTY TRANSACTIONS

Transactions with Key Executives

During the year ended March 31, 2020, the Company incurred \$17,695 (\$21,786 in 2019) in professional and consultant fees with its Secretary and Financial Chief Officer. In relation with these transactions \$256 was payable as at March 31, 2020 (Nil in 2019).

Furthermore, an amount of \$36,468 (\$51,688 in 2019) was accounted as share-based payments for Key Executives and members of the Board of Directors.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

SIGNIFICANT ACCOUNTING POLICIES

Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The functional and reporting currency of the Company is the Canadian dollar.

Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration expenses incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

Exploration and evaluation expenditures, and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit and loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- No further exploration or evaluation expenditures in the area are planned or budgeted;
- No commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed when the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Flow-through shares

Issuance of flow-through shares represents an issue of ordinary shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented in other liability in the statement of financial position. The proceeds received from flow-through shares are allocated between share and, if any, the other liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds is allocated to the other liability.

The other liability recorded is reversed on renouncement of the right to tax deductions to the investors or when the Company has the intention to renounce of tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income taxes expense.

Other elements of equity

Deficit includes all current and prior year retained profits or losses and shares issuance expenses net of any underlying income tax benefit from these share issuance expenses.

Contributed surplus includes charges related to brokers and intermediaries' options and share purchase options. When options are exercised, the related compensation cost is transferred to share capital.

Warrants include charges relating to warrants. When these warrants are exercised, the relating charges are transferred to share capital. When these warrants are expired, the relating charges are transferred to contributed surplus.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed using the treasury stock method. In accordance with the treasury stock method, the weighted average number of common shares outstanding is increased to include additional shares for the assumed exercise of brokers and intermediaries' options, stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting years.

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the Black-Scholes Options Pricing Model. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is credited to contributed surplus.

Share-based payments (except brokers and intermediaries' options) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Share-based payments to brokers and intermediaries, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-Market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised is different from that estimated on vesting.

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transactions costs. The subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

The classification of financial instruments under IFRS 9 is based on the entity's business model and the characteristics of the contractual cash flows of the financial asset or liability.

Subsequent valuation of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if they meet the following conditions:

- They are held according to an economic model whose objective is to hold financial assets in order to collect the contractual cash flows;
- The contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. The update is omitted if its effect is not significant. Cash and cash equivalents and interests receivable fall into this category of financial instruments.

All income and expenses relating to financial assets recognized in profit or loss are presented in interest charges or Interest income.

Impairment of financial assets

The impairment provisions in IFRS 9 use more forward-looking information, the expected credit loss model, which replaces the IAS 39 loss model.

The recognition of credit losses is no longer dependent on the identification of a credit loss event by the Company. Rather, it must take into account an expanded range of information for assessing credit risk and assessing expected credit losses, including past events, current circumstances, reasonable and justifiable forecasts that affect expected recoverability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

Subsequent valuation of financial liabilities

The Company's financial liabilities include trade accounts payable and accrued liabilities.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Interest expense and, as the case may be, changes in the fair value of an instrument recognized in profit or loss are presented in interest charges or interest income.

Compound financial instrument

The component of the compound financial instrument (unsecured convertible promissory note) issued by the Company is classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount in cash for a fixed number of equity instruments of the Company is classified as an equity instrument.

At the issue date, the liability component is recognized at fair value, which is estimated using the effective interest rate on the market for similar non-convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest rate until it is extinguished on conversion or maturity.

The value of the conversion option classified as equity is determined at the issue date, by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of tax effects, and is not revised subsequently. When the conversion option is exercised, the equity component of the unsecured convertible promissory note will be transferred to share capital. No profit or gain is recognized to the conversion or expiration of the conversion option.

Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the year, which is calculated using tax rates that have been enacted or substantively enacted by the reporting date. However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are accounted for using the liability method that requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the year of substantive enactment. Deferred tax assets, such as non-capital loss carry-forwards or deductible temporary difference, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention of set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they are related to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

Provisions and contingent liabilities

Provision are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Segment Disclosure

The Company currently operates in a single segment: the acquisition, exploration and development of mining properties. All of the Company's activities are conducted in Canada.

Significant accounting judgments, estimates and assumptions

When preparing its financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

Information about critical judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Recognition of deferred income tax assets and measurement on income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize

these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss of deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in any cases (see Note Impairment of exploration and evaluation assets above).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits.

Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

No impairment was recognized for the reporting periods.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of historical data of similar company's shares, the probable life and the time of exercise of those options. The model used by the Company is the Black-Scholes valuation model (see Note 9 of audited financial statements).

Tax credit receivable

The calculation of the Company's refundable tax credits on qualified exploration expenditure incurred and refundable tax credits involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been issued from the relevant taxation authority and a payment have been received. Differences arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

CERTIFICATION OF ANNUAL FILINGS

The Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Annual Filings as required by National Instrument 52-109 for the venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the annual filings.

- The Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the “annual filings”) of the Company for the exercise ended March 31, 2020.
- Based on their knowledge, having exercised reasonable diligence, the Chief Executive Officer and the Chief Financial Officer confirm that the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

Based on their knowledge, having exercised reasonable diligence, the Chief Executive Officer and the Chief Financial Officer confirm that the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the period presented in the annual filings.

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

EXPLORATION AND EVALUATION ASSETS

	March 31	
	2020	2019
Balance, beginning of year	\$ 492,502	\$ 162,952
Add:		
Acquisition of exploration and evaluation assets	75,000	53,397
Drilling	-	185,963
Airborne survey	-	34,400
Geophysics	-	110,706
Line-cutting	-	26,835
Other exploration and evaluation expenses	-	10,000
	<u>75,000</u>	<u>421,301</u>
Balance, before deduction	<u>567,502</u>	<u>584,253</u>
Tax credit related to resources and mining tax credit	<u>3,516</u>	<u>91,751</u>
	<u>3,516</u>	<u>91,751</u>
Balance, end of year	<u>\$ 563,986</u>	<u>\$ 492,502</u>

MATERIAL COMPONENTS

	2020	March 31 2019	2018
Statements of net loss and comprehensive loss			
Professional and consultant fees	\$ 64,601	\$ 63,287	\$ 24,754
Other expenses	\$ 22,271	\$ 30,119	\$ 10,941
Stock-based payments	\$ 36,468	\$ 51,688	\$ 51,168
Devaluation of the loan and interests receivable	\$ -	\$ 28,840	\$ -
Cost related to the initial public offering	\$ -	\$ 12,450	\$ 53,648
Shareholders' information	\$ 36,136	\$ 46,361	\$ 15,948
Statements of financial position			
Exploration and evaluation assets	\$ 563,986	\$ 492,502	\$ 162,952
Loan receivable from Biomoss Carbon ULC	\$ -	\$ -	\$ 27,590
Unsecured convertible promissory note	\$ -	\$ -	\$ 23,150

DISCLOSURE OF OUTSTANDING SHARE DATA (as at June 12, 2020)

Common shares outstanding:			18,105,514
Options outstanding:			1,610,000
Average exercise price of:			\$ 0.14
Expiry date	Number of shares	Exercise price	
		\$	
December 2022	500,000	0.20	
November 2023	550,000	0.10	
February 2024	200,000	0.10	
November 2024	360,000	0.12	
	1,610,000		
Warrants and brokers and intermediaries' options outstanding:			13,958,933
Average exercise price of:			\$ 0.23
Expiry date	Number of shares	Exercise price	
		\$	
December 2020	1,953,431	0.25	
December 2020	40,002	0.15	
February 2021	6,000,000	0.16	
April 2021	5,965,500	0.30	
	13,958,933		

Risks and Uncertainties. The Company is subject to a variety of risks, some of which are described below. If any of the following risks occur, the Company's business, results of operations or financial condition could be adversely affected in a material manner.

Exploration and mining risks. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins,

landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company from time to time increases its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known bodies of commercial ore. Programs conducted on the Company's mineral properties would be an exploratory search for ore.

Titles to property. While the Company has diligently investigated title to the various properties in which it has an interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

Permits and licenses. The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Metal prices. Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition. The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Environmental regulations. The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Conflicts of interest. Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stage of development. The Company's properties are in the exploration stage, and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Industry conditions. Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

Uninsured hazards. Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of the high cost of premiums or for other reasons. The payment of any such liability could result in the loss of Company assets or the Company's insolvency.

Future financing. Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

Key employees. Management of the Company rests on a few key officers and members of the board of directors, the loss of any of whom could have a detrimental effect on its operations.

Canada Revenue Agency. No assurance can be made that Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).



MPV EXPLORATION INC.

(formerly M.P.V. Explorations Inc.)
(an exploration company)

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended March 31, 2019

This management discussion and analysis ("MD&A") of MPV Exploration Inc. (formerly M.P.V. Explorations Inc.) ("MPV Exploration", "MPV" or the "Company") complies with Rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure.

The MD&A is a narrative explanation, through the eyes of the management of MPV, of how the Company performed during the year ended March 31, 2019, and of the Company's financial condition and future prospects. This discussion and analysis supplements, but does not form part of, the audited financial statements for the year ended March 31st, 2019. It reports on the Company's performance for the year ended March 31st, 2019, and should therefore be read in conjunction with the audited financial statements as at March 31st, 2019 and the notes thereto. This review was prepared by management with information available as at the date of the MD&A.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com. The shares of MPV are listed on the Canadian Securities Exchange under the symbol MPV.

All figures are in Canadian dollars unless otherwise stated.

DATE

The MD&A was prepared on the basis of information available as at June 3, 2019.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, particularly: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; imprecision in reserve estimates; environmental risks including increased regulatory burdens; unexpected geological conditions; adverse mining conditions; changes in government regulations and policies, including laws and policies; failure to obtain the necessary permits and approvals from government authorities; and other development and operating risks.

While the Company believes that the assumptions underlying in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised because of new information, future events or otherwise, unless required to do so by the applicable securities laws.

NATURE OF ACTIVITIES

MPV is incorporated under the Canada Business Corporations Act. The Company is involved in the acquisition, exploration and development of mining properties. The Company is active in Canada.

In October 2018, following shareholder's approval, the Company changed its name to MPV Exploration Inc.

HIGHLIGHTS

MPV increased its activity level substantially in 2018:

- May 2018: Listed on the Canadian Stock Exchange (CSE)
- June 2018: Carried out a 1,200-metre drilling program on the UMEX Western Block, representing Phase 1 of its exploration program as defined in the prospectus of its initial public offering.
- August 2018: Announced the results of its June 2018 drilling program. Hole UMX-18-07 was of particularly interest, returning grades of 2.20% Cu, 4.05% Zn, 1.74 g/t Au and 62.41 g/t Ag over 9.1 metres.
- September 2018: On the basis of the drill results, MPV staked an additional 53 cells, bringing the total size of the UMEX property to nearly 7,000 hectares (125 cells in total).
- Winter 2018-2019: MPV conducted an airborne MAG geophysical survey over the entire property and a BoreHole EM program in the existing drillholes. The Company subsequently carried out 40 km of line cutting and a Max-Min geophysical survey.

The work carried out both confirmed UMEX's geological potential and fulfilled all the conditions for 1) exploration permit renewals in 2019 and 2) the requirements of the property purchase agreement (Western Block) up to March 31, 2020.

Financial markets continue to show strong aversion to risk in the mineral exploration sector. While MPV remains optimistic about the medium and long-term outlook for the base metals market, management and the Board of Directors continue to assess market conditions on an ongoing basis and move forward very defensively in order to preserve the Company's cash assets, which stood at approximately \$1.4 million at the beginning of 2019. In line with this, management and the Board of Directors have decided to limit expenses to a minimum and continue to explore potential strategic opportunities for MPV, in the best interests of the Company and its shareholders.

OVERALL PERFORMANCE

Results of Operations

Umex Block West Project

Property Description

The Umex Block West property consists of 14 cells covering a total area of 777.63 hectares. The property is located within the Eastern Abitibi region at 50 km west of the town of Chapais and 88 km west of the town of Chibougamau.

On March 31, 2017, the Company signed an option agreement to acquire 100% of the property.

Work done during the year

During the year ended March 31, 2019, the Company performed the following work:

- 1) A 1,200-metre drilling program;
- 2) A BoreHole EM-type geophysical survey in two 2018 drill holes;
- 3) A BoreHole EM-type geophysical survey in two historical drill holes;
- 4) An airborne magnetic survey over the entire property, on lines spaced at 75 m.

The results of the drilling program were disclosed in a press release dated August 16, 2018. Given the significance of the drill results obtained, the Company has established a work plan to update and identify the next drilling targets.

Umex Block East Property

The Umex Block East property is now composed of 111 contiguous cells to the east, and on the same conductive strip as that traversing the Umex Block West property. The property covers an area of 6,163.28 hectares. It is wholly-owned by the Company.

Work done during the year

During the year ended March 31, 2019, the Company conducted:

- 1) An airborne magnetic survey over the entire property on lines spaced at 75 m;
- 2) A Max-Min ground geophysical survey covering +/-40 km.

Person In Charge of Technical Disclosure

Hughes Gu  rin Tremblay (OGQ #1584), geologist, acts as an independent consulting geologist for the Company and a Qualified Person under *NI 43-101 on standards of disclosure for mineral projects*, has written and approved the technical content of this MD&A for the properties.

SELECTED ANNUAL INFORMATION

The following selected financial data is derived from our audited financial statements for the year ended March 31, 2019.

	Year ended March 31 2019	Year ended March 31 2018	Year ended March 31 2017
In \$ except for share data			
Interest incomes	11,561	1,250	1,223
Net loss and total comprehensive loss	(157,534)	(144,981)	(1,859)
Total liabilities	38,972	185,285	16,073
Basic and diluted net loss per share	(0,01)	(0,04)	0,00
Total assets	1,842,828	559,047	59,113

This selected annual information should be read in conjunction with the audited financial statements filed on www.sedar.com for the year ended March 31, 2019.

RESULTS OF OPERATIONS

MPV anticipates that, for the foreseeable future, quarterly results of operations will primarily be impacted by several factors, including the timing of exploration and the efforts and timing of expenditures related to the development of the Company. Due to fluctuations in these factors, the Company believes that the period-to-period comparisons of operating results are not a good indication of its future performance.

The following discussion and analysis are based on MPV's results of operations for the year ended March 31, 2019. The following selected financial information data is derived from the Company's audited financial statements for the year indicated.

FINANCIAL HIGHLIGHTS

	March 31	
	2019	2018
Shareholders' information	\$ 46,361	\$ 15,948
Professional and consultant fees	\$ 63,287	\$ 24,754
Travel and representation	\$ 8,193	\$ 25,626
Other expenses	\$ 30,119	\$ 10,941
Cost related to the initial public offering	\$ 12,450	\$ 53,648
Part XII.6 taxes	\$ 490	\$ 272
Devaluation of the loan and interests receivable from Biomoss Carbon ULC	\$ 28,840	\$ -
Share-based payments	\$ 51,688	\$ 51,168
	<u>\$ 241,428</u>	<u>\$ 182,357</u>
Interest charge	\$ (218)	\$ (2,603)
Interest income	\$ 11,561	\$ 1,250
Income before income taxes	\$ (230,085)	\$ (183,710)
Deferred income taxes	\$ 72,551	\$ 38,729
Net loss and total comprehensive loss	<u>\$ (157,534)</u>	<u>\$ (144,981)</u>
Cash and cash equivalents	<u>\$ 1,224,481</u>	<u>\$ 344,028</u>

Shareholders' Information

Shareholders' information expenses for year ended March 31, 2019, consisted mainly of expenditures of legal and regulatory nature incurred to comply with the requirements of the securities commission. The \$30,413 change from previous year was due to an increase in stock exchange fees, transfer agent fees and shareholder information expenses, offset by a decrease in expenses related to Sedar filings.

Professional and Consultant Fees

Professional and consulting fees for the year ended March 31, 2019, consisted primarily of expenses of a legal and accounting nature, as well as audit expenses. The increase of \$42,831 from the previous year was due to an increase in consulting fees and legal and accounting nature expenses.

Other expenses

Other expenses for the year ended March 31, 2019, consisted mainly of office expenses, general office expenditures, insurance and the Company's claim expenses. The increase of \$19,178 from the previous year is due to an increase in all categories of expenses under this item.

Cost related to the initial public offering

Costs related to the initial public offering for the year ended March 31, 2019 consist of expenses incurred in connection with the Company's initial public offering. Most of the costs associated with the Company's initial public offering were recognized in the previous year.

Share-based payments

Share-based payments for the year ended March 31, 2019, represented the recognition of the charge for the 750,000 options granted to directors, officers and consultants of the Company. A compensation expense of \$51,688 calculated using the Black-Scholes option pricing model was allocated during the year in relation to the stock options granted.

SUMMARY OF QUARTERLY RESULTS

The comments below provide an analysis of the operating results for the three-month period ended March 31, 2019. The selected financial information shown below is taken from the unaudited condensed interim financial statements for each of the three-month periods indicated.

FINANCIAL HIGHLIGHTS

	March 31 (3 months)	
	2019	2018
Shareholders' information	\$ 12,776	\$ 4,460
Professional and consultant fees	\$ 9,387	\$ 13,685
Travel and representation	\$ 3,136	\$ 7,462
Other expenses	\$ 11,989	\$ 6,558
Cost related to the initial public offering	\$ -	\$ 28,273
Part XII.6 taxes	\$ 58	\$ 272
Devaluation of the loan and interests receivable from Biomoss Carbon ULC	\$ 28,840	\$ -
Share-based payments	\$ 17,437	\$ -
	\$ 83,622	\$ 60,710
Interest charge	\$ -	\$ (2,603)
Interest income	\$ 3,904	\$ 312
Net loss and total comprehensive loss	\$ (79,719)	\$ (63,001)
Cash and cash equivalents	\$ 1,224,481	\$ 344,028

Shareholders' Information

Shareholders' information expenses for the three-month period ended March 31, 2019, consisted mainly of expenditures of legal and regulatory nature incurred to comply with the requirements of the securities commission. The increase of \$8,316 compared to the previous year is primarily due to an increase in all transfer agent fees.

Professional and Consultant Fees

Professional and consulting fees for the three-month period ended March 31, 2019, consisted primarily of expenses of a legal and accounting nature, as well as audit expenses. The decrease of \$4,298 compared to the previous year is primarily due to a decrease in accounting expenses.

Other expenses

Other expenses for the three-month period ended March 31, 2019, consisted mainly of office expenses, insurance, general office expenditures and the Company's claim expenses. The increase of \$5,431 from the previous period was mainly due to a decrease in expenses related to the Company's mineral claims and office expenses.

Share-based payments

Share-based payments for the three-month ended March 31, 2019, represented the recognition of the charge for the 200,000 options granted to a consultant of the Company. A compensation expense of \$17,437 calculated using the Black-Scholes option pricing model was allocated during that period in relation to the stock options granted.

The selected financial information below was taken from MPV Exploration's unaudited financial statements for each of the following quarters:

	March 31 2019	Dec 31 2018	Sept. 30 2018	June 30 2018	March 31 2018	Dec 31 2017	Sept. 30 2017	June 30 2017
Interest Incomes	3,904	4,046	3,297	314	312	313	313	312
Net income (Net loss)	(79,718)	(58,600)	(36,609)	17,393	(63,001)	(55,399)	(27,920)	1,339
Basic and diluted net loss per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ 0.00

Liquidity and Capital Resources

Cash and cash equivalents as at March 31, 2019, totaled \$1,224,481 of compared to \$344,028 as at March 31, 2018. It is management's intention to secure further capital funding in the form of equity to support current and future exploration and development of its assets.

Date	Financing		Commercial Goals
April and May 2018	Common shares	\$1,193,100	Working Capital
February 2019	Common shares	\$480,000	Working Capital

For the next year, the Company has budgeted \$130,000 for administrative expenses. Management is of the opinion that, even if it is unable to raise additional equity financing, the Company will be able to meet its current exploration obligations and keep its properties in good standing for the next 12 months. There is no assurance that such financing will be available when required, or under terms that are favourable to MPV. The Company may also select to advance the exploration and development of exploration and evaluation assets through joint ventures.

CASH FLOWS

	March 31	
	2019	2018
Operating activities	\$ (221,312)	\$ (67,492)
Financing activities	\$ 1,513,066	\$ 557,147
Investing activities	\$ (411,301)	\$ (163,287)
	<u>\$ 880,453</u>	<u>\$ 326,368</u>
Cash and cash equivalents	<u>\$ 1,224,481</u>	<u>\$ 344,028</u>

During the year ended March 31, 2019, funds used for operating activities were spent primarily on improving operations and development of the Company.

During the year ended March 31, 2019, the main financing activities undertaken by the Company were as follows:

- In April and May 2018, the Company closed an initial public offering of 5,965,500 units at \$0.20 per unit, for total gross proceeds of \$1,193,100. Each unit is comprising of one common share and one warrant at a price of \$0.30 per share, valid for 24 months.
- In February 2019, the Company closed a private placement of 6,000,000 units at \$0.08 per unit, for total gross proceeds of \$480,000. Each unit is comprising of one common share and one warrant at a price of \$0.16 per share, valid for 24 months.
- Receipt of a credit for mining duties for the year ended March 31, 2018.

During the year ended March 31, 2019, investing activities consisted primarily of exploration to develop the Umex Block West and Umex Block East properties.

ROYALTIES ON THE MINING PROPERTY

PROPERTY	ROYALTY		DESCRIPTION
	Name	Percentage	
Umex Block West	Les Ressources Tectonic Inc.	100%	2% NSR of which 1% may be purchased for an amount of \$1,500,000

RELATED PARTY TRANSACTIONS

Transactions with Key Executives and with members of the Board of Directors

During the year ended March 31, 2019, the Company incurred \$21,786 (\$11,918 in 2018) in professional and consultant fees with its secretary and financial chief officer. In relation with these transactions no amount was payable as at March 31, 2019 (\$264 in 2018).

Furthermore, an amount of \$51,688 (\$51,168 in 2018) was accounted as share-based payments for Key Executives and members of the Board of Directors.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

SIGNIFICANT ACCOUNTING POLICIES

Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The functional and reporting currency of the Company is the Canadian dollar.

Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration expenses incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

Exploration and evaluation expenditures, and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit and loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- No further exploration or evaluation expenditures in the area are planned or budgeted;
- No commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed when the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Compound financial instrument

The component of the compound financial instrument (unsecured convertible promissory note) issued by the Company is classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount in cash for a fixed number of equity instruments of the Company is classified as an equity instrument.

At the issue date, the liability component is recognized at fair value, which is estimated using the effective interest rate on the market for similar non-convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest rate until it is extinguished on conversion or maturity.

The value of the conversion option classified as equity is determined at the issue date, by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of tax effects, and is not revised subsequently. When the conversion option is exercised, the equity component of the unsecured convertible promissory note will be transferred to share capital. No profit or gain is recognized to the conversion or expiration of the conversion option.

Share capital

Share capital represents the amount received on the issue.

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of announcement of the placement and the balance, if any, is allocated to the attached warrants.

Flow-through shares

Issuance of flow-through shares represents an issue of ordinary shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented in other liability in the statement of financial position. The proceeds received from flow-through shares are allocated between share and, if any, the other liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds is allocated to the other liability.

The other liability recorded is reversed on renouncement of the right to tax deductions to the investors or when the Company has the intention to renounce of tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income taxes expense.

Other elements of equity

Deficit includes all current and prior year retained profits or losses and shares issuance expenses net of any underlying income tax benefit from these share issuance expenses.

Contributed surplus includes charges related to brokers and intermediaries' options and share purchase options. When options are exercised, the related compensation cost is transferred to share capital.

Warrants include charges relating to warrants. When these warrants are exercised, the relating charges are transferred to share capital. When these warrants are expired, the relating charges are transferred to contributed surplus.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed using the treasury stock method. In accordance with the treasury stock method, the weighted average number of common shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting years.

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the Black-Scholes Options Pricing Model. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is credited to contributed surplus.

Share-based payments (except brokers and intermediaries' options) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Share-based payments to brokers and intermediaries, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-Market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised is different from that estimated on vesting.

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transactions costs. The subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

The classification of financial instruments under IFRS 9 is based on the entity's business model and the characteristics of the contractual cash flows of the financial asset or liability.

Subsequent valuation of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if they meet the following conditions:

- They are held according to an economic model whose objective is to hold financial assets in order to collect the contractual cash flows;
- The contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. The update is omitted if its effect is not significant. Cash and cash equivalents, interests receivable and loan and interests receivable from Biomoss Carbon ULC (in 2018) fall into this category of financial instruments.

All income and expenses relating to financial assets recognized in profit or loss are presented in interest charges or Interest incomes.

Impairment of financial assets

The impairment provisions in IFRS 9 use more forward-looking information, the expected credit loss model, which replaces the IAS 39 loss model.

The recognition of credit losses is no longer dependent on the identification of a credit loss event by the Company. Rather, it must take into account an expanded range of information for assessing credit risk and assessing expected credit losses, including past events, current circumstances, reasonable and justifiable forecasts that affect expected recoverability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

Subsequent valuation of financial liabilities

The Company's financial liabilities include trade accounts payable and accrued liabilities and the unsecured convertible promissory note (in 2018).

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Interest expense and, as the case may be, changes in the fair value of an instrument recognized in profit or loss are presented in interest charges or interest incomes.

Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the year, which is calculated using tax rates that have been enacted or substantively enacted by the reporting date. However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are accounted for using the liability method that requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the year of substantive enactment. Deferred tax assets, such as non-capital loss carry-forwards or deductible temporary difference, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention of set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they are related to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

Provisions and contingent liabilities

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Segment Disclosure

The Company currently operates in a single segment: the acquisition, exploration and development of mining properties. All of the Company's activities are conducted in Canada.

Significant accounting judgments, estimates and assumptions

When preparing its financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

Information about critical judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Recognition of deferred income tax assets and measurement on income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss of deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in any cases (see Note Impairment of exploration and evaluation assets above).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits.

Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

No impairment was recognized for the reporting periods.

Tax credit receivable

The calculation of the Company's refundable tax credits on qualified exploration expenditure incurred and refundable tax credits involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been issued from the relevant taxation authority and a payment have been received. Differences arising between the actual results following final resolution of some of these items and the assumptions made could necessitate

adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

EXPLORATION AND EVALUATION ASSETS

	March 31	
	2019	2018
Balance, beginning of year	\$ 162,952	\$ 15,000
Add:		
Acquisition of exploration and evaluation assets	53,397	29,774
Drilling	185,963	-
Airborne survey	34,400	-
Geophysics	110,706	49,210
Line-cutting	26,835	56,547
Other exploration and evaluation expenses	10,000	12,756
	421,301	148,287
Balance, before deduction	584,253	163,287
Tax credit related to resources and mining tax credit	91,751	335
Balance, end of year	\$ 492,502	\$ 162,952

MATERIAL COMPONENTS

	March 31		
	2019	2018	2017
Statements of net loss and comprehensive loss			
Professional and consultant fees	\$ 63,287	\$ 24,754	\$ 2,499
Share-based compensation	\$ 51,688	\$ 51,168	\$ -
Other expenses	\$ 30,119	\$ 10,941	\$ 583
Devaluation of the loan and interests receivable	\$ 28,840	\$ -	\$ -
Cost related to the initial public offering	\$ 12,450	\$ 53,648	\$ -
	March 31		
	2019	2018	2017
Statements of financial position			
Exploration and evaluation assets	\$ 492,502	\$ 162,952	\$ -
Loan receivable from Biomoss Carbon ULC	\$ -	\$ 27,590	\$ 26,341
Unsecured convertible promissory note	\$ -	\$ 23,150	\$ -

DISCLOSURE OF OUTSTANDING SHARE DATA (as at June 3, 2019)

Common shares outstanding:	18,105,514	
Options outstanding:	1,250,000	
Average exercise price of:	\$ 0.14	
	Number	Exercise
Expiry date	of shares	price
		\$
December 2022	500,000	0.20
November 2023	550,000	0.10
February 2024	200,000	0.10
	<u>1,250,000</u>	
Warrants and brokers and intermediaries' options outstanding:	14,555,483	
Average exercise price of:	\$ 0.23	
	Number	Exercise
Expiry date	of shares	price
		\$
April 2020	5,965,500	0.30
April 2020	596,550	0.20
December 2020	1,953,431	0.25
December 2020	40,002	0.15
February 2021	6,000,000	0.16
	<u>14,555,483</u>	

Risks and Uncertainties. The Company is subject to a variety of risks, some of which are described below. If any of the following risks occur, the Company's business, results of operations or financial condition could be adversely affected in a material manner.

Exploration and mining risks. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company from time to time increases its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known bodies of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

Titles to property. While the Company has diligently investigated title to the various properties in which it has an interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

Permits and licenses. The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary

licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Metal prices. Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition. The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Environmental regulations. The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Conflicts of interest. Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stage of development. The Company's properties are in the exploration stage, and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Industry conditions. Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

Uninsured hazards. Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of the high cost of premiums or for other reasons. The payment of any such liability could result in the loss of Company assets or the Company's insolvency.

Future financing. Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

Key employees. Management of the Company rests on a few key officers and members of the board of directors, the loss of any of whom could have a detrimental effect on its operations.

Canada Revenue Agency. No assurance can be made that Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

SCHEDULE "C"

**Financial Statements of Enttheon for the three month period ended
June 30, 2020 (unaudited) and June 30, 2019 (unaudited)**



Exploration MPV Inc.

(Une société d'exploration)

États financiers intermédiaires résumés (non audité)

**Période de trois mois close le
30 juin 2020
(Premier trimestre)**

MPV Exploration Inc.

(An Exploration Company)

Condensed Interim Financial Statements (Unaudited)

**Three-month period ending
June 30, 2020
(First Quarter)**

RAPPORT DE LA DIRECTION

ÉTATS FINANCIERS NON AUDITÉS

États intermédiaires résumés de la situation financière

États intermédiaires résumés de la perte nette

et de la perte globale

États intermédiaires résumés des variations des capitaux propres

Tableaux intermédiaires résumés des flux de trésorerie

Notes complémentaires aux états financiers intermédiaires résumés

MANAGEMENT'S REPORT

UNAUDITED FINANCIAL STATEMENTS

Condensed interim statements of financial position

Condensed interim statements of net loss

and comprehensive loss

Condensed interim statements of changes in equity

Condensed interim statements of cash flows

Notes to condensed interim financial statements

Aux actionnaires de
Exploration MPV Inc.

Les états financiers intermédiaires résumés ainsi que les notes y afférents pour la période de trois mois close le 30 juin 2020 sont la responsabilité de la direction d'Exploration MPV Inc. Ces états financiers intermédiaires résumés ont été préparés conformément aux normes internationales d'information financière (« IFRS ») et comprennent des montants établis à partir des meilleures estimations et meilleur jugement de la direction.

La Société maintient des systèmes de contrôle interne conçus pour assurer la pertinence et la fiabilité de l'information financière et la sauvegarde des éléments d'actif.

Signé (Jean-François Perras)

Jean-François Perras
Président et chef de la direction

Signé (Nathalie Laurin)

Nathalie Laurin
Chef de la direction financière

To the shareholders of
MPV Exploration Inc.

Management of MPV Exploration Inc. is responsible for the condensed interim financial statements and the notes thereto for the three-month period ended June 30, 2020. These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and include amounts based on management's best estimates and judgment.

The Company maintains systems of internal control designed to ensure that financial reporting is pertinent and reliable and assets are safeguarded.

Signed (Jean-François Perras)

Jean-François Perras
President and Chief Executive Officer

Signed (Nathalie Laurin)

Nathalie Laurin
Chief Financial Officer

Exploration MPV Inc.

(Une société d'exploration)

**États intermédiaires résumés
de la situation financière**

(en dollars canadiens)

MPV Exploration Inc.

(An Exploration Company)

**Condensed interim statements
of Financial Position**

(in Canadian dollars)

	30 juin / June 30, 2020 (Non audité / unaudited) \$	31 mars / March 31, 2020 (Audité / Audited) \$	
ACTIFS			ASSETS
Actifs courants			Current assets
Trésorerie et équivalents de trésorerie (note 5)	1 067 411	1 132 490	Cash and cash equivalents (Note 5)
Intérêts à recevoir	12 888	9 387	Interests receivable
Autres recevables	11 498	-	Other receivables
Taxes à recevoir	7 951	3 044	Taxes receivable
Frais payés d'avance	11 693	12 675	Prepaid expenses
	1 111 441	1 157 596	
Actifs non courants			Non-current assets
Actifs de prospection et d'évaluation (note 6)	278 000	563 986	Exploration and evaluation assets (Note 6)
Total des actifs	1 389 441	1 721 582	Total assets
PASSIFS			LIABILITIES
Passifs courants			Current liabilities
Créditeurs et charges à payer	17 916	28 041	Accounts payable and accrued liabilities
Total des passifs	17 916	28 041	Total liabilities
CAPITAUX PROPRES			EQUITY
Capital-social (note 7)	2 284 070	2 284 070	Share capital (Note 7)
Bons de souscription (note 8)	58 603	58 603	Warrants (Note 8)
Surplus d'apport (note 8)	217 266	217 266	Contributed surplus (Note 8)
Déficit	(1 188 414)	(866 398)	Deficit
Total des capitaux propres	1 371 525	1 693 541	Total equity
Total des passifs et des capitaux propres	1 389 441	1 721 582	Total liabilities and equity

STATUTS CONSTITUTIFS, NATURE DES ACTIVITÉS (note 1)
ET ÉVÉNEMENTS POSTÉRIEURS À LA DATE DU BILAN (note 15)STATUTE OF INCORPORATION, NATURE OF ACTIVITIES (Note 1) AND
SUBSEQUENT EVENTS (Note 15)

POUR LE CONSEIL D'ADMINISTRATION / ON BEHALF OF THE BOARD,

Les notes complémentaires font partie intégrante des états financiers. / The accompanying notes are an integral part of the financial statements.

Les états financiers ont été approuvés et autorisés pour publication par le conseil d'administration le 12 octobre 2020. / These financial statements were approved and authorized for issue by the Board of Directors on October 12, 2020.

(s) Jean Rainville, Administrateur – Director

(s) Marc-André Lavoie, Administrateur – Director

Exploration MPV Inc.

(Une société d'exploration)

**États intermédiaires résumés
de la perte nette et de la perte globale**

(en dollars canadiens)

(Non audités)

MPV Exploration Inc.

(An Exploration Company)

**Condensed interim statements of
net loss and comprehensive loss**

(in Canadian dollars)

(Unaudited)

	Période de trois mois close le 30 juin / Three-month period ended June 30		
	2020	2019	
	\$	\$	
CHARGES			EXPENSES
Information aux actionnaires	11 335	15 350	Shareholders' information
Honoraires professionnels et de consultants	33 233	26 895	Professional and consultant fees
Déplacement et représentation	-	983	Travel and representation
Dévaluation d'actifs de prospection et d'évaluation	285 986	-	Devaluation of exploration and evaluation assets
Autres charges	5 368	5 284	Other expenses
	335 922	48 512	
AUTRES			OTHERS
Autres revenus	(10 000)	-	Other income
Revenus d'intérêts	(3 906)	(4 998)	Interest income
	(13 906)	(4 998)	
PERTE NETTE ET PERTE GLOBALE TOTALE	(322 016)	(43 514)	NET LOSS AND TOTAL COMPREHENSIVE LOSS
Perte nette par action de base et diluée (note 9)	(0,02)	(0,002)	Basic and diluted loss per share (Note 9)
Nombre moyen pondéré d'actions en circulation	18 105 514	18 105 514	Weighted average number of common shares

Les notes complémentaires font partie intégrante des états financiers. / The accompanying notes are an integral part of the financial statements.

Exploration MPV Inc.

(société d'exploration)

États intermédiaires résumés des variations des capitaux propres

(en dollars canadiens)

(Non audités)

MPV Exploration Inc.

(an Exploration Company)

Condensed interim statements of changes in equity

(In Canadian dollars)

(Unaudited)

	Capital-social / Share capital	Bons de souscription / Warrants	Surplus d'apport / Contributed surplus	Déficit / Deficit	Capitaux propres / Total equity
	\$	\$	\$	\$	\$
Solde au 31 mars 2020 (audité)	2 284 070	58 603	217 266	(866 398)	1 693 541
Balance, March 31, 2020 (audited)					
Perte nette et perte globale pour la période	-	-	-	(322 016)	(322 016)
Net loss and comprehensive loss for the period					
Solde au 30 juin 2020	2 284 070	58 603	217 266	(1 188 414)	1 371 525
Balance, June 30, 2020					
Solde au 31 mars 2019 (audité)	2 284 070	58 603	180 798	(719 615)	1 803 856
Balance, March 31, 2019 (audited)					
Perte nette et perte globale pour la période	-	-	-	(43 514)	(43 514)
Net loss and comprehensive loss for the period					
Solde au 30 juin 2019	2 284 070	58 603	180 798	(763 129)	1 760 342
Balance, June 30, 2019					

Les notes complémentaires font partie intégrante des états financiers. / The accompanying notes are an integral part of the financial statements.

Exploration MPV Inc.

(Une société d'exploration)

**Tableaux intermédiaires résumés
des flux de trésorerie**

(en dollars canadiens)

(Non audités)

MPV Exploration Inc.

(An Exploration Company)

**Condensed interim statements
of cash flow**

(in Canadian dollars)

(Unaudited)

	Période de trois mois close le 30 juin / Three-month period ended June 30		
	2020	2019	
	\$	\$	
ACTIVITÉS OPÉRATIONNELLES			OPERATING ACTIVITIES
Perte nette	(322 016)	(43 514)	Net loss
Dévaluation des actifs de prospection et d'évaluation	285 986	-	Devaluation of exploration and evaluation assets
Variation nette des éléments hors caisse du fonds de roulement (note 10)	(29 049)	(32 689)	Net change in non-cash operating working capital items (Note 10)
Flux de trésorerie liés aux activités opérationnelles	(65 079)	(76 203)	Cash flow related to operating activities
VARIATION DE LA TRÉSORERIE ET ÉQUIVALENTS DE TRÉSORERIE	(65 079)	(76 203)	CASH AND CASH EQUIVALENTS VARIATION
TRÉSORERIE ET ÉQUIVALENTS DE TRÉSORERIE, AU DÉBUT DE LA PÉRIODE	1 132 490	1 224 481	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD
TRÉSORERIE ET ÉQUIVALENTS DE TRÉSORERIE, À LA FIN DE LA PÉRIODE	1 067 411	1 148 278	CASH AND CASH EQUIVALENTS, END OF PERIOD
Information supplémentaire			Supplementary information
Intérêts reçus reliés aux activités opérationnelles	405	1 376	Interest received related to operational activities

Voir note 10 pour les transactions non monétaires et les informations additionnelles au flux de trésorerie. / See Note 10 for non-cash transactions and supplemental disclosure with respect to cash flow.

Les notes complémentaires font partie intégrante des états financiers. / The accompanying notes are an integral part of the financial statements.

Exploration MPV Inc.

(Une société d'exploration)

Notes complémentaires aux états financiers intermédiaires résumés

(en dollars canadiens)

(Non audités)

MPV Exploration Inc.

(An Exploration Company)

Notes to condensed interim financial statements

(in Canadian dollars)

(Unaudited)

1- STATUTS CONSTITUTIFS ET NATURE DES ACTIVITÉS

Exploration MPV Inc. (« MPV ») ou la (« Société »), constituée en vertu de la *Loi canadienne sur les sociétés par actions*, est une société d'exploration minière dont les activités se situent au Canada. Le 23 octobre 2018, les actionnaires ont approuvé la modification des statuts constitutifs de la Société afin de changer sa dénomination sociale pour Exploration MPV Inc. Le siège social de la Société est situé au 1080, Côte du Beaver Hall, bureau 1606, Montréal, Québec H2Z 1S8.

Depuis le début mars 2020, l'écllosion de la nouvelle souche de coronavirus, plus précisément identifiée comme la « COVID-19 », a forcé les gouvernements à l'échelle mondiale à mettre en œuvre des mesures d'urgence pour freiner la propagation du virus. Ces mesures ont perturbés de façon significative les entreprises à l'échelle mondiale causant ainsi un ralentissement économique.

La Société poursuit ses activités afin de poursuivre ses objectifs pendant cette période incertaine qui évolue rapidement et afin de suivre les directives émises par le Gouvernement du Québec et Santé Canada / Santé Québec. Il n'est pas possible d'estimer de façon fiable la durée et la gravité de ces conséquences, tout comme leur incidence sur les résultats financiers ou la situation financière de la Société et de ses activités dans les périodes futures.

1- STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

MPV Exploration Inc. ("MPV") or the ("Company"), incorporated under the *Business Canadian Corporations Act*, is a mining exploration company operating in Canada. On October 23, 2018, the shareholders approved the amendment to the Company's articles to change its name to MPV Exploration Inc. The address of the Company's head office and registered office is 1080, Cote du Beaver Hall, Suite 1606, Montreal, Quebec, H2Z 1S8.

Since beginning of March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown.

The Company is continuing its activities to further the Company's objectives during this uncertain and rapidly evolving time and to follow the recommendations of Quebec Government and Health Canada/Santé Québec. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating in future periods.

Exploration MPV Inc.

(Une société d'exploration)

Notes complémentaires aux états financiers intermédiaires résumés

(en dollars canadiens)

(Non audités)

MPV Exploration Inc.

(An Exploration Company)

Notes to condensed interim financial statements

(in Canadian dollars)

(Unaudited)

2- DÉCLARATION DE CONFORMITÉ AUX IFRS

Les états financiers intermédiaires résumés de la Société pour la période se terminant le 30 juin 2020 ont été préparés en accord avec IAS 34 « Information financière intermédiaire » (IAS 34). Ils ne comportent pas toutes les informations et notes requises aux fins des états financiers annuels audités. Les méthodes comptables utilisées sont les mêmes que celles employées aux fins des états financiers audités pour l'exercice clos du 31 mars 2020, préparés conformément aux IFRS, telles qu'elles sont publiées par l'IASB. Par conséquent, ces états financiers résumés intermédiaires et les notes y afférentes devraient être lus en parallèle avec les états financiers audités pour l'exercice clos le 31 mars 2020.

Les états financiers de la Société ont été établis conformément aux Normes internationales d'information financières (« IFRS »).

3- PRINCIPALES MÉTHODES COMPTABLES

Les présents états financiers intermédiaires résumés non audités ont été préparés selon les mêmes méthodes comptables que celles qui ont été utilisées pour établir les états financiers audités de l'exercice clos le 31 mars 2020, sauf indication contraire ci-dessous.

4- NORMES, MODIFICATIONS ET INTERPRÉTATION DE NORMES PUBLIÉES QUI NE SONT PAS ENCORE EN VIGUEUR ET QUI N'ONT PAS ÉTÉ ADOPTÉES DE FAÇON ANTICIPÉES

À la date d'autorisation de ces états financiers, de nouvelles normes et interprétations de normes existantes et de nouvelles modifications ont été publiées, mais ne sont pas encore en vigueur, et la Société ne les a pas adoptées de façon anticipée.

La direction prévoit que l'ensemble des prises de position sera adopté dans les méthodes comptables de la Société au cours de la période débutant après la date d'entrée en vigueur de chaque prise de positions. Certains nouvelles normes et interprétations ont été publiées, mais on ne s'attend pas à ce qu'elles aient une incidence sur les états financiers de la Société.

2- STATEMENT OF COMPLIANCE WITH IFRS

The condensed interim financial statements of the Company for the period ended June 30, 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting" (IAS 34). They do not include all the information and notes required for the purpose of audited annual financial statements. The accountings methods used are the same that those used for the purpose of audited annual financial statements for the year ended March 31, 2020, prepared in accordance with the IFRS as they are published by the IASB. Consequently, these condensed interim financial statements and the notes thereto should be read in conjunction with the audited annual financial statements for the year ended March 31, 2020.

The financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS").

3- SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim financial statements have been prepared following the same accounting policies used in the audited financial statements for the year ended March 31, 2020, unless otherwise specified hereunder.

4- STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all the pronouncements will be adopted in the Company accounting policies for the first period beginning after the effective date of each pronouncement. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company financial statements.

Exploration MPV Inc.

(Une société d'exploration)

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(en dollars canadiens)

(Non audités)

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(Unaudited)

5- TRÉSORERIE TRÉSORERIE	ET	ÉQUIVALENTS	DE	5- CASH AND CASH EQUIVALENTS	
		30 juin / June 30, 2020		31 mars / March 31, 2020	
		\$		\$	
Trésorerie		267 549		332 628	Cash
Certificat de placement garanti		799 862		799 862	Guaranteed Investment certificate
		1 067 411		1 132 490	

Au 30 juin 2020, les équivalents de trésorerie totalisant 799 862 \$ consistaient en un certificat de placement garanti émis par une banque canadienne, avec un taux d'intérêt de 1,77 % (1,77 % au 31 mars 2020). Cet investissement est remboursable sans pénalité et son échéance est le 3 août 2020.

As at June 30, 2020, cash equivalents totaled \$799,862 consisting of Guaranteed investment Certificate issued by Canadian banks, with an interest rate of 1.77% (1.77% as at March 31, 2020). This investment is redeemable without penalty and have a maturity date of August 3rd, 2020.

6- ACTIFS DE PROSPECTION ET D'ÉVALUATION	6- EXPLORATION AND EVALUATION ASSETS	
30 juin / June 30, 2020	31 mars / March 31, 2020	
\$	\$	
Propriétés minières	173 171	Mining properties
Frais de prospection et d'évaluation	104 829	Exploration and evaluation expenses
278 000	563 986	

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6- ACTIFS DE PROSPECTION ET D'ÉVALUATION (suite)			6- EXPLORATION AND EVALUATION ASSETS (continued)			
Propriétés minières : / Mining properties:	Redevances / Royalties	Canton / Township	Solde au 31 mars 2020 / Balance as at March 31, 2020	Dévaluation / Devaluation	Crédit d'impôt et crédit d'impôt minier / Tax credit and mining tax credit	Solde au 30 juin 2020 / Balance as at June 30, 2020
			\$	\$	\$	\$
Québec : / Quebec:						
Umex Bloc Ouest / Umex Block West (option)	2 %	CL325 et CS120	165 000	-	-	165 000
Umex Bloc Est / Umex Block East	-	SCS120 et CD450	8 171	-	-	8 171
			<u>173 171</u>	<u>-</u>	<u>-</u>	<u>173 171</u>
Frais de prospection et d'évaluation reportés : / Deferred exploration and evaluation expenses:						
Québec : / Quebec:						
Umex Bloc Ouest / Umex Block West			314 643	(230 246)	-	84 397
Umex Bloc Est / Umex Block East			76 172	(55 740)	-	20 432
			<u>390 815</u>	<u>(285 986)</u>	<u>-</u>	<u>104 829</u>
			<u>563 986</u>	<u>(285 986)</u>	<u>-</u>	<u>278 000</u>
Propriétés minières : / Mining properties:	Redevances / Royalties	Canton / Township	Solde au 31 mars 2019 / Balance as at March 31, 2019	Augmentation / Addition	Crédit d'impôt et crédit d'impôt minier / Tax credit and mining tax credit	Solde au 31 mars 2020 / Balance as at March 31, 2020
			\$	\$	\$	\$
Québec : / Quebec:						
Umex Bloc Ouest / Umex Block West (option)	2 %	CL325 et CS120	90 000	75 000	-	165 000
Umex Bloc Est / Umex Block East	-	SCS120 et CD450	8 171	-	-	8 171
			<u>98 171</u>	<u>75 000</u>	<u>-</u>	<u>173 171</u>
Frais de prospection et d'évaluation reportés : / Deferred exploration and evaluation expenses:						
Québec : / Quebec:						
Umex Bloc Ouest / Umex Block West			316 886	-	(2 243)	314 643
Umex Bloc Est / Umex Block East			77 445	-	(1 273)	76 172
			<u>394 331</u>	<u>75 000</u>	<u>(3 516)</u>	<u>390 815</u>
			<u>492 502</u>	<u>75 000</u>	<u>(3 516)</u>	<u>563 986</u>

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6- ACTIFS DE PROSPECTION ET D'ÉVALUATION 6- (suite)

Au cours de la période close le 30 juin 2020, la Société a dévalué les propriétés minières Umex Block Ouest et Umex Bloc West car la valeur comptable ne sera pas récupérée dans sa totalité suite à la vente conditionnelle de ces propriétés minières.

Québec

Propriété Umex Bloc Ouest

La propriété Umex Bloc Ouest est composée de 14 cellules représentant une superficie de 777,63 hectares. La propriété est située dans la région Abitibi Est à 50 km à l'ouest de la ville de Chapais et 88 km à l'ouest de la ville de Chibougamau. La Société a signé, le 31 mars 2017, une entente d'option afin d'acquérir 100 % de la propriété et une entente modifiée a été signée le 26 mars 2020, selon les conditions suivantes :

- Versement d'un montant de 15 000 \$ à la signature de l'entente (condition respectée);
- Le ou avant le premier anniversaire de l'entente un montant additionnel de 25 000 \$ et engager un minimum de 50 000 \$ en travaux d'exploration (conditions respectées);
- Le ou avant le deuxième anniversaire de l'entente un montant additionnel de 50 000 \$ et engager un minimum de 100 000 \$ en travaux d'exploration (conditions respectées);
- Le ou avant le troisième anniversaire de l'entente un montant additionnel de 75 000 \$ (conditions respectées);
- Le ou avant le quatrième anniversaire de l'entente un montant additionnel de 135 000 \$.

La propriété est sujette à une redevance de 2 % sur les produits nets de fonderie dont la moitié pourra être rachetée pour la somme de 1 500 000 \$.

Propriété Umex Bloc Est

La propriété Umex Bloc Est est constituée d'un bloc de 111 cellules contiguës à l'est, et sur la même bande conductrice que celle traversant la propriété Umex Bloc Ouest. La propriété couvre une superficie de 6 163,82 hectares. Elle appartient à 100 % à la Société.

6- EXPLORATION AND EVALUATION ASSETS (continued)

During the period ended June 30, 2020, the Company has devaluated the mining properties of Umex Block West and Umex Block East because the carrying value will not be recovered in full following the conditional sale of these mining properties.

Quebec

Umex Block West Property

The Umex Block West property consists of 14 cells covering a total area of 777.63 hectares. The property is located within the Eastern Abitibi region at 50 km west of the town of Chapais and 88 km west of the town of Chibougamau. On March 31, 2017, the Company signed an option agreement to acquire 100% of the property and signed an amended agreement on March 26, 2020 under the following conditions:

- Pay an amount of \$15,000 upon the signature of the agreement (conditions fulfilled);
- On or before the first anniversary of the agreement, pay an additional sum of \$25,000 and incur exploration expenditures in a minimum of \$50,000 (conditions fulfilled);
- On or before the second anniversary of the agreement, pay an additional sum of \$50,000 and incur exploration expenditures in a minimum of \$100,000 (conditions fulfilled);
- On or before the third anniversary of the agreement, pay an additional sum of \$75,000 (conditions fulfilled);
- On or before the fourth anniversary of the agreement, pay an additional sum of \$135,000.

The property is subject to a 2% NSR, half of which can be bought back for \$1,500,000.

Umex Block East Property

The Umex Block East property is composed of one block of 111 contiguous cells to the east, and on the same conductive strip as that traversing the Umex Block East property. The property is covering an area of 6,163.82 hectares. It is wholly-owned by the Company.

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7- CAPITAL-SOCIAL

Autorisé / Authorized

Nombre illimité d'actions ordinaires sans valeur nominale / Unlimited number of common shares without par value

Les mouvements dans le capital-social de la Société se détaillent comme suit : / Changes in the Company's share capital were as follows:

	30 juin / June 30, 2020		31 mars / March 31, 2020		
	Quantité / Number	Montant / Amount	Quantité / Number	Montant / Amount	
		\$		\$	
Solde au début de la période	18 105 514	2 284 070	18 105 514	2 284 070	Balance, beginning of period
Solde à la fin de la période	18 105 514	2 284 070	18 105 514	2 284 070	Balance, end of period

8- OPTIONS D'ACHAT D' ACTIONS ET BONS DE SOUSCRIPTION

Les actionnaires de la Société ont approuvé un régime d'options d'achat d'actions (le « régime ») selon lequel le conseil d'administration peut attribuer des options d'achat d'actions permettant à ses administrateurs, dirigeants, employés et fournisseurs d'acquiescer des actions ordinaires de la Société. Les conditions de chaque option d'achat d'actions sont déterminées par le conseil d'administration. Les options attribuées en vertu du régime seront acquises et pourront être exercées par le détenteur d'options à ce moment ou aux moments déterminés par le conseil.

Le régime stipule que le nombre maximum d'actions ordinaires, qui pourrait être réservé pour attribution en vertu du régime, ne peut pas excéder 10 % des actions ordinaires de la Société au moment de l'octroi. Le nombre maximal d'actions ordinaires, réservées à l'attribution des options d'achat d'actions à un seul détenteur, ne peut pas dépasser 10 % des actions ordinaires en circulation à la date d'attribution et ne peut pas excéder 10 % des actions ordinaires en circulation sur une période d'une année dans le cas des dirigeants. Les options d'achat d'actions expireront au plus tard cinq ans après avoir été octroyées.

Le prix d'exercice de chaque option d'achat d'actions est établi par le conseil d'administration au moment de l'octroi de l'option, mais, si les actions sont négociées en bourse, le prix d'exercice ne pourra être inférieur au cours de clôture des actions à la bourse, le jour précédent immédiatement la date d'octroi de l'option.

The shareholders of the Company approved a share option plan (the "Plan") whereby the Board of Directors may grant to directors, officers, employees and suppliers of the Company share purchase options to acquire common shares of the Company. The terms of each share purchase option are determined by the Board of Directors. Options granted pursuant to the Plan shall vest and become exercisable by an optionee at such time or times as may be determined by the Board.

The aggregate number of common shares reserved for issuance pursuant to this Plan to all Participants shall not exceed 10% of the issued and outstanding common shares at the time of grant and the maximum number of common shares, which may be reserved for issuance to any optionee, may not exceed 10% of the outstanding common shares at the time of vesting and may not exceed 10% of the outstanding common shares to insiders within a one-year period. These options will expire no later than five years after being granted.

The exercise price per share is established by the Board at the time the option is granted, but, in the event that the common shares are traded on an exchange, the exercise price shall not be less than the closing price of the common shares on the exchange on the trading day immediately preceding the date of the option grant.

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MPV Exploration Inc.

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8- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION (suite) 8- SHARE PURCHASE OPTIONS AND WARRANTS (continued)**Options d'achat d'actions****Share purchase options**

Les mouvements dans les options d'achat d'actions de la Société se détaillent comme suit / Changes in the Company's stock options were as follows:

	30 juin / June 30, 2020	Prix de levée moyen pondéré / Weighted average exercise price	31 mars / March 31, 2020	Prix de levée moyen pondéré / Weighted average exercise price	
	<u>Quantité / Number</u>	<u>\$</u>	<u>Quantité / Number</u>	<u>\$</u>	
Solde au début de la période	1 610 000	0,14	1 250 000	0,14	Balance, beginning of period
Octroyées	-	-	360 000	0,12	Granted
Solde à la fin de la période	<u>1 610 000</u>	0,14	<u>1 610 000</u>	0,14	Balance, end of period
Options exerçables à la fin de la période	<u>1 610 000</u>	0,14	<u>1 610 000</u>	0,14	Exercisable options at the end of the period
		30 juin / June 30, 2020	31 mars / March 31, 2020		
		<u>\$</u>	<u>\$</u>		
Moyenne pondérée de la juste valeur des options attribuées		-	0,10		Weighted average fair value of options granted

Le tableau ci-après résume l'information relative aux options d'achat d'actions accordées en vertu du régime.

The following table summarizes the information relating to the share purchase options granted under the plan.

Options en circulation / Options outstanding	Prix de levée / Exercise price \$	Date d'expiration / Expiry date
500 000	0,20	Décembre / December 2022
550 000	0,10	Novembre / November 2023
200 000	0,10	Février / February 2024
360 000	0,12	Novembre / November 2024
<u>1 610 000</u>		

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8- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION (suite)	8- SHARE PURCHASE OPTIONS AND WARRANTS (continued)
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Options d'achat d'actions**Share purchase options**

La juste valeur de chaque option accordée est estimée à la date d'octroi en utilisant la méthode Black-Scholes, avec les hypothèses de la moyenne pondérée suivantes : / The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	30 juin / June 30, 2020	31 mars / March 31, 2020
Taux d'intérêt sans risque / Risk free-interest rate	- %	1,55 %
Volatilité prévue / Expected volatility	- %	125,1 %
Prix moyen de l'action à la date de l'octroi / Weighted share price at the date of grant	- \$	0,12 \$
Durée estimative / expected life	-	5 ans / years
Dividende prévu / Expected dividend yield	- %	- %
Prix d'exercice moyen à la date de l'octroi / Weighted exercise price at the date of grant	- \$	0,12 \$

La volatilité prévue sous-jacente a été déterminée par rapport aux données historiques des actions de sociétés similaires sur la durée de vie moyenne prévue des options. Aucune caractéristique particulière inhérente aux options attribuées n'a été prise en compte dans l'évaluation de la juste valeur. / The underlying expected volatility was determined by reference to historical data of similar company's shares over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

En tout, un montant de 36 468 \$ de paiements fondés sur les actions a été comptabilisé en perte nette au cours de l'exercice clos le 31 mars 2020 et porté au crédit du surplus d'apport. / In total, \$36,468 of share-based payments were accounted in profit or loss for the year ended March 31, 2020 and credited to contributed surplus.

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8- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION (suite)**Options aux courtiers et à des intermédiaires**

Les mouvements dans les options aux courtiers et à des intermédiaires se détaillent comme suit :

	30 juin / June 30, 2020	Prix de souscription moyen pondéré / Weighted average exercise price
	Quantité / Number	\$
Solde au début de la période	636 552	0,20
Expirées	596 550	0,20
Solde à la fin de la période	40 002	0,15
Options exerçables à la fin de la période	40 002	0,15

Le tableau ci-après résume l'information relative aux options accordées aux courtiers et à des intermédiaires :

**Options aux courtiers et à des
intermédiaires en circulation /
Brokers and intermediaries'
options outstanding**

40 002

**Prix de levée /
Exercise price**

\$
0,15

**Date d'expiration /
Expiry date**

Décembre / December 2020

SHARE PURCHASE OPTIONS AND WARRANTS (continued)**Brokers and intermediaries' options**

Changes in brokers and intermediaries' options were as follows:

	31 mars / March 31, 2020	Prix de souscription moyen pondéré / Weighted average exercise price	
	Quantité / Number	\$	
Balance, beginning of period	636 552	0,20	
Expired	-	-	Expired
Balance, end of period	636 552	0,20	
Exercisable options, end of the period	636 552	0,20	Exercisable options, end of the period

The following table summarizes the information relating to brokers and intermediaries' options granted :

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8- OPTIONS D'ACHAT D'ACTIONS ET BONS DE SOUSCRIPTION (suite) Bons de souscription	8 SHARE PURCHASE OPTIONS AND WARRANTS (continued) Warrants
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Les mouvements dans les bons de souscription de la Société se détaillent comme suit : / Changes in Company warrants were as follows:

	30 juin / June 30, 2020		31 mars / March 31, 2020	
Quantité / Number	Prix de souscription moyen pondéré / Weighted average exercise price \$	Quantité / Number	Prix de souscription moyen pondéré / Weighted average exercise price \$	
Solde au début de la période	13 918 931	0,23	13 918 931	0,23
Solde à la fin de la période	13 918 931	0,23	13 918 931	0,23
				Balance, beginning of period
				Balance, end of period

Le tableau ci-après résume l'information relative aux bons de souscription accordés :

The following table summarizes the information relating to the warrants granted under the plan:

Bons de souscription en circulation / Warrants outstanding	Prix de levée / Exercise price \$	Date d'expiration / Expiry date
1 953 431	0,25	Décembre / December 2020
6 000 000	0,16	Février / February 2021
5 965 500	0,30	Avril / April 2021 ⁽¹⁾
<u>13 918 931</u>		

(1) La Société a prolongé jusqu'au 20 avril 2021 la date d'expiration des 5 965 500 bons de souscription qui venaient à échéance en avril 2020.

(1) The Company extended the expiry date until April 20, 2021 of 5,965,500 warrants that expired in April 2020.

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9- RÉSULTATS PAR ACTION

Les bons de souscription, les options d'achat d'action et les options aux courtiers et à des intermédiaires ont été exclus du calcul du nombre moyen pondéré dilué d'actions ordinaires puisque la Société est à perte et que leur effet aurait été antidilutif. Les informations sur les options et les bons de souscription en circulation ayant un effet potentiellement dilutif sur le résultat par action sont présentées à la note 8.

Le résultat de base et dilué par action a été calculé à partir de la perte nette comme numérateur, c'est-à-dire qu'aucun ajustement à la perte nette n'a été nécessaire en 2020 et 2019.

9- LOSS PER SHARE

The warrants, the share purchase options and the brokers and intermediaries' options were excluded from the diluted weighted average number of common shares calculation since the Company is at loss and that their effect would have been antidilutive. Detail of share purchase options and warrants issued that could potentially dilute earnings per share in the future are given in Note 8.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2020 and 2019.

10- RENSEIGNEMENTS COMPLÉMENTAIRES AUX FLUX DE TRÉSORERIE

Variation nette des éléments hors caisse du fonds de roulement :

10- COMPLEMENTARY INFORMATION RELATED TO CASH FLOW

Net change in non-cash operating working capital items:

	Période de trois mois close le 30 juin / Three-month period ended June 30,		
	2020	2019	
	\$	\$	
Intérêts à recevoir	(3 501)	(3 622)	Interests receivable
Autres recevables	(11 498)	-	Other receivables
Taxes à recevoir	(4 907)	4 674	Taxes receivable
Frais payés d'avance	982	1 185	Prepaid expenses
Créditeurs et charges à payer	(10 125)	(34 926)	Accounts payable and accrued liabilities
	<u>(29 049)</u>	<u>(32 689)</u>	

Renseignements supplémentaires :

Supplementary information:

	Période de trois mois close le 30 juin / Three-month period ended June 30,		
	2020	2019	
	\$	\$	
Crédit d'impôt relatif aux ressources et crédits d'impôt miniers à recevoir crédités aux actifs de prospection et d'évaluation	-	3 516	Tax credit related to resources and mining tax credits receivable credited to exploration and evaluation assets

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11- OPÉRATIONS ENTRE PARTIES LIÉES

Transactions avec les principaux dirigeants et les membres du conseil d'administration

Au cours de la période de trois mois close le 30 juin 2020, la Société a engagé 5 530 \$ (4 870 \$ en 2019) en honoraires professionnels et de consultants auprès de la secrétaire corporative et chef des finances de la Société. En relation avec ces transactions, la Société n'avait aucun solde à payer au 30 juin 2020 et 2019.

Ces opérations sont conclues dans le cours normal des activités de la Société et sont mesurées en fonction de leur valeur d'échange, soit le montant de la contrepartie convenue entre les parties aux accords.

12- PASSIFS ÉVENTUELS

- a) Les opérations de la Société sont régies par des lois gouvernementales concernant la protection de l'environnement. Les conséquences environnementales sont difficilement identifiables, que ce soit au niveau de la résultante, de son échéance ou de son impact. Présentement, au meilleur de la connaissance de ses dirigeants, la Société opère en conformité avec les lois et les règlements en vigueur.

- b) La Société est soumise à des exigences fiscales relativement à l'utilisation de fonds levés par financement accréditif, ceux-ci devant obligatoirement être dépensés en frais d'exploration admissibles.

Ces règles fiscales fixent également des échéances pour la réalisation des travaux d'exploration qui doivent être entrepris au plus tard à la première des dates suivantes :

- Deux ans suivant les placements accréditifs;
- Un an après que la Société a renoncé aux déductions fiscales relatives aux travaux d'exploration.

Cependant, il n'existe aucune garantie à l'effet que ces dépenses d'exploration seront admissibles à titre de frais de prospection au Canada, même si la Société s'est engagée à prendre toutes les mesures nécessaires à cet égard. Le refus de certaines dépenses par l'administration fiscale pourrait avoir un impact fiscal négatif pour les investisseurs. Aux 30 juin 2020 et 2019, la Société n'avait aucune somme à engager à titre de travaux de prospection.

11- RELATED PARTY TRANSACTIONS

Transactions with Key Executives and with members of the Board of Directors

During the three-month period ended June 30, 2020, the Company incurred \$5,530 (\$4,870 in 2019) in professional and consultant fees with its Corporate Secretary and Chief Financial Officer. In relation with these transactions no amount was payable as at June 30, 2020 and 2019.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

12- CONTINGENT LIABILITIES

- a) The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to identify, in terms of level, impact or deadline. At the present time and to the best knowledge of management, the Company is in conformity with the laws and regulations.

- b) The Company is subject to tax requirements related to the use of funds obtained by flow-through share financing. These funds must be incurred for eligible exploration expenses.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors. As at June 30, 2020 and 2019, the Company did not have any amount to spent for exploration work.

Exploration MPV Inc.

(Une société d'exploration)

Notes complémentaires aux états financiers intermédiaires résumés

(en dollars canadiens)

(Non audités)

MPV Exploration Inc.

(An Exploration Company)

Notes to condensed interim financial statements

(in Canadian dollars)

(Unaudited)

13- POLITIQUES EN MATIÈRE DE GESTION DES RISQUES FINANCIERS

Les activités de la Société sont exposées à divers risques financiers : le risque de crédit et le risque de liquidité.

a) Risque de crédit

Le risque de crédit est le risque qu'une partie à un instrument financier manque à l'une de ses obligations et amène de ce fait l'autre partie à subir une perte financière. La valeur comptable de la trésorerie et équivalents de trésorerie, des intérêts à recevoir et des autres recevables, d'un montant total de 1 091 797 \$ (1 161 573 \$ au 30 juin 2019) représente l'exposition maximale de la Société face au risque de crédit. Le risque de crédit sur la trésorerie et équivalents de trésorerie est limité puisque les parties contractantes sont des sociétés ayant des cotes de crédit élevées attribuées par des agences de crédit internationales.

La direction de la Société estime que la qualité du crédit de tous les actifs financiers décrits ci-dessus qui ne sont pas dépréciés ou en souffrance, à chaque date de présentation de l'information financière, est bonne.

b) Risque de liquidité

Le risque de liquidité est le risque qu'une entité éprouve des difficultés à honorer des engagements liés à des passifs financiers. La gestion du risque de liquidité vise à maintenir un montant suffisant de trésorerie et équivalents de trésorerie et à s'assurer que la Société dispose de sources de financement suffisantes. La Société établit des prévisions budgétaires afin de s'assurer qu'elle dispose des fonds nécessaires pour rencontrer ses obligations.

Les passifs financiers de la Société, soient les créditeurs et charges à payer ont des échéances de moins d'un an et s'élèvent à 17 916 \$ (4 046 \$ au 30 juin 2019).

13- FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to financial risks: credit risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument fails to meet its obligation and causes the other party to incur a financial loss. The carrying value of cash and cash equivalents, interests receivable and other receivables for an amount of \$1,091,797 (\$1,161,573 as at June 30, 2019) represents the Company's maximum exposure to credit risk. The credit risk on cash and cash equivalents, interest receivable is limited because the contracting parties are entities with high credit ratings assigned by international credit-rating agencies.

Management believes that the credit quality of all financial assets described above that are not impaired or delinquent on each reporting date is good.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalent to ensure that the Company has sufficient financing sources. The Company establishes budgets to ensure it has the necessary funds to fulfill its obligations.

The Company's financial liabilities which are accounts payable and accrued liabilities have a contractual maturity within less than a year and amount to \$17,916 (\$4,046 as at June 30, 2019).

Exploration MPV Inc.

(Une société d'exploration)

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(An Exploration Company)

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(in Canadian dollars)

(Unaudited)

14- POLITIQUES ET PROCÉDURES DE GESTION DU CAPITAL

Au 30 juin 2020, le capital de la Société est constitué des capitaux propres qui se chiffrent à 1 371 525 \$ (1 760 342 \$ au 30 juin 2019). L'objectif de gestion du capital de la Société est de s'assurer qu'elle dispose d'un capital suffisant pour rencontrer ses obligations pour son plan de développement minier et de prospection et ainsi assurer la croissance de ses activités. Elle a également pour objectif de s'assurer qu'elle dispose de suffisamment de liquidités pour financer ses frais de prospection et d'évaluation, ses activités d'investissement et ses besoins en fonds de roulement. Il n'y a pas eu de changement significatif concernant l'approche de politique de gestion du capital au cours de la période close le 30 juin 2020.

15- ÉVÈNEMENTS SUBSÉQUENTS

Le 30 juin 2020, la Société a conclu une entente définitive (l'« Entente Définitive ») avec Entheon Biomedical Corp. (« Entheon »), au terme de laquelle la Société acquerra toutes les actions émises et en circulation d'Entheon dans le cadre d'une fusion tripartite conformément à l'article 269 de la *Business Corporations Act* (Colombie-Britannique) et tel que détaillée ci-dessous (la « Transaction »). L'opération constituera un « Changement Important » de la Société au sens des politiques de la Bourse des valeurs canadiennes (« CSE »).

Aux termes de l'Entente Définitive, la Société procédera à la consolidation de ses actions ordinaires émises et en circulation (la « Consolidation ») à raison d'une (1) action ordinaire postérieure à la Consolidation (les « Actions de la Société ») pour trois (3) actions ordinaires en circulation du capital de la Société. Suite à la Consolidation, chacun des actionnaires d'Entheon (les « Actionnaires d'Entheon ») recevra une (1) Action de la Société en échange de chaque action détenue dans le capital d'Entheon (le « Ratio d'Échange ») et les détenteurs de titres convertibles d'Entheon recevront des Actions de la Société, sous réserve du Ratio d'Échange, au lieu d'actions d'Entheon que ce porteur est en droit de recevoir lors de la conversion du titre convertible d'Entheon.

14- POLICIES AND PROCESSES FOR MANAGING CAPITAL

As at June 30, 2020, the capital of the Company consisted of equity amounting to \$1,371,525 (\$1,760,342 as at June 30, 2019). The Company's capital management objective is to have sufficient capital to be able to meet its exploration and mining development plan in order to ensure the growth of its activities. It also has the objective to have sufficient cash to finance its exploration and evaluation expenses, investing activities and working capital requirements. There were no significant changes in the Company's approach to capital management during the period ended June 30, 2020.

15- SUBSEQUENT EVENTS

On June 30, 2020, the Company entered into a definitive agreement (the "Definitive Agreement") with Entheon Biomedical Corp. ("Entheon"), whereby the Company will acquire all of the issued and outstanding shares of Entheon pursuant to a three-cornered amalgamation in accordance with Section 269 of the *Business Corporations Act* (British Columbia) as further detailed below (the "Transaction"). The Transaction will constitute a "Fundamental Change" of the Company as defined by Canadian Securities Exchange ("CSE") policies.

Pursuant to the Definitive Agreement, the Company will complete a consolidation of its issued and outstanding common shares (the "Consolidation") on the basis of one post-Consolidation common share (the "Company Shares") for every three (3) outstanding common shares in the capital of the Company. Following the Consolidation, each of the shareholders of Entheon (the "Entheon Shareholders") will receive one (1) Company Share in exchange for each share held in the capital of Entheon (the "Exchange Ratio") and holders of convertible securities in Entheon will receive Company Shares, subject to the Exchange Ratio, in lieu of Entheon Shares that such holder is entitled to receive upon conversion of the Entheon convertible security.

Exploration MPV Inc.

(Une société d'exploration)

Notes complémentaires aux états financiers intermédiaires résumés

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MPV Exploration Inc.

(An Exploration Company)

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(in Canadian dollars)

(Unaudited)

15- ÉVÈNEMENTS SUBSÉQUENTS (suite)

La Transaction sera structurée comme une fusion tripartite conformément à l'article 269 de la *Business Corporations Act* (Colombie-Britannique) dans laquelle Entheon fusionnera avec 1254912 B.C. Inc., une filiale en propriété exclusive nouvellement constituée de la Société (« Subco »), formée uniquement dans le but de réaliser le Financement Concomitant et faciliter la Transaction. Suite à la Transaction, la Société issue de la fusion sera une filiale en propriété exclusive de la Société.

Comme condition à la réalisation de la Transaction, Subco (tel que défini ci-dessous) doit conclure un financement par placement privé tel que détaillé ci-dessous (le « Financement Concomitant »). Après la conclusion de la Transaction, la Société changera son nom pour « Entheon Biomedical Corp. » ou tout autre nom similaire dont les parties pourront convenir (le « Changement de nom »).

Après la réalisation de la Transaction, la Société poursuivra les activités d'Entheon, qui sera la recherche et le développement de produits psychédéliques destinés à traiter les problèmes de toxicomanie et de santé mentale. Entheon projette de mener des essais cliniques et de soumettre des produits pharmaceutiques pour approbation réglementaire dans plusieurs juridictions.

Une condition de la clôture de la Transaction est que MPV doit avoir cédé ou aliéné toutes les propriétés de ressources minérales existantes, y compris les droits de MPV en vertu de la convention d'option datée du 31 mars 2017 entre MPV et Les Ressources Tectonic Inc. en relation avec le projet UMEX. À cet égard, MPV a conclu une entente définitive, le 5 août 2020 à la suite d'un appel d'offres aux termes duquel la Société a accepté de vendre sa participation dans le projet UMEX pour une contrepartie en espèces de 278 000 \$. La vente a été conclue en fidéicommis, en attendant l'achèvement de la Transaction.

Financement concomitant

Dans le cadre de la Transaction, MPV, par l'entremise de Subco, a l'intention de réaliser un placement privé sans l'entremise de courtier par voie de reçus de souscription à un prix de 0,375 \$ CA (les « Reçus de Souscription ») par Reçu de Souscription de sorte qu'il y ait au moins 2 000 000 \$ CA en fonds de roulement dans la Société à la clôture de la Transaction.

15- SUBSEQUENT EVENTS (continued)

The Transaction will be structured as a three-cornered amalgamation in accordance with Section 269 of the *Business Corporations Act* (British Columbia) in which Entheon will amalgamate with 1254912 B.C. Inc., a newly incorporated, wholly-owned subsidiary of the Company ("Subco"), formed solely for the purpose of conducting the Concurrent Financing and facilitating the Transaction. Following the Transaction, the amalgamated company will be a wholly-owned subsidiary of the Company.

As a condition to the completion of the Transaction, Subco, must complete a private placement financing as detailed below (the "Concurrent Financing"). Upon completion of the Transaction, the Company will change its name to "Entheon Biomedical Corp." or such other similar name as the parties may agree to (the "Name Change").

Following completion of the Transaction, the Company will be carrying on the business of Entheon, which will be the research and development of psychedelic drug products for the purposes of treating addiction and mental health issues. Entheon intends to conduct clinical trials and submit drug products for regulatory approval in multiple jurisdictions.

It is a condition of the closing of the Transaction that MPV shall have assigned or disposed of all existing mineral resource properties, including MPV's rights under the option agreement dated March 31, 2017 between MPV and Les Ressources Tectonic Inc. as it relates to the UMEX project. In this regard, MPV entered into a binding agreement following a tender process on August 5, 2020 pursuant to which it has agreed to sell its interest in the UMEX project for a cash consideration of \$278,000. The sale has been closed in escrow, pending completion of the Transaction.

Concurrent Financing

In connection with the Transaction, MPV, through Subco, intends to complete a non-brokered private placement of subscription receipts at a price of C\$0.375 (the "Subscription Receipts") per Subscription Receipt such that there is at least \$2,000,000 in working capital in the Company at the closing of the Transaction.

Exploration MPV Inc.

(Une société d'exploration)

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(An Exploration Company)

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(Unaudited)

15- ÉVÈNEMENTS SUBSÉQUENTS (suite)

Chaque Reçu de Souscription sera réputé avoir été échangé si les conditions de libération (telles que définies ci-dessous) sans paiement de contrepartie supplémentaire, pour une unité de Subco (chacune une « Unité »). Chaque Unité sera composée d'une action ordinaire de catégorie A sans droit de vote du capital de Subco (chacune, une « Action de Catégorie A de Subco ») et d'un demi-bon de souscription de souscription de Subco (chaque bon de souscription entier, un « Bon de Souscription de Subco »), qui permettra à son détenteur d'acquérir une Action de Catégorie A de Subco au prix de 0,60 \$ CA pour une période de deux ans à compter de la date à laquelle les Reçus de Souscription seront convertis en Unités. Entheon, après la réalisation de la Transaction, utilisera le produit net du Financement Concomitant pour effectuer ses études précliniques et de validation de concept sur l'humain visant à déterminer la sécurité, la tolérance et la détermination de la dose spécifique au DMT dans le traitement des troubles de toxicomanies, ainsi qu'aux fins générales du fonds de roulement.

La clôture du financement concomitant est sujette à la négociation, à l'exécution des documents définitifs ainsi qu'à la réception de toutes les approbations réglementaires.

15- SUBSEQUENT EVENTS (continued)

Each Subscription Receipt will be deemed to be exchanged upon satisfaction of the Release Conditions (as defined below) without payment of any additional consideration, for one unit of Subco (each a "Unit"). Each Unit will be comprised of one Class A non-voting common share in the capital of Subco (each, a "Subco Class A Share") and one-half of one share purchase warrant of Subco (each whole warrant, a "Subco Warrant"), which entitles the holder thereof to purchase a Subco Class A Share at a price of C\$0.60 for a period of two years from the date the Subscription Receipts are converted into Units. Entheon, following completion of the Transaction, will use the net proceeds from the Concurrent Financing to carry out its preclinical and human proof of concept studies determining safety, tolerability and dose finding specific to DMT in the treatment of addictive disorders and for general working capital purposes.

Closing of the Transaction is subject to negotiation and execution of definitive documentation and receipt of all regulatory approvals.

SCHEDULE "D"

**Management's Discussion and Analysis of Entheon
for the three month period ended June 30, 2020 and June 30, 2019**



MPV EXPLORATION INC.

(an exploration company)

MANAGEMENT DISCUSSION AND ANALYSIS

For the three-month period ended June 30, 2020

(First quarter)

This management discussion and analysis ("MD&A") of MPV Exploration Inc. ("MPV Exploration", "MPV" or the "Company") complies with Rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure.

The MD&A is a narrative explanation, through the eyes of the management of MPV, of how the Company performed during the three-month period ended June 30, 2020, and of the Company financial condition and future prospects. This discussion and analysis complements the unaudited condensed interim financial statements for the three-month period ended June 30, 2020 but does not form part of them.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com. The shares of MPV are listed on the Canadian Securities Exchange under the symbol MPV.

All figures are in Canadian dollars unless otherwise stated.

DATE

The MD&A was prepared on the basis of information available as at October 12, 2020.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, particularly: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; imprecision in reserve estimates; environmental risks including increased regulatory burdens; unexpected geological conditions; adverse mining conditions; changes in government regulations and policies, including laws and policies; failure to obtain the necessary permits and approvals from government authorities; and other development and operating risks.

While the Company believes that the assumptions underlying in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised because of new information, future events or otherwise, unless required to do so by the applicable securities laws.

NATURE OF ACTIVITIES

MPV is incorporated under the Canada Business Corporations Act. The Company is involved in the acquisition, exploration and development of mining properties. The Company is active in Canada.

In October 2018, following shareholder's approval, the Company changed its name to MPV Exploration Inc.

HIGHLIGHTS

After careful consideration and following many months of evaluating different strategic opportunities, the Board of MPV has decided to enter into a definitive agreement and amalgamate with Entheon Biomedical, a company developing innovative treatments for various addiction disorders using psychedelic medicines. We feel that the transaction constitutes a promising opportunity for MPV and its shareholders to participate in the growth of a fast developing sector, in partnership with an experienced group of health science industry experts.

Trading in the shares of MPV was halted following the announcement of this transformative transaction on July 2nd. It is expected to resume trading under the Entheon name during the second half of the year, subject to obtaining the receipt of all the necessary regulatory approvals, amongst other conditions.

Since beginning of March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown.

The Company is continuing its activities to further the Company's objectives during this uncertain and rapidly evolving time and to follow the recommendations of Quebec Government and Health Canada/Santé Québec. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating in future periods.

OVERALL PERFORMANCE

Results of Operations

Umex Block West Project

Property Description

The Umex Block West property consists of 14 cells covering a total area of 777.63 hectares. The property is located within the Eastern Abitibi region at 50 km west of the town of Chapais and 88 km west of the town of Chibougamau.

On March 31, 2017, the Company signed an option agreement to acquire 100% of the property.

During the year ended March 31, 2019, the Company performed the following work:

- 1) A 1,200-metre drilling program;
- 2) A BoreHole EM-type geophysical survey in two 2018 drill holes;
- 3) A BoreHole EM-type geophysical survey in two historical drill holes;
- 4) An airborne magnetic survey over the entire property, on lines spaced at 75 m.

The results of the drilling program were disclosed in a press release dated August 16, 2018.

The Company is currently evaluating next steps with regards to its properties.

Work done during the period

No exploration work was carried out on the property during the period.

Umex Block East Property

The Umex Block East property is now composed of 111 contiguous cells to the east, and on the same conductive strip as that traversing the Umex Block West property. The property covers an area of 6,163.28 hectares. It is wholly-owned by the Company.

During the year ended March 31, 2019, the Company conducted:

- 1) An airborne magnetic survey over the entire property on lines spaced at 75 m;
- 2) A Max-Min ground geophysical survey covering +/-40 km.

Work done during the period

No exploration work was carried out on the property during the period.

Person In Charge of Technical Disclosure

Hughes Guérin Tremblay (OGQ #1584), geologist, acts as an independent consulting geologist for the Company and a Qualified Person under *NI 43-101 on standards of disclosure for mineral projects*, has written and approved the technical content of this MD&A for the properties.

RESULTS OF OPERATIONS

MPV anticipates that, for the foreseeable future, quarterly results of operations will primarily be impacted by several factors, including the timing of exploration and the efforts and timing of expenditures related to the development of the Company. Due to fluctuations in these factors, the Company believes that the period-to-period comparisons of operating results are not a good indication of its future performance.

SUMMARY OF QUARTERLY RESULTS

The comments below provide an analysis of the operating results for the three-month period ended June 30, 2020. The selected financial information shown below is taken from the unaudited condensed interim financial statements for each of the three-month periods indicated.

FINANCIAL HIGHLIGHTS

	June 30	
	2020	2019
Shareholders' information	\$ 11,335	\$ 15,350
Professional and consultant fees	\$ 33,233	\$ 26,895
Travel and representation	\$ -	\$ 983
Devaluation of exploration and evaluation assets	\$ 285,986	\$ -
Other expenses	\$ 5,368	\$ 5,284
	<u>\$ 335,922</u>	<u>\$ 48,512</u>
Interest income and other revenues	\$ (13,906)	\$ (4,998)
Net loss and total comprehensive loss	<u>\$ (322,016)</u>	<u>\$ (43,514)</u>
Cash and cash equivalents	<u>\$ 1,067,411</u>	<u>\$ 1,148,278</u>

Shareholders' Information

Shareholders' information expenses for the three-month period ended June 30, 2020, consisted mainly of expenditures of legal and regulatory nature incurred to comply with the requirements of the securities commission. The decrease of \$4,015 compared to the previous period is primarily due to a decrease in transfer agent fees and shareholder information costs.

Professional and Consultant Fees

Professional and consultant fees for the three-month period ended June 30, 2020, consisted primarily of expenses of a legal and accounting nature, as well as audit expenses. A variation of \$6,638 was recognized compared to the previous period and results from an increase in legal and accounting expenses.

Devaluation of exploration and evaluation assets

During the three-month period ended June 30, 2020, the Company has devaluated the mining properties of Umex Block West and Umex Block East because the carrying value will not be recovered in full following the conditional sale of these mining properties (see note on subsequent events below).

The selected financial information below was taken from MPV Exploration's unaudited financial statements for each of the following quarters:

	June 30 2020	March 31 2020	Dec 31 2019	Sept 30 2019	June 30 2019	March 31 2019	Dec 31 2018	Sept 30 2018
Interest Income and other income	3,906	5,080	4,936	4,988	4,998	3,904	4,046	3,297
Net loss	(322,016)	(35,881)	(49,323)	(18,065)	(43,514)	(79,718)	(58,600)	(36,609)
Basic and diluted net loss per share	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.00

Liquidity and Capital Resources

Cash and cash equivalents as at June 30, 2020, totaled \$1,067,411 of compared to \$1,148,278 as at June 30, 2019.

Date	Financing	Commercial Goals
April and May 2018	Common shares	Working Capital

For the next year, the Company has budgeted \$130,000 for administrative expenses. Management is of the opinion that, even if it is unable to raise additional equity financing, the Company will be able to meet its current exploration obligations and keep its properties in good standing for the next 12 months. There is no assurance that such financing will be available when required, or under terms that are favourable to MPV.

CASH FLOWS

	June 30	
	2020	2019
Operating activities	\$ (65,079)	\$ (76,203)
	<u>\$ (65,079)</u>	<u>\$ (76,203)</u>
Cash and cash equivalents	<u>\$ 1,067,411</u>	<u>\$ 1,148,278</u>

During the three-month period ended June 30, 2020, funds used for operating activities were spent primarily on improving operations and development of the Company.

No financing and investment activity took place during the period.

ROYALTIES ON THE MINING PROPERTIES

PROPERTY	ROYALTY		DESCRIPTION
	Name	Percentage	
Umex Bloc West	Les Ressources Tectonic Inc.	100%	2% NSR of which 1% may be purchased for an amount of \$1,500,000

RELATED PARTY TRANSACTIONS

Transactions with Key Executives

During the three-month period ended June 30, 2020, the Company incurred \$5,530 (\$4,870 in 2019) in professional and consultant fees with its Corporate Secretary and Chief Financial Officer. In relation with these transactions no amount was payable as at June 30, 2020 and 2019.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

SUBSEQUENT EVENTS

On June 30, 2020, the Company entered into a definitive agreement (the "Definitive Agreement") with Entheon Biomedical Corp. ("Entheon"), whereby the Company will acquire all of the issued and outstanding shares of Entheon pursuant to a three-cornered amalgamation in accordance with Section 269 of the *Business Corporations Act* (British Columbia) as further detailed below (the "Transaction"). The Transaction will constitute a "Fundamental Change" of the Company as defined by Canadian Securities Exchange ("CSE") policies.

Pursuant to the Definitive Agreement, the Company will complete a consolidation of its issued and outstanding common shares (the "Consolidation") on the basis of one post-Consolidation common share (the "Company Shares") for every three (3) outstanding common shares in the capital of the Company. Following the Consolidation, each of the shareholders of Entheon (the "Entheon Shareholders") will receive one (1) Company Share in exchange for each share held in the capital of Entheon (the "Exchange Ratio") and holders of convertible securities in Entheon will receive Company Shares, subject to the Exchange Ratio, in lieu of Entheon Shares that such holder is entitled to receive upon conversion of the Entheon convertible security.

The Transaction will be structured as a three-cornered amalgamation in accordance with Section 269 of the *Business Corporations Act* (British Columbia) in which Entheon will amalgamate with 1254912 B.C. Inc., a newly incorporated, wholly-owned subsidiary of the Company ("**Subco**"), formed solely for the purpose of conducting the Concurrent Financing and facilitating the Transaction. Following the Transaction, the amalgamated company will be a wholly-owned subsidiary of the Company.

As a condition to the completion of the Transaction, Subco, must complete a private placement financing as detailed below (the "Concurrent Financing"). Upon completion of the Transaction, the Company will change its name to "Entheon Biomedical Corp." or such other similar name as the parties may agree to (the "Name Change").

Following completion of the Transaction, the Company will be carrying on the business of Entheon, which will be the research and development of psychedelic drug products for the purposes of treating addiction and mental health issues. Entheon intends to conduct clinical trials and submit drug products for regulatory approval in multiple jurisdictions.

It is a condition of the closing of the Transaction that MPV shall have assigned or disposed of all existing mineral resource properties, including MPV's rights under the option agreement dated March 31, 2017 between MPV and Les Ressources Tectonic Inc. as it relates to the UMEX project. In this regard, MPV entered into a binding agreement following a tender process on August 5, 2020 pursuant to which it has agreed to sell its interest in the UMEX project for a cash consideration of \$278,000. The sale has been closed in escrow, pending completion of the Transaction.

Concurrent Financing

In connection with the Transaction, MPV, through Subco, intends to complete a non-brokered private placement of subscription receipts at a price of C\$0.375 (the "**Subscription Receipts**") per Subscription

Receipt such that there is at least C\$2,000,000 in working capital in the Company at the closing of the Transaction.

Each Subscription Receipt will be deemed to be exchanged upon satisfaction of the Release Conditions (as defined below) without payment of any additional consideration, for one unit of Subco (each a “Unit”). Each Unit will be comprised of one Class A non-voting common share in the capital of Subco (each, a “**Subco Class A Share**”) and one-half of one share purchase warrant of Subco (each whole warrant, a “**Subco Warrant**”), which entitles the holder thereof to purchase a Subco Class A Share at a price of C\$0.60 for a period of two years from the date the Subscription Receipts are converted into Units. Enttheon, following completion of the Transaction, will use the net proceeds from the Concurrent Financing to carry out its preclinical and human proof of concept studies determining safety, tolerability and dose finding specific to DMT in the treatment of addictive disorders and for general working capital purposes.

Closing of the Transaction is subject to negotiation and execution of definitive documentation and receipt of all regulatory approvals.

SIGNIFICANT ACCOUNTING POLICIES

For more details regarding the significant accounting policies, you may refer to the Note 4 accompanying the audited financial statements for the year ended March 31, 2030 and Note 3 and 4 of the condensed interim financial statements for the period of three-month ended June 30, 2020.

CERTIFICATION OF INTERIM FILINGS

The Chief Executive Officer and Chief Financial Officer have signed the official basic certificates for venture issuers as required by *Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings*, confirming the review, absence of untrue or misleading information and fair presentation of the interim documents filed.

- The Chief Executive Officer and Chief Financial Officer have confirmed that they have reviewed the interim financial statements and the interim MD&A (collectively referred to as the “interim filings”) of the Company for the three-month period ended June 30, 2020.
- The Chief Executive Officer and Chief Financial Officer have confirmed that, based on their knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings
- The Chief Executive Officer and Chief Financial Officer have confirmed that, based on their knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings for these periods.

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

EXPLORATION AND EVALUATION ASSETS

	June 30	
	2020	2019
Balance, beginning of period	\$ 563,986	\$ 492,502
Balance, before deduction	563,986	492,502
Devaluation of exploration and evaluation assets	(285,986)	
Tax credit related to resources and mining tax credit	-	3,516
Balance, end of period	\$ 278,000	\$ 488,986

MATERIAL COMPONENTS

	June 30		
	2020	2019	2018
Statements of net loss and comprehensive loss			
Professional and consultant fees	\$ 33,233	\$ 26,895	\$ 18,776
Other expenses	\$ 5,368	\$ 5,284	\$ 5,251
Devaluation of exploration and evaluation assets	\$ 285,986	\$ -	\$ -
Shareholders' information	\$ 11,335	\$ 26,895	\$ -
		June 30	
	2020	2019	2018
Statements of financial position			
Exploration and evaluation assets	\$ 278,000	\$ 488,986	\$ 319,510
Loan receivable from Biomoss Carbon ULC	\$ -	\$ -	\$ 25,000

DISCLOSURE OF OUTSTANDING SHARE DATA (as at October 12, 2020)

Common shares outstanding:	18,105,514	
Options outstanding:	1,610,000	
Average exercise price of:	\$ 0.14	
	Number of shares	Exercise price
Expiry date		\$
December 2022	500,000	0.20
November 2023	550,000	0.10
February 2024	200,000	0.10
November 2024	360,000	0.12
	<u>1,610,000</u>	
Warrants and brokers and intermediaries' options outstanding:	13,958,933	
Average exercise price of:	\$ 0.23	
	Number of shares	Exercise price
Expiry date		\$
December 2020	1,953,431	0.25
December 2020	40,002	0.15
February 2021	6,000,000	0.16
April 2021	5,965,500	0.30
	<u>13,958,933</u>	

Risks and Uncertainties. The Company is subject to a variety of risks, some of which are described below. If any of the following risks occur, the Company's business, results of operations or financial condition could be adversely affected in a material manner.

Exploration and mining risks. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company from time to time increases its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known bodies of commercial ore. Programs conducted on the Company's mineral properties would be an exploratory search for ore.

Titles to property. While the Company has diligently investigated title to the various properties in which it has an interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

Permits and licenses. The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Metal prices. Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition. The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Environmental regulations. The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Conflicts of interest. Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity

of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stage of development. The Company's properties are in the exploration stage, and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Industry conditions. Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

Uninsured hazards. Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of the high cost of premiums or for other reasons. The payment of any such liability could result in the loss of Company assets or the Company's insolvency.

Future financing. Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

Key employees. Management of the Company rests on a few key officers and members of the board of directors, the loss of any of whom could have a detrimental effect on its operations.

Canada Revenue Agency. No assurance can be made that Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

SCHEDULE "E"

Financial Statements of Former Entheon for the fiscal year ended November 30, 2019 (audited) and the nine-month period ended August 31, 2020 (unaudited)

ENTHEON BIOMEDICAL CORP.

FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Enttheon Biomedical Corp.

Opinion

We have audited the financial statements of Enttheon Biomedical Corp. (the "Company") which comprise the statement of financial position as at November 30, 2019, and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on June 17, 2019 to November 30, 2019, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019, and its financial performance and its cash flows for the period from incorporation on June 17, 2019 to November 30, 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 describes matters and conditions that indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

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

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
June 16, 2020

ENTHEON BIOMEDICAL CORP.

Statement of Financial Position

As at November 30, 2019

Expressed in Canadian Dollars

	2019
	\$
Assets	
Current assets	
Cash	112,655
Other receivables	2,900
Prepaid expenses	21,311
	<u>136,866</u>
Liabilities and shareholders' equity	
Current liabilities	
Accounts payable and accrued liabilities	91,663
Convertible notes (note 4)	3,029
	<u>94,692</u>
Shareholders' equity	
Share capital (note 6)	316,574
Equity component of convertible notes	3,628
Deficit	<u>(278,028)</u>
	<u>42,174</u>
	<u>136,866</u>

The accompanying notes form an integral part of these financial statements.

Nature of Operations and Going Concern (note 1)

Subsequent Events (note 10)

Approved and authorized for issue on behalf of the Board on June 16, 2020:

"Brandon Schwabe", Director"Timothy Ko", Director

ENTHEON BIOMEDICAL CORP.

Statement of Comprehensive Loss

For the period from incorporation on June 17, 2019 to November 30, 2019

Expressed in Canadian Dollars

	For the period from incorporation on June 17, 2019 to November 30, 2019
	\$
Expenses	
Accretion expense (note 4)	3,628
Management fees (note 5)	36,750
Bank charges	691
Consulting fees	95,497
Marketing expense	32,167
Meal and entertainment	1,069
Professional fees	70,770
Office and miscellaneous	1,279
Rent	14,817
Travel	21,360
Net loss and comprehensive loss	278,028
Basic and diluted loss per share	\$0.07
Weighted average number of common shares outstanding	4,262,290

The accompanying notes form an integral part of these financial statements.

ENTHEON BIOMEDICAL CORP.

Statement of Changes in Equity

For the period from incorporation on June 17, 2019 to November 30, 2019

Expressed in Canadian Dollars

	<u>Common Shares</u>		Equity component of convertible notes	Deficit	Total
	Number of shares	Amount			
		\$	\$	\$	\$
Date of incorporation, June 17, 2019	1	1	-	-	1
Shares issued for cash, net of transaction costs	16,820,000	256,823	-	-	256,823
Shares issued for debt settlements	1,800,000	11,250	-	-	11,250
Shares issued for conversion of convertible notes	2,500,000	50,000			50,000
Repurchase of common shares	(300,000)	(1,500)			(1,500)
Equity component of convertible notes (note 4)			3,628		3,628
Comprehensive loss for the period	-	-	-	(278,028)	(278,028)
Balance, November 30, 2019	20,820,001	316,574	3,628	(278,028)	42,174

The accompanying notes form an integral part of these financial statements.

ENTHEON BIOMEDICAL CORP.

Statement of Cash Flow

For the period from incorporation on June 17, 2019 to November 30, 2019

Expressed in Canadian Dollars

	For the period from incorporation on June 17, 2019 to November 30, 2019
	\$
Cash provided by (used in):	
Operating activities	
Net loss for the period	(278,028)
Item not affecting cash:	
Accretion expense	3,628
Changes in non-cash working capital balance:	
Other receivables	(2,899)
Prepaid expenses	(21,311)
Accounts payable and accrued liabilities	101,413
Cash used in operating activities	(197,197)
Financing activities	
Proceeds from issuance of convertible notes	60,554
Repayment of convertible notes	(7,525)
Proceeds from issuance of common shares, net	256,823
Cash provided by financing activities	309,852
Increase in cash	112,655
Cash, beginning of period	-
Cash, end of period	112,655
Supplemental disclosure of non-cash financing activities:	
Issuance of common stocks upon conversion of convertible notes	50,000
Issuance of common stocks for debt settlements	9,750
Supplemental cash flow disclosures:	
Income taxes paid	-
Interest paid	-

The accompanying notes form an integral part of these financial statements.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Entheogen Biomedical Corp. (the "Company") was incorporated on June 17, 2019 under the laws of British Columbia, Canada and maintains its head office at Suite 301, 220 Brew Street, Port Moody, British Columbia, Canada, V3H 0H6 and registered office at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. On December 30, 2019, the Company changed its name to Entheon Biomedical Corp.

The Company's primary business is the research and development of psychedelic compounds with the aim to commercialize a portfolio of entheogen based therapeutic products for the treatment of addictive disorders.

These financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At present, the Company's operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of \$278,028 as at November 30, 2019. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Should the Company identify a suitable asset or business acquisition, it would be required to raise additional capital to finance the transaction.

Management is actively pursuing opportunities with a view to identifying and making an acquisition of assets or businesses that will qualify the Company for listing on the Canadian Stock Exchange (CSE). The continuing operations of the Company are dependent upon its ability to complete a qualified transaction to generate net income, managing cash on hand by reducing costs and expenses, and to raise adequate financing. The March 2020 pandemic outbreak of COVID-19 could result in delays in finding and completing a qualifying transaction and continue to have a negative impact on the Company's ability to raise new capital. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include adjustments that would be required if the going concern assumption is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

These financial statements were authorized for issue on June 16, 2020 by the directors of the Company.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE, continued

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Foreign currency transactions

The Company's functional currency is Canadian dollar. Transactions in currencies other than the functional currency of the reporting entity are recorded at rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at rates prevailing at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in the foreign currency are not re-translated.

Significant estimates and assumptions

The preparation of these financial statements requires management to make estimates 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 period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of discount rate and effective interest rates on liability and equity components of the convertible notes. Changes in these assumptions could materially affect the recorded amounts.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE, continued

Significant judgments

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

- i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty..

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these financial statements, unless otherwise indicated.

Financial instruments

Measurement – initial recognition

All financial assets and financial liabilities are initially recorded on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial asset and liabilities are initially recorded at fair value, net of attributable transaction costs, except for those classified as fair value through profit or loss ("FVTPL"). Subsequent measurement of financial assets and financial liabilities depends on the classifications of such assets and liabilities.

Classification – financial assets

Amortized cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequent to initial recognition at amortized cost.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments, continued

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method, and is recognized in interest and other income, on the statement of comprehensive loss.

The Company currently has no financial assets measured at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings.

The Company currently has no financial assets designated as FVTOCI.

Fair value through profit or loss ("FVTPL")

By default, all other financial assets are measured subsequently at FVTPL. The Company has classified its cash as FVTPL.

Classification – financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost include accounts payable and convertible notes payable.

Financial liabilities classified FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of loss and comprehensive loss. The Company does not have any financial liabilities at FVTPL.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments, continued

The Company has no hedging arrangements and does not apply hedge accounting.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statement of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Convertible notes

Convertible notes, where applicable, are separated into their financial liability and equity instrument components and accounted for using the effective interest method. The fair value of the liability component at the time of issue is determined based on an estimated interest rate of the convertible loan without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component. Issuance costs of the convertible notes are applied as a reduction of proceeds and allocated pro-rata between the liability and equity components. The issuance costs applied to the liability component are recognized as accretion expense over the term of the convertible notes.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Debt issuance costs

Debt issue costs are recognized in connection with proposed financing transactions which are specifically identified in that the form of debt issuances is known and completion of the financing is probable. When the financing is completed, these costs are recognized and netted against the value of the debt for debt transactions. The debt is subsequently accreted to face value at maturity. The accretion amounts are included in interest and bank charges expense over the life of the debt. Debt issue costs include only those costs which are incremental and directly attributable to the proposed financing transaction. In the event that the transaction is abandoned, previously capitalized debt issue costs are expensed through the statement of comprehensive loss.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that the shares are issued.

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings/loss attributable to common shareholders equals the reported earnings/loss attributable to owners of the Company. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

Lease

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option.

Lease payments for short-term leases with a term of 12 months or less and leases of low-value assets are treated as operating leases, with rent expense recognized in cost of sales or selling, general and administrative expenses on a straight-line or other systematic basis.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Lease, continued

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there are changes to the lease payments, a change in lease term, a change in the assessment of an option to purchase the underlying asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the Company applies the cost model to the right of- use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

During the period from incorporation on June 17, 2019 to November 30, 2019, all of the Company's leases are short-term leases with a term of 12 months or less and recorded as operating leases.

Share-based payments

The Company has adopted the fair value method of accounting for all share-based compensation. The fair value of stock options granted is determined using the Black-Scholes option pricing model. Share-based compensation is expensed over the period of vesting and initially credited to stock options reserve. Any consideration paid on the exercise of stock options is credited to share capital. When options are exercised, previously recorded compensation is transferred from stock options reserve to share capital to fully reflect the consideration for the shares issued.

Options granted under the Company's stock option plan vest as determined by the directors at the time of grant.

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Share-based payments, continued

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless the fair value cannot be estimated reliably, in which case they are recorded at the fair value of the equity instruments granted.

Income taxes

Income tax expense comprises current and deferred tax and is recognized in operations except to the extent that it relates to business combinations, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill.

Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Certain comparative information in these financial statements has been reclassified to conform to the presentation of the current period financial statements.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Standards Issued But Not Yet Effective

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these financial statements. There new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. CONVERTIBLE NOTES PAYABLE

On June 17, 2019, the Company entered into a Credit Facility Agreement (the "Hyperbridge Notes") with a related party Hyperbridge Technology Inc. ("Hyperbridge") under which Hyperbridge will advance from time to time to the Company in principal sum of up to \$65,000. Hyperbridge will have the right, at the option, to convert all or any portion of the then outstanding amount of the Hyperbridge Notes into fully paid and non-assessable common shares of the at the deemed issuance price of \$0.02 per share. The Hyperbridge Notes are non-interest bearing, secured by a promissory note, and will become due on December 31, 2019. In the event of default, the interest is compounded semi-annually at a rate of 8% per annum. During the period ended November 30 2019, the Company received advance in the aggregate principal amount of \$60,554 from Hyperbridge.

The fair value of the liability component at the time of issue is determined based on an estimated rate of 20% for loans without the conversion feature. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible notes at an effective interest rate of 20%. The fair value of the equity component is determined as the difference between the face value of the loans and the fair value of the liability component.

On November 29, 2019, \$50,000 of the outstanding amounts were converted into 2,500,000 common shares of the company at \$0.02 per share (Note 6).

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

4. CONVERTIBLE NOTES PAYABLE, continued

The following table summarizes accounting for the convertible notes, and the amounts recognized in the liability and equity components during the period ended November 30, 2019:

		Liability Component	Equity Component
Date of incorporation, June 17, 2019	\$	-	\$ -
Convertible notes issued		56,926	3,628
Accretion		3,628	-
Repayment		(7,525)	-
Conversion		(50,000)	-
Balance, November 30, 2019	\$	3,029	3,628

5. RELATED PARTY TRANSACTIONS AND BALANCE

Key management personnel comprise the Company's Board of Directors and executive officers. Key management personnel compensation is comprised of the following:

	2019
Management fees	\$ 34,250

Management fee paid or payable to key management personnel during the period from incorporation on June 17, 2019 to November 30, 2019 as follows:

- a) An amount of \$17,500 to the Chief Executive Officer of the Company.
- b) An amount of \$10,500 to the Chief Financial Officer of the Company.
- c) An amount of \$6,250 to a director of the Company, of which \$2,500 was settled by the issuance of 500,000 common shares at \$0.005 per share. As of November 30, 2019, \$3,854 was owed to a director in respect of these fees and out of pocket expenses.

During the period from incorporation on June 17, 2019 to November 30, 2019, the Company entered into a Credit Facility Agreement with a Company controlled by the CEO (See Note 4).

6. SHARE CAPITAL

Authorized

Unlimited common shares without par value

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

6. SHARE CAPITAL, continued

Issued

As of November 30, 2019, 20,820,001 common shares were issued and outstanding:

- a) On the date of incorporation, June 17, 2019, the Company issued 1 common share at \$1.00 per share.
- b) On August 12, 2019 and October 8, 2019, the Company issued a total of 3,500,000 founders' common shares at \$0.005 per share for gross proceeds of \$17,500.
- c) During August 2019, the Company issued a total of 1,800,000 common shares with a fair value of \$11,250 to settle \$11,250 in accounts payable for past services rendered by the consultants.
- d) On August 30, 2019, the Company repurchased 300,000 common shares from a consultant at \$0.005 per share.
- e) In November, 2019, the Company closed a private placement and issued a total of 13,320,000 common shares at \$0.02 per share for gross proceeds of \$266,400.
- f) On November 29, 2019, the Company issued 2,500,000 common shares at \$0.02 per share upon conversion of Hyperbridge Notes. (See Note 4)

Stock option

As at November 30, 2019, the Company did not have an option plan.

Share purchase warrants

During the period presented, there was no share purchase warrant activity.

7. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the research and development of psychedelic compounds.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt. The capital of the Company comprises the shareholders' equity.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

8. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2019
Loss before income taxes	\$ (278,028)
Statutory tax rate	27%
Expected income tax recovery at statutory rates	\$ (75,068)
Non-deductible and other items	(5,932)
Unrecognized temporary differences	81,000
Deferred income tax recovery	\$ -

At November 30, 2019, the amount of deductible temporary differences for which no deferred tax asset is recognized in the statements of financial position is as follows:

	2019	
	Temporary difference	Tax effect
Non-capital loss	\$ 280,000	\$ 75,000
Share issuance costs	22,000	6,000
	\$ 302,000	\$ 81,000

As at November 30, 2019, the Company has non-capital losses of approximately \$280,000 for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. These losses, if not utilized, will expire in 2039.

In assessing the realizability of deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS

Fair Values and Classification

The Company's financial instruments consist of cash and cash equivalents, accounts payable and convertible notes. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2019
Cash	FVTPL	\$ 112,655
Accounts payable	Amortized cost	80,542
Convertible notes payable	Amortized cost	3,029

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is recorded at fair value and classified as level 1. The carrying amounts of the Company's accounts payable and convertible notes payable are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

Financial instrument risk exposure

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at highly rated financial institutions.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the statement of financial position. At November 30, 2019, no amounts were held as collateral.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS, continued

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash at November 30, 2019, in the amount of \$112,655 and working capital of \$49,819 in order to meet short-term business requirements. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand and are subject to normal trade terms. The convertible notes will mature on December 31, 2019 and are convertible into common shares at \$0.02 per at the lender's option.

The maturity profiles of the Company's contractual obligations and commitments as at November 30, 2019, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	\$ 80,542	\$ 80,542	\$ -	\$ -
Convertible notes payable	3,029	3,029	-	-
Total	\$ 83,571	\$ 83,571	\$ -	\$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk as the risk is primarily on its outstanding GIC which is included in cash and cash equivalents.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not subject to significant foreign exchange risk.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS, continued

Financial instrument risk exposure, continued

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed not exposed to any significant price risk.

10. SUBSEQUENT EVENTS

On December 18, 2019, December 23, 2019 and January 30, 2020, the Company completed a non-brokered private placement whereby it issued 3,485,000 units of the Company in 3 tranches at a price of \$0.25 per unit for gross proceeds of \$871,250. Each unit consists of one Class A voting common share in the capital of the Company and one-half of one Class A voting common share purchase warrant of the Company. Each Warrant has an exercise price of \$0.50 per Warrant Share for a period of 24 months from the closing of the offering; provided that the expiry of the Warrants can be accelerated if the closing price of the Class A voting common shares on a stock exchange in Canada or the United States is at least CAD \$0.75 for a minimum of 21 consecutive trading days, then the Warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the Warrants.

On January 30, 2020, the Company approved a stock option plan under which it may grant stock options within any 12 month period for up to 10% of the Company's total number of shares issued. The stock option plan provides for the granting of stock options to directors and officers, and consultants and persons providing investor-relation or consulting services within any 12 month period up to a limit of 5% and 2% respectively of the Company's total number of Outstanding Issue. In addition, the options granted to consultants and persons providing investor-relation or consulting services must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period. The Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option.

On February 15, 2020, the Company purchased a USD \$150,000 convertible note issued by Entheos Science Systems Inc. ("Enthoes") for \$198,000 (the "Convertible Note"). The Convertible Notes bears interest at a rate of 8% per annum, will mature in one year from issuance, and is convertible into Series A Preferred Shares at price equal to the lower of (A) the pre-money price per Preferred Share (on a fully diluted basis) assuming a valuation of \$7,000,000 and (B) the last price paid per Preferred Share subsequent to the date of the Convertible Notes, if any, less a 15% discount to the final conversion value.

ENTHEON BIOMEDICAL CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019
(Expressed in Canadian dollars)

10. SUBSEQUENT EVENTS, continued

On May 19, 2020, the Company entered into an Asset Purchase Agreement (the "Agreement") among Entheos and Mindleap Health Inc. ("Mindleap") regarding the Convertible Note. The terms of the agreement are as follows:

- a) Mindleap will assume \$100,000.00 of Entheos' Liability to the Company under the Convertible Note, in exchange for the Company's representations, warranties, covenants, agreements, and releases.
- b) Entheos will transfer available funds payable to the Company in an amount equal to all remaining available cash within the Entheos bank account, following receipt of the payments from Mindleap less outstanding payables of Entheos, along with a reconciliation of the amount paid.
- c) Entheos will transfer 500,000 common shares in the capital of Mindleap to the Company and Mindleap will consent to the transfer.

On June 2, 2020, the Company completed a non-brokered private placement whereby it issued 5,490,804 units of the Company at a price of \$0.40 per unit for gross proceeds of \$2,196,322. Each unit consists of one Class A voting common share in the capital of the Company and one-half of one Class A voting common share purchase warrant of the Company. Each Warrant has an exercise price of \$0.60 per Warrant Share for a period of 24 months from the closing of the offering; provided that the expiry of the Warrants can be accelerated if the closing price of the Class A voting common shares on a stock exchange in Canada or the United States is at least CAD \$1.00 for a minimum of 10 consecutive trading days, then the Warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the Warrants.

On March 11, 2020, various authorities declared a pandemic related to COVID 19 resulting in restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These restrictions are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates.

The pandemic could have a negative impact on the capital market and the Company's ability to complete a qualifying transaction and raise new capital. The Company believes that these potential delays are temporary and it expects to resume its pursuits as restrictions are alleviated. The duration and effects of the restrictions are not currently determinable and no provision has been made in these financial statements for any effects that the Company may experience if the restrictions are other than temporary.

ENTHEON BIOMEDICAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

**For the three and nine months ended August 31, 2020 and period from
incorporation on June 17, 2019 to August 31, 2019**

(Expressed in Canadian Dollars)

ENTHEON BIOMEDICAL CORP.

Condensed Interim Statements of Financial Position

Expressed in Canadian Dollars - Unaudited

	Aug 31, 2020 (Unaudited)	Nov 30, 2019 (Audited)
	\$	\$
Assets		
Current assets		
Cash	1,840,612	112,655
GST recoverable	26,457	2,900
Other receivables	115	-
Prepaid expenses	5,619	21,311
Investment in convertible note (note 8)	52,077	-
	1,924,880	136,866
Non-current assets		
Equipment, net	10,982	-
Investment in equity securities (note 8)	100,532	-
	111,514	-
	2,036,394	136,866
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	44,115	91,663
Convertible notes payable (note 3)	-	3,029
	44,115	94,692
Shareholders' equity		
Share capital (note 5)	3,357,741	316,574
Equity component of convertible notes (note 3)	3,628	3,628
Deficit	(1,369,090)	(278,028)
	1,992,279	42,174
	2,036,394	136,866

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

Nature of Business and Going Concern (note 1)

Approved and authorized for issue on behalf of the Board on October 26, 2020:

"Brandon Schwabe", Director

"Timothy Ko", Director

ENTHEON BIOMEDICAL CORP.

Condensed Interim Statements of Comprehensive Loss

Expressed in Canadian Dollars - Unaudited

	For the three months ended Aug 31, 2020	For the nine months ended Aug 31, 2020	For the period from incorporation on June 17, 2019 to August 31, 2019
	\$	\$	\$
Operating Expenses			
Depreciation	708	2,125	-
Management fees (note 4)	71,000	160,155	8,500
Bank charges	721	1,966	115
Consulting fees	148,582	534,892	21,883
Marketing	7,935	62,955	767
Meal and entertainment	69	9,034	370
Professional fees	165,971	225,050	27,370
Office and miscellaneous	3,905	27,768	-
Rent	15,000	54,465	7,483
Transfer agent and filing fees	6,050	6,050	-
Travel	100	42,566	6,368
	420,041	1,127,026	72,856
Other Income			
Loss on debt settlement (note 5)	30,000	53,000	-
Loss on investment settlement (note 8)	320	10,734	-
Foreign exchange loss	524	524	-
Realized gain on share exchange (note 8)	(98,032)	(98,032)	-
Interest income	(2,190)	(2,190)	-
	(69,378)	(35,964)	-
Net loss and comprehensive loss	350,663	1,091,062	72,856
Basic and diluted loss per share	\$0.01	\$0.04	\$0.06
Weighted average number of common shares outstanding	29,668,387	25,661,279	1,224,668

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

ENTHEON BIOMEDICAL CORP.

Condensed Interim Statements of Changes in Equity

Expressed in Canadian Dollars - Unaudited

	<u>Common Shares</u>		Equity component of convertible notes	Deficit	Total
	Number of shares	Amount			
		\$	\$	\$	\$
Balance at, June 17, 2019	1	1	-	-	1
Shares issued for cash, net of transaction costs	3,350,000	16,750	-	-	16,750
Shares issued for debt settlements	1,350,000	6,750	-	-	6,750
Comprehensive loss for the period	-	-	-	(72,856)	(72,856)
Balance, August 31, 2019	4,700,001	23,501	-	(72,856)	(49,355)
Balance at, November 30, 2019	20,820,001	316,574	3,628	(278,028)	42,174
Units issued for cash, net of transaction costs	8,725,804	2,936,167	-	-	2,936,167
Shares issued for debt settlements	300,000	105,000	-	-	105,000
Comprehensive loss for the period	-	-	-	(1,061,062)	(1,061,062)
Balance, August 31, 2020	29,845,805	3,357,741	3,628	(1,369,090)	1,992,279

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

ENTHEON BIOMEDICAL CORP.

Condensed Interim Statements of Cash Flow
Expressed in Canadian Dollars - Unaudited

	For the nine months ended August 31, 2020	For the period from incorporation on June 17, 2019 to August 31, 2019
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss for the period	(1,091,062)	(72,856)
Item not affecting cash:		
Depreciation	2,125	-
Loss on the debt settlement	53,000	-
Loss on the investment settlement	10,734	-
Realized gain on share exchange	(98,032)	-
Changes in non-cash working capital balance:		
GST recoverable	(23,557)	(16,030)
Other receivables	(115)	-
Prepaid expenses	15,692	-
Accounts payable and accrued liabilities	4,452	54,610
Cash used in operating activities	(1,126,763)	(34,276)
Investing activities		
Purchase of equipment	(13,107)	-
Proceeds from investment settlement	84,766	-
Purchase of convertible note	(198,000)	-
Repayment of convertible note	47,923	-
Cash used in investing activities	(78,418)	-
Financing activities		
Proceeds from convertible notes	-	34,213
Repayment of convertible notes	(3,029)	-
Proceeds from issuance of units, net	2,936,167	16,750
Cash provided by financing activities	2,933,138	50,963
Increase in cash	1,727,957	16,687
Cash, beginning of period	112,655	-
Cash, end of period	1,840,612	16,687
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of common stocks for debt settlements	52,000	6,750
Investments received for exchange	100,532	-
Investments received for investment settlement	102,500	-
Supplemental cash flow disclosures:		
Income taxes paid	-	-
Interest paid	-	-

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

ENTHEON BIOMEDICAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended August 31, 2020 and 2019

(Expressed in Canadian dollars - Unaudited)

1. NATURE OF BUSINESS AND GOING CONCERN

Entheogen Biomedical Corp. (the "Company") was incorporated on June 17, 2019 under the laws of British Columbia, Canada and maintains its head office at 211-3030 Lincoln Avenue, Coquitlam, British Columbia, Canada, V3B 6B4 and registered office at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. On December 30, 2019, the Company changed its name to Entheon Biomedical Corp.

The Company's primary business is the research and development of psychedelic compounds with the aim to commercialize a portfolio of entheogen based therapeutic products for the treatment of addictive disorders.

These condensed interim financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At present, the Company's operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of \$1,369,090 as at August 31, 2020. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Should the Company identify a suitable asset or business acquisition, it would be required to raise additional capital to finance the transaction.

Management is actively pursuing opportunities with a view to identifying and making an acquisition of assets or businesses that will qualify the Company for listing on the Canadian Stock Exchange (the "Qualified Transaction"). The continuing operations of the Company are dependent upon its ability to complete a Qualified Transaction to generate net income, managing cash on hand by reducing costs and expenses, and to raise adequate financing. The March 2020 pandemic outbreak of COVID-19 could result in delays in finding and completing a Qualified Transaction and continue to have a negative impact on the Company's ability to raise new capital. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim financial statements do not include adjustments that would be required if the going concern assumption is not an appropriate basis for preparation of the condensed interim financial statements. These adjustments could be material.

These condensed interim financial statements were authorized for issue on October 26, 2020 by the directors of the Company.

ENTHEON BIOMEDICAL CORP.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended August 31, 2020

and period from incorporation on June 17, 2019 to August 31, 2019

(Expressed in Canadian dollars - Unaudited)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 – *Interim Financial Reporting*.

Basis of measurement

These condensed interim financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recent annual financial statements. Since the condensed interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's annual financial statements for the period from incorporation on June 17, 2019 to November 30, 2019.

New Accounting Standards Issued But Not Yet Effective

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these condensed interim financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

Foreign currency transactions

The Company's functional currency is Canadian dollar. Transactions in currencies other than the functional currency of the reporting entity are recorded at rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at rates prevailing at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in the foreign currency are not re-translated.

Significant estimates and assumptions

The preparation of these condensed interim financial statements requires management to make estimates 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 period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

ENTHEON BIOMEDICAL CORP.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended August 31, 2020

and period from incorporation on June 17, 2019 to August 31, 2019

(Expressed in Canadian dollars - Unaudited)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE, continued**Significant estimates and assumptions, continued**

- i) The determination of discount rate and effective interest rates on liability and equity components of the convertible notes. Changes in these assumptions could materially affect the recorded amounts.
- ii) The determination of fair value of investments in convertible notes and equity securities requires valuation techniques. In applying the valuation techniques management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, company-specific information is considered when determining whether the fair value of an investment in convertible notes or equity securities should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing investments in convertible notes and equity securities.
- iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

Significant judgments

The preparation of these condensed interim financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

3. CONVERTIBLE NOTES PAYABLE

On June 17, 2019, the Company entered into a Credit Facility Agreement (the "Hyperbridge Notes") with a related party Hyperbridge Technology Inc. ("Hyperbridge") under which Hyperbridge will advance from time to time to the Company in principal sum of up to \$65,000. Hyperbridge will have the right, at the option, to convert all or any portion of the then outstanding amount of the Hyperbridge Notes into fully paid and non-assessable common shares of the at the deemed issuance price of \$0.02 per share. The Hyperbridge Notes are non-interest bearing, secured by a promissory note, and will become due on December 31, 2019. In the event of default, the interest is compounded semi-annually at a rate of 8% per annum. During the period ended November 30 2019, the Company received advance in the aggregate principal amount of \$60,554 from Hyperbridge.

ENTHEON BIOMEDICAL CORP.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended August 31, 2020

and period from incorporation on June 17, 2019 to August 31, 2019

(Expressed in Canadian dollars - Unaudited)

3. CONVERTIBLE NOTES PAYABLE, continued

The fair value of the liability component at the time of issue is determined based on an estimated rate of 20% for loans without the conversion feature. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible notes at an effective interest rate of 20%. The fair value of the equity component is determined as the difference between the face value of the loans and the fair value of the liability component.

On November 29, 2019, \$50,000 of the outstanding amounts were converted into 2,500,000 common shares of the company at \$0.02 per share.

The following table summarizes accounting for the convertible notes, and the amounts recognized in the liability and equity components during the period presented:

		Liability Component	Equity Component
Date of incorporation, June 17, 2019	\$	-	\$ -
Convertible notes issued		56,926	3,628
Accretion		3,628	-
Repayment		(7,525)	-
Conversion		(50,000)	-
Balance, November 30, 2019	\$	3,029	\$ 3,628
Repayment		(3,029)	-
Balance, August 31, 2020	\$	-	\$ 3,628

4. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel comprise the Company's Board of Directors and executive officers. Key management personnel compensation for the three and nine months ended August 31, 2020 is comprised of the following:

	Nine months ended August 31, 2020	Three months ended August 31, 2020	For the period from incorporation on June 17, 2019 to August 31, 2019
Management fees			
Chief Executive Officer	\$ 66,100	\$ 29,100	\$ 3,500
Chief Financial Officer	37,900	15,900	-
Director of Operations	47,155	23,000	-
Director	9,000	3,000	5,000
	\$ 160,155	\$ 71,000	\$ 8,500

ENTHEON BIOMEDICAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian dollars - Unaudited)

4. RELATED PARTY TRANSACTIONS AND BALANCES, continued

On February 5, 2020, the Company issued a total of 100,000 common shares with a fair value of \$25,000 to settle \$2,000 in management fees payable to the Director of Operations (Note 5). A loss on debt settlement of \$23,000 was recognized in the condensed interim statement of loss and comprehensive loss for the nine months ended August 31, 2020.

The Company had a Credit Facility Agreement with a Company controlled by the CEO (See Note 3). As at August 31, 2020, balance under the Credit Facility Agreement was fully paid off.

As at August 31, 2020, \$Nil (November 30, 2019 - \$3,854) was due to directors and officers and Companies controlled by directors and officers. The amounts are unsecured, non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

5. SHARE CAPITAL

Authorized

Unlimited Class A voting and Class B non-voting common shares without par value

Issued and outstanding

As of August 31, 2020, there were 29,845,805 (November 30, 2019 - 20,820,001) common shares issued and outstanding.

During the nine months ended August 31, 2020:

- a) On December 18, 2019, December 23, 2019 and January 30, 2020, the Company closed a private placement in 3 tranches and issued 3,485,000 units of the Company at a price of \$0.25 per unit for gross proceeds of \$871,250. Each unit consists of one Class A voting common share in the capital of the Company and one-half of one Class A voting common share purchase warrant of the Company. Each warrant has an exercise price of \$0.50 per warrant share for a period of 24 months from the closing of the offering; provided that the expiry of the warrants can be accelerated if the closing price of the Class A voting common shares on a stock exchange in Canada or the United States is at least \$0.75 for a minimum of 21 consecutive trading days, then the warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the Warrants. There was no value allocated to the warrants based on the residual method.
- b) On February 5, 2020, the Company issued a total of 100,000 common shares with a fair value of \$25,000 to settle \$2,000 in accounts payable for past services rendered by an officer of the Company (Note 4). A loss on debt settlement of \$23,000 was recognized in the condensed interim statement of loss and comprehensive loss for the nine months ended August 31, 2020.

ENTHEON BIOMEDICAL CORP.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended August 31, 2020

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5. SHARE CAPITAL, continued

- c) On June 3, 2020, the Company closed a private placement and issued 5,240,804 units of the Company at a price of \$0.40 per unit for gross proceeds of \$2,096,321. Each unit consists of one common share of the Issuer and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Issuer at an exercise price of \$0.60 per share for a period 24 months; provided that if the volume weighted average trading price of the Company's common shares on any stock exchange on which the Company's common shares are then listed, is at a price equal to or greater than \$1.00 for a period of 10 consecutive trading days, then the warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the Warrants. There was no value allocated to the warrants based on the residual method.
- d) On June 3, 2020, the Company issued a total of 200,000 common shares with a fair value of \$80,000 to settle \$50,000 in consultant fees payable and signing bonuses payable to various consultants. A loss on debt settlement of \$30,000 was recognized in the condensed interim statement of loss and comprehensive loss for the nine months ended August 31, 2020.

Stock option

On January 30, 2020, the Company approved a stock option plan under which it may grant stock options within any 12 month period for up to 10% of the Company's total number of shares issued. The stock option plan provides for the granting of stock options to directors and officers, and consultants and persons providing investor-relation or consulting services within any 12 month period up to a limit of 5% and 2% respectively of the Company's total number of Outstanding Issue. In addition, the options granted to consultants and persons providing investor-relation or consulting services must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period. The Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option. During nine months ended August 31, 2020, there was no stock option activity. As at August 31, 2020, there were no stock options outstanding.

Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
December 1, 2019	-	\$ -
Issued	4,362,902	0.56
August 31, 2020	4,362,902	\$ 0.56

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For the three and nine months ended August 31, 2020

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5. SHARE CAPITAL, continued

As of August 31, 2020, the Company had share purchase warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Number Outstanding	Exercise Price
December 18, 2021	35,000	\$ 0.50
December 23, 2021	1,020,000	0.50
January 30, 2022	687,500	0.50
June 3, 2022	2,620,402	0.60
	4,362,902	\$ 0.56

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the research and development of psychedelic compounds.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt. The capital of the Company comprises the shareholders' equity.

7. FINANCIAL INSTRUMENTS**Fair Values and Classification**

The Company's financial instruments consist of cash and cash equivalents, accounts payable and convertible notes. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	August 31, 2020	November 30, 2019
Cash	FVTPL	\$ 1,840,612	\$ 112,655
Investment in convertible note	FVTPL	52,077	-
Investment in equity securities	FVTPL	100,532	-
Accounts payable	Amortized cost	44,115	80,542
Convertible notes payable	Amortized cost	-	3,029

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

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7. FINANCIAL INSTRUMENTS, continued

Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair measurement. The Company's financial assets measured on a recurring basis at fair value are as follows:

August 31, 2020				
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,840,612	\$ -	\$ -	\$ 1,840,612
Investment in convertible note	-	-	52,077	52,077
Investments in equity securities	100,532	-	-	100,532
Total	\$ 1,941,144	-	52,077	1,993,221

November 30, 2019				
	Level 1	Level 2	Level 3	Total
Cash	\$ 112,655	-	-	\$ 112,655

The carrying amounts of the Company's accounts payable and convertible notes payable are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

Financial instrument risk exposure

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash and investment in convertible note. The Company manages credit risk, in respect of cash, by maintaining the majority of cash at highly rated financial institutions.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the statement of financial position. At August 31, 2020, no amounts were held as collateral.

ENTHEON BIOMEDICAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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and period from incorporation on June 17, 2019 to August 31, 2019

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7. FINANCIAL INSTRUMENTS, continued

Financial instrument risk exposure, continued

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash at August 31, 2020, in the amount of \$1,840,612 and working capital of \$1,880,765 in order to meet short-term business requirements. All of the Company's financial liabilities have contractual maturities of approximately 30 to 90 days or are due on demand and are subject to normal trade terms.

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk as the risk is primarily on its outstanding GIC which is included in cash and cash equivalents.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not subject to significant foreign exchange risk.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is not exposed to any significant price risk.

ENTHEON BIOMEDICAL CORP.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

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8. INVESTMENTS

Continuity for the nine months ended August 31, 2020 is as follows:

	Entheos Science Systems Inc. Convertible Note (a)	Mindleap Health Inc. Convertible Note (a)	Mindleap Health Inc. Common Shares (a) (b)	Mydecine Innovation Group Inc. Common Shares (b)	Total
Investments Measured at FVTPL					
Balance, November 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Addition	198,000	100,000	2,500	-	300,500
Settlement	(187,266)	-	-	-	(187,266)
Loss on investment settlement	(10,734)	-	-	-	(10,734)
Share exchange	-	-	(2,500)	2,500	-
Realized gain on share exchange	-	-	-	98,032	98,032
Repayment of convertible note	-	(47,923)	-	-	(47,923)
Balance, August 31, 2020	\$ -	\$ 52,077	\$ -	\$ 100,532	\$ 152,609

- (a) On February 15, 2020, the Company purchased a USD \$150,000 convertible note issued by Entheos Science Systems Inc. ("Enthoes") for \$198,000 (the "Convertible Note"). The Convertible Note bears interest at a rate of 8% per annum, will mature in one year from issuance, and is convertible into Series A Preferred Shares at price equal to the lower of (A) the pre-money price per Preferred Share (on a fully diluted basis) assuming a valuation of \$7,000,000 and (B) the last price paid per Preferred Share subsequent to the date of the Convertible Notes, if any, less a 15% discount to the final conversion value. As at initial issuance and May 19, 2020, the fair value of the Convertible Note was determined to be \$198,000. The Company used a discounted cash flow model in order to determine the fair value.

ENTHEON BIOMEDICAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian dollars - Unaudited)

8. INVESTMENTS, continued

On May 19, 2020, the Company entered into an Asset Purchase Agreement (the "Agreement") among Entheos and Mindleap Health Inc. ("Mindleap") regarding the Convertible Note. The terms of the agreement are as follows:

- i. Mindleap will assume \$100,000 of Entheos' Liability to the Company (the "Mindleap Note") under the Convertible Note, in exchange for the Company's representations, warranties, covenants, agreements, and releases. The Mindleap Note bears interest at a rate of 8% per annum, will mature in eight months from issuance, and is convertible into the senior most class of issued and outstanding shares (the "Shares") at price equal to the pre-money price per share (on a fully diluted basis) assuming a valuation of \$5,000,000. Upon the completion of future fundraising (the "Capital Funding") to reach gross proceeds of \$1,000,000 in one or multiple closings, through the issuance of the Shares at a price per share greater than \$0.10, the Mindleap Note is mandatory convertible into Shares at a price equal to the lower of (A) the pre-money price per share (on a fully diluted basis) assuming a valuation of \$5,000,000 and (B) the last price paid per share in the Capital Funding. As at initial issuance and August 31, 2020, the fair value of the Mindleap Note was determined to be \$100,000. The Company used a discounted cash flow model in order to determine the fair value
- ii. During the nine months ended August 31, 2020, the Company received payments of \$84,766.
- iii. Entheos will transfer 500,000 common shares in the capital of Mindleap to the Company and Mindleap will consent to the transfer. As at initial issuance and share exchange at August 19, 2020 (Note 8(b)), the fair value of the common shares was determined to be \$2,500.

During the nine months ended August 31, 2020, the company recorded a loss on the settlement of Convertible Note of \$10,734.

- (b) On June 16, 2020, the Company, MindLeap Health Inc. and Mydecine Innovation Group Inc. ("Mydecine") entered into a share exchange agreement pursuant to which Mydecine agreed to purchase all of the Company's common shares in the capital of MindLeap in consideration for an aggregate of 201,063 common shares in the capital of Mydecine. The transaction was closed on August 19, 2020. As at initial issuance and August 31, 2020, the fair value of the common shares was determined to be \$100,532 based on market value.

During the nine month ended August 31, 2020, the company recorded a gain on share exchange of \$98,032.

ENTHEON BIOMEDICAL CORP.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

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9. PROPOSED TRANSACTION WITH MPV EXPLORATION INC.

On June 30, 2020, the Company entered into a definitive agreement (the "Definitive Agreement") with MPV Explorations Inc. ("MPV") and 1254912 B.C. LTD, a wholly-owned subsidiary of MPV, whereby MPV will acquire all of the issued and outstanding shares of the Company pursuant to a three-cornered amalgamation. (the "Transaction").

In connection with the Transaction, MPV will complete a consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every three pre-consolidation common shares in the capital of the MPV. Following the Consolidation, each of the shareholders of the Company will receive one post-consolidation common share of MPV in exchange for each share of the Company. The Transaction constitutes a reverse take-over of MPV by the Company. Upon completion of the Transaction, the Company will own approximately 73.90% of the outstanding common shares of the resulting issuer.

SCHEDULE "F"

Management's Discussion and Analysis of Former Entheon for the fiscal year ended November 30, 2019 and the nine-month period ended August 31, 2020

ENTHEON BIOMEDICAL CORP.
MANAGEMENT DISCUSSION
AND ANALYSIS
FISCAL YEAR ENDED
NOVEMBER 30, 2019

OVERVIEW

The following management discussion and analysis (“MD&A”) of the financial position of Entheon Biomedical Corp. (“Entheon”), and results of operations prepared on July 23, 2020, should be read in conjunction with the audited financial statements for the fiscal year ended November 30, 2019. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of Entheon.

Entheon maintains its head office at 3694 Marine Avenue, Belcarra, British Columbia, Canada V3H 4R8 and registered office at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. Entheon is a privately-held research and development company incorporated on June 17, 2019 as “Entheogen Biomedical Corp.” under the laws of the Province of British Columbia, Canada. On December 30, 2019, Entheon changed its name from “Entheogen Biomedical Corp.” to “Entheon Biomedical Corp.”

Entheon’s primary business is the research and development of psychedelic compounds and tryptamines with the aim to commercialize a portfolio of entheogen based therapeutic products for the treatment of substance use and addictive disorders. Entheon has completed an exhaustive literature review of materials related to preliminary efficacy of such compounds and tryptamines for the purposes of treating mental health conditions and concludes that certain psychedelic compounds and tryptamines show promise in the treatment of substance use and addictive disorders. Entheon has assembled an advisory board comprised of leaders in the field of this research. These advisors have informed Entheon’s research processes and protocols and have validated the use of psychedelic compounds and tryptamines for the treatment of substance use and addictive disorders. Entheon will engage various preclinical and clinical research partners needed to produce data that will form the basis of regulatory submissions that will hopefully result in the approval of a drug product in a variety of jurisdictions. Entheon does not currently generate revenue. Entheon has two psychedelic patents submitted and will be filing additional patents specific to substance use disorder indications, as well as administration technology.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

EVENTS AND TRANSACTIONS

From the period since inception on June 17, 2019 to November 30, 2019, Entheon has expended CDN\$278,028 in development of its business and an additional CDN\$740,399 in the 6 months ended

May 31, 2020. As at November 30, 2019, Entheon had a working capital of \$42,174. During this time, Entheon's activities have focused on:

- forming a board of directors;
- conducting private placement financings;
- reviewing scientific literature to serve as the basis for product development;
- recruiting experienced leaders in medicine, psychedelics, and psychiatry;
- forming a scientific advisory board comprised of some of the world's leading psychedelic researchers;
- negotiating and executing the Psygen LOI (as defined herein);
- engaging consultants and a contract research organization ("CRO") to assist with the design and development of Entheon's clinical protocol;
- engaging intellectual property lawyers to develop a durable patent strategy; and
- engaging regulatory consultants to complete a review of Entheon's strategies to obtain regulatory approval.

On the date of incorporation, June 17, 2019, Entheon issued 1 common share at \$1.00 per share.

On August 1, 2019, Entheon signed an agreement with Kenneth Tupper, PhD to serve on the scientific advisory board. Dr. Tupper has served as an Adjunct Professor in the School of Population and Public Health at the University of British Columbia. He has been active in the field of psychedelic studies for more than fourteen years, having done an M.A. thesis and PhD dissertation that developed the concept of "entheogenic education," a theoretical frame for understanding the kinds of learning that can be realized through the circumspect uses of psychedelics as cognitive tools. His other research interests include the cross-cultural and historical uses of psychoactive substances; public, professional and school-based drug education; and creating healthy public policy to maximize benefits and minimize harms from currently illegal drugs. He is also currently a member of the Clinical & Scientific Advisory Board of the Multidisciplinary Association for Psychedelic Studies – Canada (MAPS-Canada) and the Advisory Board of the Wasiwaska Research Centre in Brazil.

On August 9, 2019, Entheon signed an independent director agreement with Christopher Gondi, PhD. Dr. Gondi is a Research Assistant Professor, Departments of Medicine, Surgery and Pathology at the University of Illinois College of Medicine Peoria. He is a professor of cancer biology and has extensive experience dealing with brain tumors and pancreatic cancer, for which the survival rates are very low. His passion for psychedelics is bred of his duty of care for patients during and after treatment of their cancer, whether the treatments fail or succeed.

On August 12, 2019 and October 8, 2019, Entheon issued to certain founders of Entheon, a total of 3,500,000 common shares in the capital of Entheon ("Entheon Shares") at \$0.005 per share for gross proceeds of \$17,500. During August 2019, Entheon issued a total of 1,800,000 Entheon Shares with a fair value of \$11,250 to settle \$11,250 in accounts payable for past services rendered by the consultants. On August 30, 2019, Entheon repurchased 300,000 Entheon Shares from a consultant at \$0.005 per share.

On October 1, 2019, Entheon signed an agreement for project management services with Yaron Eshel of Next Step Consulting Ltd. Yaron has 15 years of experience in Life Sciences innovation. He has led efforts in development, regulatory compliance, and operations. Yaron has worked within

start-ups as well as consulted for them. Yaron has navigated the US, European, Israeli and Australian regulatory agencies including the registration of manufacturing facilities in the US, Central America, Israel and Australia to Good Manufacturing Practice levels. Yaron has led clinical trials in the US, Europe and Israel as well as worked with CRO's all over the world.

On October 21, 2019, Entheon signed an agreement with Matthew W. Johnson, PhD to serve on the scientific advisory board. Dr. Johnson is a Professor of Psychiatry and Behavioral Sciences at Johns Hopkins, and an expert on psychoactive drugs and addiction. He is one of the world's most widely published scientists on the human effects of psychedelics. Dr. Johnson earned his Ph.D. in experimental psychology at the University of Vermont in 2004, and has published over 110 peer-reviewed articles. Working with psychedelics for 16 years, Dr. Johnson published psychedelic safety guidelines in 2008, helping to resurrect psychedelic research. He published the first research on psychedelic treatment of tobacco addiction in 2014, and the largest study of psilocybin in treating cancer distress in 2016. His 2018 psilocybin abuse liability review recommended placement in Schedule-IV upon potential medical approval. Dr. Johnson is also known for his research in behavioral economics, including decision making underlying addiction, tobacco regulatory science, and drug effects on sexual risk behavior. He has published studies on nearly all psychoactive drug classes. Dr. Johnson was the 2019 President of the Psychopharmacology and Substance Abuse Division of the American Psychological Association, and is the current President of the International Society for Research on Psychedelics. He has received continuous funding as principal investigator for over 12 years. Dr. Johnson has reviewed for over 75 scientific journals, and reviewed grants for the National Institutes of Health, National Science Foundation, the United States Military, and multiple governments outside of the United States. He has provided invited presentations of his research in 13 nations.

On October 22, 2019, Entheon filed a provisional patent focused on the treatment and management of addiction by a variety of molecular compositions. Ayahuasca, a brew composed of a psychedelic tryptamine and beta carbolines with monoamine oxidase inhibitor (MAOI) activity, exerts anti addictive properties via its direct and indirect actions on the dopaminergic and serotonergic neurons in the mesolimbic pathway. Entheon's invention allows the improved use of psychedelics at both a hallucinogenic and sub hallucinogenic level to overcome addiction, through the use of a "pharmahuasca". The combination of DMT and beta carbolines prolongs the half life of DMT. Entheon's invention uses the beta carboline MAOIs paired with a psychedelic tryptamine to combat the symptoms of addiction. Entheon incurred an aggregate of \$34,334 in costs associated with the patent application.

On November 7, 2019, November 8, 2019, and November 29, 2019, Entheon closed a private placement in three tranches and issued a total of 13,320,000 Entheon Shares at \$0.02 per share for gross proceeds of \$266,400. On November 29, 2019, Entheon issued 2,500,000 Entheon Shares at \$0.02 per share upon conversion of certain convertible notes of Entheon.

RESULTS OF OPERATIONS

Results

At November 30, 2019, Entheon's operations do not generate cash flow. During the year ended November 30, 2019, Entheon reported a net loss of \$278,028. The loss was a result of expenditures incurred by Entheon during the fiscal year ended November 30, 2019 in connection with the

development of its business.

During the 3 months ended November 30, 2019, Enttheon incurred a loss of \$205,172 in connection with development of its business. The main factors contributing to the loss included, management fees (\$28,250), consulting fees (\$73,613), marketing expense (\$31,400), professional fees (\$43,400), rent (\$7,334), and travel (\$14,958).

Trends

Recently, there has been a resurgent interest in psychedelics as a potential treatment for a variety of psychiatric disorders including depression, post-traumatic stress disorder (“PTSD”), and substance use disorder. When administered safely and in an appropriate environment, with adequate support, certain psychedelic-assisted psychotherapies may assist in treating substance use disorder.

Some of the more well-known companies exploring the use of psychedelics in the treatment of mental health disorders include:

- **Compass Pathways Limited** - a mental health care company dedicated to accelerating patient access to evidence-based innovation in mental health. The company’s first programme is researching how psilocybin therapy could help people with treatment-resistant depression.
- **Eleusis Ltd.** - a clinical stage life science company dedicated to unlocking the therapeutic potential of serotonin 2A receptor agonists, through the mitigation and management of psychoactivity.
- **Mind Medicine (MindMed) Inc.** – a company exploring the use of Ibogaine and microdoses of LSD in the treatment of opioid use disorder and adult ADHD respectively.
- **Small Pharma** – is a UK based company focused on creating novel psychedelic formulations for the treatment of clinical depression.

Market Outlook

In the short term, Enttheon’s management expects psychedelic-assisted therapies to likely emerge as an important tool for treating substance use disorder where other treatment types have failed. In the long term, Enttheon’s management expects psychedelic-assisted psychotherapies to become a widely used treatment for substance use disorders.

- According to the National Survey on Drug Use and Health, an estimated 88,000 people die from alcohol-related causes annually (the 3rd leading preventable cause of death in the U.S.). In 2018 there were an estimated 14.4 million adults who had alcohol use disorder. Yet in 2015, it was estimated that only 4.4% of people aged 12 and older with alcoholism received treatment. The total cost of alcohol-related harm to Canadians was estimated to \$14.6 billion in 2014.
- Globally, only half of countries provide access to effective treatment options for opioid dependence and it is estimated that less than 10% of people worldwide who are in need of

treatment actually receive it. According to The National Institute on Drug Abuse, approximately 2.1 million Americans have an opioid use disorder, globally that figure is 13.2 million. The Canadian Centre for Substance Abuse states that Canada is losing at least \$4.7 billion in labour productivity as a result of the opioid crisis.

- According to the Journal of Addictive Behaviours the success rate of the nicotine patch, nicotine gum, sprays and lozenges is thought to be less than 10%. The Center for Disease Control & Prevention stated that in 2018, nearly 14 of every 100 U.S. adults aged 18 years or older (13.7%) currently smoked cigarettes. This means an estimated 34.2 million adults in the United States currently smoke cigarettes. More than 16 million Americans live with a smoking-related disease and smoking is responsible for more than 480,000 deaths each year in America. There is approximately \$16.2 billion in total economic costs including health care costs in Canada alone.

This combination of an under-served population of substance use disorder sufferers for whom there are limited treatment options, paired with low efficacy of said treatment options may lead to increased demand and utilization of cost-effective, high efficacy psychedelic-assisted therapies.

Uncertainties

Set forth below are some uncertainties and risks that are presently known to management that could reasonably be expected to have a material effect on Entheon's business.

- **No Production History.** Entheon has no product sales history; its ultimate success will depend on its operating ability to generate cash flow from sales of its products and services in the future. Entheon has not generated any revenue to date and there is no assurance that it will do so in the future.
- **Additional Requirements for Capital.** Substantial additional financing may be required if Entheon is to be successful in pursuing its ultimate strategy of successfully developing and marketing its psychedelic therapeutic protocols for the treatment of addiction. No assurances can be given that Entheon will be able to raise the additional capital that it may require for its anticipated future operations. Revenues, taxes, costs, capital expenditures, operating expenses, regulatory approvals, and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to Entheon, if at all. If Entheon is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, incur financial penalties, or reduce or terminate its operations.
- **Entheon's Ability to Successfully Secure Patents Relating to the Licensed Patent Rights.** Entheon has filed two provisional patent applications with the United States Patent and Trademark Office. The **first** provisional patent was filed on October 22, 2019 and is focused on the treatment and management of addiction by a variety of molecular compositions.

Ayahuasca, a brew composed of a psychedelic tryptamine and beta carbolines with monoamine oxidase inhibitor (“MAOI”) activity, exerts anti addictive properties via its direct and indirect actions on the dopaminergic and serotonergic neurons in the mesolimbic pathway. Entheon’s invention allows the improved use of psychedelics at both a hallucinogenic and sub hallucinogenic level to overcome addiction, through the use of a “pharmahuasca”. The combination of DMT and beta carbolines prolongs the half life of DMT. Entheon’s invention uses the beta carboline MAOIs paired with a psychedelic tryptamine to combat the symptoms of addiction. The **second** provisional patent was filed on July 7, 2020 and is focused on psychedelic assisted therapy for the treatment of nicotine addiction. DMT is rapidly metabolized in the body, making it a flexible therapeutic alternative to other serotonergic hallucinogens which can have effects lasting 12 hours or longer. However, the fast onset and intensity of DMT’s effects can be especially jarring, particularly in patients with no prior experience with psychedelic drugs. Entheon’s inventive treatment protocol slowly titrates DMT into the body using methods based on target-controlled intravenous infusion technology. The United States Patent and Trademark Office might not approve the patents or might delay approval. As a result, Entheon could experience delays in its ability to distribute and commercialize its psychedelic therapeutic protocols, which would have a material adverse effect on Entheon’s business, results of operations and financial condition.

- **Competition.** Entheon competes with numerous other research-based imaging companies and organizations that develop, manufacture, market, and sell proprietary addiction treatments. These competitors may introduce new products or develop technological advances that compete with Entheon. Entheon cannot predict the timing or impact of competitors introducing new products or technological advances. Such competing products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than Entheon’s products, and this could negatively impact Entheon’s business and results of operations.
- **Economic Risk.** Economic risks are often the most difficult to foresee. There is always a possibility that an economic downturn will negatively impact Entheon. Economic risk is closely related to political risk as government decisions impacting the economy may also affect an investment. For example, a central bank may raise interest rates or the legislature may raise taxes, and this may result in economic conditions impacting Entheon’s strategy.
- **Management of growth.** Entheon may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. Entheon’s ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its personnel base. Inability of Entheon to deal with this growth could have a material adverse impact on its business, operations, and prospects.
- **Regulatory Approval.** Entheon anticipates that DMT will be subject to extensive and rigorous regulation by the the United States Food and Drug Agency (“FDA”), the European Medicines Agency (“EMA”) and other regulators in the countries or regions in which the Entheon markets DMT. The FDA and EMA regulate the development, testing, manufacturing, labeling, storage, recordkeeping, promotion, marketing, distribution, and service of medical products in the United States and Europe respectively, to ensure that

such medical products distributed are safe and effective for their intended uses. The process of getting regulatory approval is both time consuming and costly and Enttheon's ability to satisfactorily navigate this process will have a material impact on its business and prospects.

SELECTED ANNUAL INFORMATION

The following is a summary of selected annual information compiled from the audited financial statements ending November 30, 2019:

	November 30, 2019 (Audited)
Net loss	\$278,028
Loss per share	\$0.07
Loss per share (fully-diluted)	\$0.07
Cash	\$112,655
Working capital	\$42,174
Total assets	\$136,866
Total non-current financial liabilities	Nil
Cash dividends declared per share	Nil

Enttheon was incorporated on June 17, 2019 and as such does not have three years of comparatives to report

Enttheon's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Enttheon's functional currency is Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at rates prevailing at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in the foreign currency are not re-translated.

Discussion

Enttheon has obtained its capital funding through debt and equity financings, the first of which was completed on August 12, 2019 and October 8, 2019, with certain founders of Enttheon. An aggregate of 3,500,000 Enttheon Shares were issued to such founders at price of \$0.005 per share for gross proceeds of \$17,500. During August 2019, Enttheon issued a total of 1,800,000 Enttheon Shares with a fair value of \$11,250 to settle \$11,250 in accounts payable for past services rendered by the consultants. On August 30, 2019, Enttheon repurchased 300,000 Enttheon Shares from a consultant

at \$0.005 per share. The next financing was completed in November, 2019, whereby Entheon issued to certain subscribers, a total of 13,320,000 Entheon Shares at \$0.02 per share for gross proceeds of \$266,400. During the period ended November 30, 2019, Entheon received an advance in the aggregate principal amount of \$60,554 from Hyperbridge Technology Inc. ("Hyperbridge"), a company controlled by the Chief Executive Officer of Entheon. On November 29, 2019, Entheon issued 2,500,000 common shares at \$0.02 per share upon conversion of certain convertible notes issued to Hyperbridge.

To date, a great portion of Entheon's capital has been expended on research and development activities and the engagement of scientific advisors. Due to the limited historical activity of Entheon, there are no trends to identify in reviewing the summary of selected financial information. Additionally, as Entheon has yet to report on a comparative period, there are no factors to note that have caused variations in Entheon's financial results.

SUMMARY OF QUARTERLY RESULTS

	November 30, 2019	Incorporation on June 17, 2019 to August 31, 2019
Total revenue	Nil	Nil
Net loss	\$205,172	\$72,856
Loss per share	\$0.03	\$0.06
Loss per share (fully-diluted)	\$0.03	\$0.06
Cash	\$112,655	\$16,687
Working capital	\$42,174	(\$49,356)
Total assets	\$136,866	\$32,717
Total non-current financial liabilities	Nil	Nil

The variability of net loss during the quarterly results is mainly due to the increase in activity from the growth of the business, including adding management and consultants to the team, as well as professional fees associated with general corporate and securities matters. In addition, the period from incorporation on June 17, 2019 to August 31, 2019 is not a full quarter.

Due to the limited historical activity in the Company, no trends have been noted in reviewing the summary of selected financial information.

LIQUIDITY AND CAPITAL RESOURCES

Entheon had cash at November 30, 2019, in the amount of \$112,655 and working capital of \$42,174 in order to meet short-term business requirements. Entheon's cash used in operating activities for the period from incorporation to August 31, 2019 was \$34,276. Entheon's cash provided by financing activities for the period from incorporation to August 31, 2019 was \$50,963.

In order to continue as a going concern and meet its corporate objectives, Entheon will require additional financing through debt or equity issuances or other available means. Although Entheon has been successful in the past in obtaining financing, there is no assurance that Entheon will be

able to obtain adequate financing in the future or that such financing will be on terms advantageous to Entheon. Should Entheon identify a suitable asset or business acquisition, it would be required to raise additional capital to finance the transaction.

Entheon requires positive working capital to be able to continue its operations and have sufficient funds to satisfy maturing short-term obligations. Upcoming operational expenses include management and consulting fees, marketing expenses, office expenses, rent, and professional fees.

Entheon is a private issuer and therefore no public market exists for the Entheon Shares. In the event that the Amalgamation (as defined under the heading “*Proposed Transactions*”) is not completed, there will continue to be no public market for the Entheon Shares and as a result, the shareholders of Entheon may not be able to liquidate their investments at desired rates, or at all. The lack of liquidity of the Entheon Shares could have a material adverse effect on the Entheon’s financial condition and results of operations.

Management is actively pursuing opportunities with a view to identifying and making an acquisition of assets or businesses that will qualify Entheon for listing on the Canadian Stock Exchange (“**CSE**”). The extent of Entheon’s liquidity is dependent upon, among other things, its ability to: (a) become a CSE listed company and have its shares publicly traded; (b) complete subsequent debt or equity financings or obtain other sources of funding; (c) adequately manage its cash on hand; and (d) reduce costs and expenses. The aforementioned factors indicate the existence of material uncertainties which may cast significant doubt on Entheon’s ability to continue as a going concern. Additionally economic downturns, uncertainties related to the COVID-19 pandemic, changes in legislation or policies that affect Entheon and changes in the industry in which Entheon operates, in each case as discussed in more detail under the heading “*Additional Risk Factors*”, are, among others, circumstances that may effect Entheon’s liquidity.

This MD&A does not discuss adjustments or accompanying information that would be required if the going concern assumption is not an appropriate basis for preparation of the financial statements related to this MD&A. These adjustments could be material.

Set forth below are Entheon’s commitments for capital expenditures up until September 2021.

Commitment	Estimated Cost
Literature Review, Regulatory Documents Preparation and Expert Engagement	\$40,000
GLP/GMP Drug manufacture for nonclinical and clinical trials	\$70,000
Preclinical In Vivo Studies	\$340,000
Meeting with Netherlands Dutch Regulators (CCMO)	\$30,000
Proof of Concept Study (Phase 1/2a)	\$880,000
Total	\$1,360,000

Entheon expects to obtain the necessary funds to complete the above commitments through the use of current cash reserves, completing additional debt or equity financings or exploring other available means. In addition, Entheon

RELATED PARTY TRANSACTIONS

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of Entheon as a whole. Entheon has determined that key management personnel consists of Entheon's Board of Directors and executive officers. For the fiscal year ended November 30, 2019, key management personnel compensation is comprised of the following:

	November 30, 2019
Management fees	\$ 34,250

A breakdown of the management fees paid or payable to key management personnel during the period from incorporation on June 17, 2019 to November 30, 2019 is as follows:

- (i) An amount of \$17,500 to the Chief Executive Officer of Entheon;
- (ii) An amount of \$10,500 to the Chief Financial Officer of Entheon; and
- (iii) An amount of \$6,250 to a director of Entheon, of which \$2,500 was settled by the issuance of 500,000 Entheon Shares at \$0.005 per share. As of November 30, 2019, \$3,854 was owed to a director in respect of these fees and out of pocket expenses.

As of the date hereof, these amounts have been paid in full.

On June 17, 2019 Entheon entered into a credit facility agreement (the "Credit Facility Agreement") with Hyperbridge, a Company controlled by the Chief Executive Officer of Entheon. Under the Credit Facility Agreement, and pursuant to certain convertible notes (the "Hyperbridge Notes") issued by Entheon to Hyperbridge, Hyperbridge agreed to advance, from time to time, to Entheon a principal sum of up to \$65,000 (the "Principal Sum"). Pursuant to the terms of the Hyperbridge Notes, Hyperbridge has the right, at its option, to convert all or any portion of the then outstanding Principal Sum of the Hyperbridge Notes into fully paid and non-assessable Entheon Shares at the deemed issuance price of \$0.02 per share. The Hyperbridge Notes are non-interest bearing, secured by a promissory note, and have a maturity date of December 31, 2019. In the event of default, the interest is compounded semi-annually at a rate of 8% per annum. During the period ended November 30 2019, Entheon received an advance of the Principal Sum in the aggregate principal amount of \$60,554 from Hyperbridge. Entheon used the proceeds of the note to fund early stage operations including management and consulting fees, legal fees, and rent. On November 29, 2019, \$50,000 of the Principal Sum outstanding on the Hyperbridge Notes was converted into 2,500,000 Entheon Shares at \$0.02 per share.

PROPOSED TRANSACTIONS

On June 30, 2020, Entheon signed an Amalgamation Agreement with MPV Exploration Inc. ("MPV" and 1254912 B.C. LTD. ("Subco") where MPV and Entheon wish to combine their respective businesses by way of a "three-cornered" amalgamation in which Subco will amalgamate with Entheon (the "Amalgamation") to form one corporation ("Amalco") under Section 269 of the *Business Corporations Act*, British Columbia ("BCBCA"), pursuant to which: (i) MPV shall issue securities of MPV to the security holders of Entheon in exchange for their securities of Entheon outstanding at the effective time of the Amalgamation; (ii) MPV shall issue securities of MPV to the security holders of Subco other than MPV in exchange for their securities of Subco outstanding at the effective time of the Amalgamation; and (iii) Amalco shall become a wholly owned subsidiary of MPV. MPV upon completion of the Amalgamation (the "Resulting Issuer") will carry on the business of Entheon. MPV and Entheon are currently preparing to file a Form 2A Listing Statement resulting from a fundamental change with the CSE as part of the Amalgamation.

In connection with the Amalgamation, MPV, through Subco, intends to complete a non-brokered private placement ("Concurrent Financing") of subscription receipts at a price of C\$0.375 (the "Subscription Receipts") per Subscription Receipt such that the Resulting Issuer will have at least \$1,500,000 in working capital at the closing of the Amalgamation. Additionally, Entheon expects that the completion of the Amalgamation will allow the company to more easily raise capital and gain access to a greater number of investors. Provided the Resulting Issuer is able to secure financing after completion of the Amalgamation, Entheon expects to be better placed to achieve its business objectives and milestones. Entheon also expects the completion of the Amalgamation to improve the liquidity of its shares.

Each Subscription Receipt will be deemed to be exchanged upon satisfaction of the Release Conditions (as defined below) without payment of any additional consideration, for one unit of Subco (each a "Unit"). Each Unit will be comprised of one Class A non-voting common share in the capital of Subco (each, a "Subco Class A Share") and one-half of one share purchase warrant of Subco (each whole warrant, a "Subco Warrant"), which entitles the holder thereof to purchase a Subco Class A Share at a price of C\$0.60 for a period of two years from the date the Subscription Receipts are converted into Units. Entheon, following completion of the Amalgamation, will use the net proceeds from the Concurrent Financing to carry out its business objectives and milestones, including without limitation, preclinical and human proof of concept studies determining safety, tolerability and dose finding specific to DMT in the treatment of addictive disorders and for general working capital purposes.

The gross proceeds of the Concurrent Financing will be deposited in escrow on the closing date of the Concurrent Financing and shall be released to Subco upon MPV and Entheon having obtained the approval of the CSE and completion of certain other administrative matters (the "Release Conditions"). Closing of the Concurrent Financing is subject to negotiation and execution of definitive documentation and receipt of all regulatory approvals.

MPV has called a shareholders meeting (the "MPV Meeting") scheduled for September 4, 2020 to, among other things, approve the Amalgamation. The holders of not less than 50.1% of the issued and outstanding common shares of MPV ("MPV Shares") have entered into voting agreements with

Entheon setting forth the terms and conditions upon which they have agreed, among other things, to vote their MPV Shares in favour of each the Amalgamation at the MPV Meeting. Entheon intends to call a shareholders meeting (the “Entheon Meeting”) sometime near the end of August 2020 to, among other things, approve the Amalgamation. The holders of not less than 66⅔% of the issued and outstanding Entheon Shares have entered into voting agreements with MPV setting forth the terms and conditions upon which they have agreed, among other things, to vote their Entheon Shares in favour of the Amalgamation at the Entheon Meeting.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements requires management to make estimates 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 period. Actual results could differ from these estimates. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of discount rate and effective interest rates on liability and equity components of the convertible notes. Changes in these assumptions could materially affect the recorded amounts.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts

The preparation of these financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include:

- i) The assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these condensed interim financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company’s condensed interim financial statements.

FINANCIAL RISK MANAGEMENT

Entheon’s financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, market risk. Market risk includes interest rate risk, foreign exchange risk, and price risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Entheon’s exposure to credit risk is on its cash and cash

equivalents held in bank accounts. Entheon manages credit risk, in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at highly rated financial institutions.

Entheon's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the statement of financial position. At November 30, 2019, no amounts were held as collateral.

Liquidity risk

Liquidity risk is the risk that Entheon will encounter difficulty in satisfying financial obligations as they become due. Entheon manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. Entheon had cash at November 30, 2019, in the amount of \$112,655 and working capital of \$42,174 in order to meet short-term business requirements. Entheon's accounts payable are subject to contractual maturities of approximately 30 to 90 days or are due on demand and are subject to normal trade terms. Certain convertible notes of Entheon were convertible into Entheon Shares at \$0.02 per at the lender's option and matured on December 31, 2019. On November 29, 2019, Entheon issued 2,500,000 Entheon Shares at \$0.02 per share upon the conversion of such convertible notes.

The maturity profiles of Entheon's contractual obligations and commitments as at November 30, 2019, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	\$ 80,542	\$ 80,542	\$ -	\$ -
Convertible notes payable	3,029	3,029	-	-
Total	\$ 83,571	\$ 83,571	\$ -	\$ -

Interest rate

Interest rate risk consists of two components:

- (i) to the extent that payments made or received on Entheon's monetary assets and liabilities are affected by changes in the prevailing market interest rates, Entheon is exposed to interest rate cash flow risk; and
- (ii) to the extent that changes in prevailing market rates differ from the interest rates on Entheon's monetary assets and liabilities, Entheon is exposed to interest rate price risk.

In management's opinion, Entheon is not exposed to significant interest rate risks. Entheon's primary interest rate risk is with respect to its guaranteed investment certificate, which is included in cash and cash equivalents.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Entheon is not subject to significant foreign exchange risk.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. Entheon is not exposed to any significant price risk.

Capital Management

Entheon's objectives when managing capital are to safeguard Entheon's ability to continue as a going concern in order to pursue the research and development of psychedelic compounds and tryptamines.

Entheon manages its capital in proportion to outstanding risks and uncertainties. Entheon manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Entheon may issue new shares, sell assets, reduce debt or increase its debt. The capital of Entheon is comprised of the shareholders' equity.

Classification of financial instruments

Fair Values and Classification

Entheon's financial instruments consist of cash and cash equivalents, accounts payable and convertible notes. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of Entheon's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2019
Cash	FVTPL	\$ 112,655
Accounts payable	Amortized cost	80,542
Convertible notes payable	Amortized cost	3,029

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- (i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – 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
- (iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is recorded at fair value and classified as level 1. The carrying amounts of Entheon's accounts payable and convertible notes payable are a reasonable approximation of their fair values based on

current market rates for similar financial instruments.

ADDITIONAL INFORMATION

Legal proceedings

As at the date hereof, management was not aware of any legal proceedings involving Entheon.

Outstanding Share Data

As at November 30, 2019, Entheon has the following outstanding securities:

- (i) Entheon Shares: 20,820,001
- (ii) Warrants: Nil
- (iii) Stock options: Nil

As at the date of this MD&A, Entheon has the following outstanding securities:

- (i) Entheon Shares: 29,845,805
- (ii) Warrants: 4,362,902
- (iii) Stock options: Nil

Contingent liabilities

As at November 30, 2019 and up to the current date management was not aware of any outstanding contingent liabilities relating to Entheon's activities.

Additional Disclosure for Issuers without Significant Revenue

Description	Amount Expended
Expensed Research and Development Costs	
Management fees	\$8,250
Consulting fees	\$24,581
Intangible Assets Arising From Development	
Cost associated with patent application filed on October 22, 2019	\$45,534
General and Administration Expenses	
Management fees (not included in R&D or patent application)	\$10,500
Consulting fees (not included in R&D or patent application)	\$50,125
Marketing expense	\$32,167
Professional fees (not included in R&D or patent application)	\$64,027
Rent	\$14,817

Travel	\$21,360
Total	\$271,361

ADDITIONAL RISK FACTORS

Limited operating history

Entheon was incorporated in June 2019 and has yet to generate any revenue. Entheon is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Entheon will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Risks related to adverse and uncontrollable clinical results

Entheon is developing its psychedelic therapeutic products to treat patients who have substance use disorders and any unfavourable or adverse effects that occur in its clinical trials could negatively impact the business of Entheon even if such adverse effects are not shown to be related to Entheon's psychedelic products.

It is Entheon's intention to continue to develop its psychedelic therapeutic product candidates focused on substance use disorders and addiction. Patients suffering from these disorders may be extremely sick and may have a high likelihood of experiencing adverse outcomes, including death, as a result of their disorder or due to other significant risks including relapse of their underlying addictions.

As a result, it is possible that Entheon will observe severe adverse outcomes during its clinical trials for its psychedelic therapeutic products, including patient death, unrelated to Entheon's psychedelic therapeutic product or protocol. If a significant number of study subject deaths were to occur, regardless of whether such deaths are attributable to one of Entheon's psychedelic therapeutic products, its ability to obtain regulatory approval and/or achieve commercial acceptance for the related drug may be adversely impacted and its business could be materially harmed. In addition, other setbacks may occur which would require Entheon to conduct additional preclinical studies both invitro and invivo and/or additional clinical trials.

Entheon will require substantial additional funding, which may not be available to it on acceptable terms, or at all, and, if not so available, may require Entheon to delay, limit, reduce or cease its operations.

Entheon has used the proceeds from its previous equity offerings, and Entheon intends to use the proceeds from any possible future offerings, to, among other uses, advance its psychedelic therapeutic product portfolio through clinical development, advancing the remainder of the existing portfolio through preclinical studies and into IND's or their equivalent, and sponsoring research with its development partners. Developing pharmaceutical products, including conducting preclinical studies both invitro and invivo and clinical trials, is expensive. Entheon will require substantial additional future capital in order to complete clinical development and commercialize its psychedelic therapeutic product portfolio. If Health Canada, the FDA or EMA requires that Entheon perform additional nonclinical studies or clinical trials, or if Entheon determines, that additional clinical trials are required for its psychedelic therapeutic product

portfolio, its expenses would further increase beyond what is currently expected and the anticipated timing of any potential approval of its psychedelic therapeutic product candidates or licensing out agreement would likely be delayed. Further, there can be no assurance that the costs Entheon will need to incur to obtain regulatory approval of its psychedelic therapeutic product portfolio will not increase.

Entheon will continue to require substantial additional capital to continue its clinical development and commercialization activities. Because successful development of its product candidates is uncertain, Entheon is unable to estimate the actual amount of funding it will require to complete research and development and commercialize the products it intends to develop.

The amount and timing of Entheon's future funding requirements will depend on many factors, including but not limited to:

- whether its updated plan for clinical trials will be completed on a timely basis and, if completed, whether Entheon will be able to publicly announce results from its clinical trials in accordance with its announced milestones;
- whether Entheon is successful in obtaining the benefits of Health Canada's, EMA's and FDA's expedited development and review programs related to its psychedelic therapeutic product candidates;
- whether Entheon is successful in obtaining interest for possible co-development and licensing out partners;
- the progress, costs, results of and timing of its clinical trials and also of its preclinical studies;
- the outcome, costs and timing of seeking and obtaining Health Canada, EMA, FDA and any other regulatory approvals;
- the costs associated with securing and establishing commercialization and manufacturing capabilities;
- market acceptance of its product candidates;
- the costs of acquiring, licensing or investing in businesses, products, product candidates and technologies;
- its ability to maintain, expand and enforce the scope of its intellectual property portfolio, including the amount and timing of any payments Entheon may be required to make, or that it may receive, in connection with the licensing, filing, prosecution, defence and enforcement of any patents or other intellectual property rights;
- its need and ability to hire additional management and scientific and medical personnel;
- the effect of competing psychedelic therapeutic product candidates and new product approvals;
- its need to implement additional internal systems and infrastructure, including financial and reporting systems
- research grant terms that change over time or whose terms Entheon is unable to meet;
- grants that Entheon relied upon are not funded for any reason;
- its ability to attract and retain competent staff;
- unforeseen safety hazards associated with the psychedelic therapeutic products Entheon develops; and
- the economic and other terms, timing of and success of its existing licensing transactions and any collaboration, licensing or other transactions into which Entheon may enter in the future.

Some of these factors are outside of Entheon's control. Entheon does not believe that its existing capital resources are sufficient to enable Entheon to complete the development and commercialization of its psychedelic therapeutic product candidates. Accordingly, Entheon expects that it will need to raise

additional funds in the future.

Entheon may seek additional funding through a combination of equity offerings, debt financings, government or other third-party funding, commercialization, marketing and distribution transactions and other collaborations, strategic alliances and licensing transactions. Additional funding may not be available to Entheon on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of Entheon securityholders. In addition, the issuance of additional Entheon Shares, or the possibility of such issuance, may cause the market price of Entheon Shares to decline.

If Entheon is unable to obtain funding on a timely basis, it may be required to significantly curtail one or more of its research or development programs. Entheon also could be required to seek funds through transactions with collaborative partners or otherwise that may require Entheon to relinquish rights to some of its technologies or product candidates or otherwise agree to terms unfavourable to Entheon.

Entheon, has a limited operating history and expects a number of factors to cause its operating results to fluctuate on an annual basis, which may make it difficult to predict the future performance of Entheon

Entheon is a research and development biomedical company with a limited operating history. Entheon's operations to date have been focused on developing its technology portfolio, conducting in-house research, preparing proprietary dose forms of psychedelic molecules into a FDA, EMA and Health Canada approval model for eventual development of authorized psychedelic therapeutic products for future use in clinical trials, developing clinical trials protocols, and establishing key relationships. Entheon has yet to commence clinical trials for some psychedelic therapeutic product candidates in its pipeline and has yet to receive approvals from regulatory agencies. Additionally, Entheon has a limited ability to manufacture psychedelic therapeutic products and the amount of products required may depend upon patient response and the need for additional, unplanned treatments, making it difficult to predict the total amount of products required.

Consequently, any predictions made about Entheon's future success or viability may not be as accurate as they could be if Entheon had a longer operating history or approved products on the market. Entheon's operating results are expected to significantly fluctuate from quarter-to-quarter or year-to-year due to a variety of factors, many of which are beyond its control. Factors relating to Entheon's business that may contribute to these fluctuations include:

- any delays in regulatory review and approval of its product candidates in clinical development, including its ability to receive approval from Health Canada, the FDA or the EMA for its drugs in clinical trials;
- delays in the commencement, enrolment and timing of preclinical and clinical trials;
- difficulties in identifying patients suffering from its target indications;
- the success of its clinical trials through all phases of clinical development;
- potential side effects of its product candidates that could delay or prevent approval or license-out agreements or cause an approved psychedelic therapeutic product to be taken off the market;
- its ability to obtain additional funding to develop psychedelic therapeutic product candidates;
- its ability to attract and retain talented and experienced people;
- competition from existing products or new products that continue to emerge;
- the ability of patients or healthcare providers to obtain coverage or sufficient reimbursement for its products;

- its ability to adhere to clinical trial requirements directly or with third parties such as CROs;
- its dependency on third-party manufacturers to manufacture its products and key ingredients;
- its ability to establish or maintain collaborations, licensing or other transactions;
- its ability to defend against any challenges to its intellectual property including, claims of patent infringement;
- its ability to enforce its intellectual property rights against potential competitors;
- its ability to secure additional intellectual property protection for its developing psychedelic therapeutic product candidates and associated technologies;
- its ability to attract and retain key personnel to manage its business effectively;
- a biological or chemical effect that Entheon does not predict; and
- potential product liability claims.

Accordingly, the results of any historical quarterly or annual periods should not be relied upon as indications of future operating performance.

Entheon is preparing to conduct important preclinical and clinical trials in the European Union and abroad. The risks associated with conducting research and clinical trials abroad could materially adversely affect Entheon's business. Currently, clinical trials are planned at the Centre for Human Drug Research in Leiden, the Netherlands. Additional sites in Europe and elsewhere are currently being evaluated for preclinical trials and subsequent studies.

Accordingly, Entheon is subject to additional risks related to operating in countries outside of Canada and the United States, including:

- differing regulatory requirements in foreign countries;
- unexpected changes in price and exchange controls and other regulatory requirements;
- increased difficulties in managing the logistics and transportation of collecting and shipping patient material;
- import and export requirements and restrictions;
- compliance with tax, employment, immigration and labour laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses, and other obligations incident to doing business in another country;
- difficulties staffing and managing foreign operations;
- potential liability under the *Corruption of Foreign Public Officials Act* or comparable foreign regulations;
- challenges enforcing its contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as Canada or the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism.

These and other risks associated with Entheon's international operations may materially adversely affect its ability to attain or maintain profitable operations.

Entheon has never been profitable, it has no products approved for commercial sale, and to date it has not generated any revenue from product sales. As a result, Entheon's ability to reduce its losses and reach profitability is unproven, and thus, Entheon may never achieve or sustain profitability

Entheon has never been profitable and do not expect to be profitable in the foreseeable future. Entheon has not yet submitted any psychedelic therapeutic product candidates for approval by regulatory authorities in the EU, the United States or elsewhere. For the year ended November 30, 2019, Entheon incurred a net loss of \$278,028.

To date, Entheon has devoted most of its financial resources to research and development, including drug discovery research, preclinical development activities and clinical trial preparation, as well as corporate overhead. Entheon has not generated any revenues from product sales. Entheon expects to continue to incur losses for the foreseeable future, and expects these losses to increase as Entheon continues its development of, and seek regulatory approvals for its psychedelic therapeutic product candidates, prepare for and begin the commercialization of any approved products, and add infrastructure and personnel to support its continuing product development efforts. Entheon anticipates that any such losses could be significant for the next several years. If its psychedelic therapeutic product candidates fail in clinical trials or do not gain regulatory approval, or if its psychedelic therapeutic product candidates do not achieve market acceptance, Entheon may never become profitable. As a result of the foregoing, Entheon expects to continue to experience net losses and negative cash flows for the foreseeable future. These net losses and negative cash flows have had, and will continue to have, an adverse effect on Entheon's stockholders' equity and working capital.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, Entheon is unable to accurately predict the timing or amount of increased expenses or when, or if, Entheon will be able to achieve profitability. In addition, Entheon's expenses could increase if it is required by Health Canada, the FDA or the EMA to perform studies or trials in addition to those currently expected, or if there are any delays in completing its clinical trials or the development of any of its psychedelic therapeutic product candidates. The amount of future net losses will depend, in part, on the rate of future growth of its expenses and its ability to generate revenues.

There are limited suppliers for active pharmaceutical ingredients ("API") used in Entheon's psychedelic therapeutic product candidates. Problems with the third parties that manufacture the API used in its psychedelic therapeutic product candidates may delay its clinical trials or subject Entheon to liability

Entheon does not currently own or operate manufacturing facilities for clinical or commercial production of the API used in any of Entheon's product candidates. Entheon has no experience in API manufacturing, and it lacks the resources and the capability to manufacture any of the APIs used in its product candidates, on either a clinical or commercial scale. As a result, Entheon relies on third parties to supply the API used in each of its product candidates. Entheon is ultimately responsible for confirming that the APIs used in its product candidates are manufactured in accordance with applicable regulations.

Entheon's third-party suppliers may not carry out their contractual obligations or meet its deadlines. In addition, the API they supply to Entheon may not meet its specifications and quality policies and procedures or they may not be able to supply the API in commercial quantities. If Entheon needs to find alternative suppliers of the API used in any of its product candidates, it may not be able to contract for such supplies on acceptable terms, if at all. Any such failure to supply or delay caused by such contract

manufacturers would have an adverse effect on Entheon's ability to continue clinical development of its product candidates or commercialization of its product candidates.

If its third-party drug suppliers fail to achieve and maintain high manufacturing standards in compliance with current good manufacturing practices regulations, Entheon could be subject to certain product liability claims in the event such failure to comply resulted in defective products that caused injury or harm.

Entheon cannot be certain that any of its psychedelic therapeutic product candidates will receive regulatory approval, and without regulatory approval Entheon will not be able to market such products

Entheon's business currently depends on the successful development and commercialization of its psychedelic therapeutic product candidates. Its ability to generate revenue related to product sales, if ever, will depend on the successful development and regulatory approval of its psychedelic therapeutic product candidates. Upon obtaining such approvals, Entheon will continue to be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of Entheon. Entheon cannot predict the time required to secure all appropriate regulatory approvals for its protocols, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain the necessary regulatory approvals will significantly delay the development of Entheon's protocols and could have a material adverse effect on the business, results of operations and financial condition of Entheon. Additionally, to the extent any further approvals, permits or licenses are required and not obtained, Entheon may be prevented from operating and/or expanding its business, which could have a material adverse effect on Entheon's business, financial condition and results of operations. If Entheon is unable to obtain approval from Health Canada, the FDA, the EMA, or other regulatory agencies, for any of its product candidates, or if, subsequent to approval, Entheon is unable to successfully commercialize its product candidates, it will not be able to generate sufficient revenue to become profitable or to continue its operations.

Delays in the commencement, enrolment and completion of clinical trials could result in increased costs to Entheon and delay or limit Entheon's ability to obtain regulatory approval for any of its product candidates

Delays in the commencement, enrolment and completion of preclinical and clinical trials could increase Entheon's product development costs or limit the regulatory approval of its product candidates. Entheon does not know whether any future trials or studies of its other product candidates will begin on time or will be completed on schedule, if at all. The start or end of a clinical study is often delayed or halted due to changing regulatory requirements, manufacturing challenges, including delays or shortages in available product, required clinical trial administrative actions, slower than anticipated patient enrolment, changing standards of care, availability or prevalence of use of a comparative product or required prior therapy, clinical outcomes or financial constraints. For instance, delays or difficulties in patient enrolment or difficulties in retaining trial participants can result in increased costs, longer development times or termination of a clinical trial. Clinical trials of a new product candidate require the enrolment of a sufficient number of patients, including patients who are suffering from the disorder the product candidate is intended to treat and who meet other eligibility criteria. Rates of patient enrolment are affected by many factors, including the size of the patient population, the eligibility criteria for the clinical trial, that include the age and condition of the patients and the stage and severity of disorder, the nature of the protocol, the proximity of patients to clinical sites and the availability of effective treatments and/or availability of

investigational treatment options for the relevant disorder.

A product candidate can unexpectedly fail at any stage of preclinical and clinical development. The historical failure rate for product candidates is high due to scientific feasibility, safety, efficacy, changing standards of medical care and other variables. The results from preclinical testing or early clinical trials of a product candidate may not predict the results that will be obtained in later phase clinical trials of the product candidate. Health Canada, the EMA, the FDA or other applicable regulatory authorities may suspend clinical trials of a product candidate at any time for various reasons, including, but not limited to, a belief that subjects participating in such trials are being exposed to unacceptable health risks or adverse side effects, or other adverse initial experiences or findings. Enttheon may not have the financial resources to continue development of, or to enter into collaborations for, a product candidate if Enttheon experiences any problems or other unforeseen events that delay or prevent regulatory approval of, or its ability to commercialize, product candidates, including:

- inability to obtain sufficient funds required for a clinical trial;
- inability to recruit and retain qualified personnel;
- inability to reach agreements on acceptable terms with prospective CROs and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- negative or inconclusive results from its clinical trials or the clinical trials of others for product candidates similar to its, leading to a decision or requirement to conduct additional preclinical testing or clinical trials or abandon a program;
- serious and unexpected drug-related side effects experienced by subjects in its clinical trials or by individuals using drugs similar to its product candidates;
- conditions imposed by the EMA or FDA or comparable foreign authorities regarding the scope or design of its clinical trials;
- delays in enrolling research subjects in clinical trials;
- high drop-out rates and high fail rates of research subjects;
- inadequate supply or quality of product candidate components or materials or other supplies necessary for the conduct of its clinical trials;
- greater than anticipated clinical trial costs;
- poor effectiveness of its product candidates during clinical trials; or
- unfavourable FDA or other regulatory agency inspection and review of a clinical trial site or vendor.

Enttheon has no sales, marketing or distribution experience and it will have to invest significant resources to develop those capabilities or enter into acceptable third-party sales and marketing transactions

Enttheon has no sales, marketing or distribution experience. To develop sales, distribution and marketing capabilities, Enttheon will have to invest significant amounts of financial and management resources, some of which will need to be committed prior to any confirmation that its product candidates will be approved by Health Canada, the FDA or the EMA. For product candidates where Enttheon decides to perform sales, marketing and distribution functions itself or through third parties,

it could face a number of additional risks, including that Entheon or its third-party sales collaborators may not be able to build and maintain an effective marketing or sales force. If Entheon uses third parties to market and sell its products, it may have limited or no control over their sales, marketing and distribution activities on which its future revenues may depend.

Entheon may not be successful in establishing and maintaining development and commercialization collaborations, which could adversely affect its ability to develop certain of its product candidates and its financial condition and operating results

Because developing psychedelic therapeutic products, conducting clinical trials, obtaining regulatory approval, establishing manufacturing capabilities and marketing approved products are expensive, Entheon may seek to enter into collaborations with companies that have more experience. Additionally, if any of its product candidates receives marketing approval, Entheon may enter into licencing out agreements or sales and marketing transactions with third parties with respect to its unlicensed territories. If Entheon is unable to enter into transactions on acceptable terms, if at all, it may be unable to effectively market and sell its products in its target markets. Entheon expects to face competition in seeking appropriate collaborators. Moreover, collaboration transactions are complex and time consuming to negotiate, document and implement and they may require substantial resources to maintain. Entheon may not be successful in its efforts to establish and implement collaborations or other alternative transactions for the development of its psychedelic therapeutic product candidates.

When Entheon collaborates with a third party for development and commercialization of a psychedelic therapeutic product candidate or collaboration in making grant applications, it can expect to relinquish some or all of the control over the future success of that product candidate to the third party. One or more of its collaboration partners may not devote sufficient resources to the commercialization of its product candidates or may otherwise fail in their commercialization. The terms of any collaboration or other transaction that Entheon establishes may contain provisions that are not favourable to Entheon. In addition, any collaboration that Entheon enters into may be unsuccessful in the development and commercialization of its psychedelic therapeutic product candidates. In some cases, Entheon may be responsible for continuing preclinical and initial clinical development of a psychedelic therapeutic product candidate or research program under a collaboration transaction, and the payment Entheon receives from its collaboration partner may be insufficient to cover the cost of this development. If Entheon is unable to reach agreements with suitable collaborators for its psychedelic therapeutic product candidates, it would face increased costs, it may be forced to limit the number of its psychedelic therapeutic product candidates it can commercially develop or the territories in which it commercialize them. As a result, Entheon might fail to commercialize products or programs for which a suitable collaborator cannot be found. If Entheon fail to achieve successful collaborations, its operating results and financial condition could be materially and adversely affected.

Entheon may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights

Entheon may from time to time seek to enforce its intellectual property rights against infringers when it determines that a successful outcome is probable and may lead to an increase in the value of the intellectual property. If Entheon chooses to enforce its patent rights against a party, then that individual or company has the right to ask the court to rule that such patents are invalid or should not be enforced. Additionally, the validity of its patents and the patents it has licensed may be challenged if a petition

for post grant proceedings such as inter-partes review and post grant review is filed within the statutorily applicable time with the Canadian Intellectual Property Office, the United States Patent and Trademark Office or the European Patent Office. These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of managerial and scientific personnel even if Entheon were successful in stopping the infringement of such patents. In addition, there is a risk that the court will decide that such patents are not valid and that Entheon does not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of such patents is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe its intellectual property rights.

If Entheon is not able to adequately prevent disclosure of trade secrets and other proprietary information, the value of its technology and products could be significantly diminished

Entheon relies on trade secrets to protect its proprietary technologies, especially where it does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Entheon relies in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect its trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover its trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of its proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect its competitive business position.

Entheon will need to expand its operations and increase the size of its company, and it may experience difficulties in managing growth

As of the date hereof, Entheon has no full-time employees and 20 consultants and part-time contractors. As Entheon advances its psychedelic therapeutic product candidates through preclinical studies and clinical trials, Entheon will need to increase its product development, scientific and administrative headcount to manage these programs. In addition, to meet its obligations as a public company, Entheon may need to increase its general and administrative capabilities. Entheon's management, personnel and systems currently in place may not be adequate to support this future growth. If Entheon is unable to successfully manage this growth and increased complexity of operations, our business may be adversely affected.

Entheon may not be able to manage its business effectively if it is unable to attract and retain key personnel and consultants.

Entheon may not be able to attract or retain qualified management, finance, scientific and clinical personnel and consultants due to the intense competition for qualified personnel and consultants among biotechnology, pharmaceutical and other businesses. If Entheon is not able to attract and retain necessary personnel and consultants to accomplish its business objectives, it may experience constraints that will significantly impede the achievement of its development objectives, its ability to raise additional capital and its ability to implement its business strategy.

Entheon is highly dependent on the development, regulatory, commercialization and business development expertise of its management team, key advisors and consultants. If Entheon loses one or more of its executive officers or key advisors or consultants, its ability to implement its business

strategy successfully could be seriously harmed. Any of its executive officers or key advisors or consultants may terminate their engagement at any time. Replacing executive officers, key advisors and consultants may be difficult and may take an extended period of time because of the limited number of individuals in Entheon's industry. Competition to hire and retain employees and consultants from this limited pool is intense, and Entheon may be unable to hire, train, retain or motivate these additional key personnel and consultants. Entheon's failure to retain key personnel or consultants could materially harm its business.

In addition, Entheon has scientific and clinical advisors and consultants who assist Entheon in formulating its research, development and clinical strategies. These advisors are not its employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us and typically they will not enter into non-compete agreements with Entheon. If a conflict of interest arises between their work for Entheon and their work for another entity, Entheon may lose their services. In addition, its advisors may have transactions with other companies to assist those companies in developing products or technologies that may compete with those of Entheon.

Insurance and uninsured risks

Entheon's business is subject to a number of risks and hazards generally, including adverse clinical trial results, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Any insurance that Entheon obtains will not cover all the potential risks associated with its operations. Entheon may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Entheon is not generally available on acceptable terms. Entheon might also become subject to liability for pollution or other hazards which may not be insured against or which Entheon may elect not to insure against because of premium costs or other reasons. Losses from these events or any significant uninsured liability may require Entheon to pay substantial amounts, which would adversely affect its financial position and results of operations.

Entheon may be materially adversely affected in the event of cyber-based attacks, network security breaches, service interruptions, or data corruption

Entheon relies on information technology to process and transmit sensitive electronic information and to manage or support a variety of business processes and activities. Entheon uses technology systems to record, process, and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal, and tax requirements. Entheon's information technology systems, some of which are managed by third-parties, may be susceptible to damage, disruptions or shutdowns due to computer viruses, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, telecommunication failures, user errors or catastrophic events. Although Entheon has developed systems and processes that are designed to protect proprietary or confidential information and prevent data loss and other security breaches, such measures cannot provide absolute security. If its systems are breached or suffer severe damage, disruption or shutdown and Entheon is unable to effectively resolve the issues in a timely manner, its business and operating results may significantly suffer and it may be subject to litigation, government enforcement actions or potential

liability. Security breaches could also cause Entheon to incur significant remediation costs, result in product development delays, disrupt key business operations, including development of its psychedelic therapeutic product candidates, and divert attention of management and key information technology resources.

Internal controls

Effective internal controls are necessary for Entheon to provide reliable financial reports and to help prevent fraud. Although Entheon will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on Entheon under Canadian securities law, Entheon cannot be certain that such measures will ensure that Entheon will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Entheon's results of operations or cause it to fail to meet its reporting obligations. If Entheon or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Entheon's consolidated financial statements and materially adversely affect the market price of Entheon Shares.

Management of Entheon will ensure the accounting cycle, payroll administration, operational activities, and financial reporting controls to assess internal control risks and to ensure proper internal control is in place. One of the deficiencies in internal control is the lack of segregation of accounting duties due to the limited size of Entheon. However, the threat of this deficiency is considered immaterial as management has taken effective measures to mitigate this weakness.

The potential risk that flows from the identified deficiencies and weaknesses is the risk of potential fraud. However, the risk of fraud is considered low as management anticipates taking a number of measures as stated above to mitigate the potential risk of fraud, including without limitation: (i) all purchase and payment, including payroll, must be authorized by management; (ii) all capital expenditures must be preapproved by Entheon Board; (iii) all source documents in any other language other than English must be translated and scanned for accounting entries and recordkeeping purposes; (iv) and almost all of Entheon's cash will be deposited with a Canadian bank in Vancouver, Canada. Bank statements of Entheon will be reviewed by the CFO of Entheon regularly.

Entheon Board will continue to monitor the operations of Entheon, evaluate the internal controls, and develop measures in the future to mitigate any potential risks and weaknesses.

Litigation

Entheon may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Entheon becomes involved be determined against Entheon such a decision could adversely affect Entheon's ability to continue operating and the market price for Entheon Shares and could use significant resources. Even if Entheon is involved in litigation and wins, litigation can redirect significant company resources.

Conflicts of interest

Certain of the directors and officers of Entheon will be engaged in, and will continue to engage in, other

business activities on their own behalf and on behalf of other companies (including other pharmaceutical or biotechnological companies) and, as a result of these and other activities, such directors and officers of Entheon may become subject to conflicts of interest. To the extent that conflicts of interest arise, they will be resolved in accordance with the provisions of the BCBCA.

Public health crisis

Entheon's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 12, 2020, the World Health Organization declared the outbreak a pandemic and on March 13, 2020 the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and China. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, Entheon cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Entheon is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic. Such public health crises can result in volatility and disruptions in global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to Entheon of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact Entheon is uncertain and these factors are beyond Entheon's control; however, it is possible that COVID-19 may have a material adverse effect on Entheon's business, results of operations and financial condition.

SUBSEQUENT EVENTS

On December 12, 2019, Entheon signed an agreement with Andrew Hegle, PhD to serve as Director of Operations. Dr. Hegle has been an adjunct professor of Pharmacology at the University of British Columbia since 2015. He has a background in molecular biology and biochemistry and has published research investigating the role of membrane receptor proteins in physiology, behavior and disease. His main professional focus has been in the creation and management of laboratory operations. To that end, Dr. Hegle has held executive and operational management positions at several biotechnology companies, and was a cofounder of both Cannevert Therapeutics and Analytic Laboratories in Vancouver.

On December 18, 2019, December 23, 2019 and January 30, 2020, Entheon completed a non-brokered private placement whereby it issued 3,485,000 units of Entheon in three tranches at a price of \$0.25 per unit for gross proceeds of \$871,250. Each unit consists of one Entheon Share and one-half of one Entheon Share purchase warrant of Entheon (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one Entheon Share (a "**Warrant Share**") at an exercise price of

\$0.50 per Warrant Share for a period of 24 months from the closing of the offering; provided that the expiry of the Warrants can be accelerated if the closing price of the Entheon Shares on a stock exchange in Canada or the United States is at least CAD\$0.75 for a minimum of 21 consecutive trading days, then the Warrants will expire on the 30th day after the date on which Entheon provides notice of such accelerated expiry to the holders of the Warrants.

On January 7, 2020, Entheon signed agreement with Robin Carhart-Harris, PhD to serve on the scientific advisory board. Dr. Carhart-Harris Heads the Psychedelic Research Group within the Centre for Psychiatry at Imperial College London, where he has designed a number of functional brain imaging studies with psilocybin (magic mushrooms), LSD, MDMA (ecstasy) and DMT (ayahuasca), plus a clinical trial of psilocybin for treatment resistant depression. He has over 50 published papers in peer-reviewed scientific journals; two of which were ranked in the top 100 most impactful academic articles of 2016. Dr. Carhart-Harris obtained his PhD in Psychopharmacology from the University of Bristol, and prior to that, an MA in Psychoanalysis at Brunel University. He has an honorary position at the University of Oxford.

On January 10, 2020, Entheon signed an agreement with Dennis McKenna, PhD to serve on the scientific advisory board. Dr. McKenna is an American ethnopharmacologist, research pharmacognosist, lecturer and author. He is the brother of well-known psychedelics proponent Terence McKenna and is a founding board member and the director of ethnopharmacology at the Heffter Research Institute. As advisor to Entheon, he brings with him decades of research and insight.

On January 15, 2020, Entheon signed an agreement with Michael Walker, PhD to serve on the scientific advisory board. Dr. Walker received his pharmacology training at the University of London which included a period of drug discovery training at Pfizer Ltd., (UK). His main focus has been in the discovery of drugs, whether naturally occurring or not, and in the process of drug discovery itself. His commitment to his industry includes 43 years at UBC and numerous contributions to universities around the world. Over the past 25 years, Dr. Walker was the founder or co-founder of eight different drug discovery companies, both public and private, including Cardiome (now Correvio) Pharma in Canada and Verona Pharma in London, UK. Additionally, Dr. Walker has researched and published numerous journals, periodicals, conference presentations, and other related publications.

On January 20, 2020, Entheon signed an agreement with Christopher Timmermann, PhD to serve on the scientific advisory board. Dr. Timmermann is a psychologist educated at the Catholic University of Chile with a Masters in Neuroscience and Neuropsychological Therapy from the University of Bologna, and received his PhD at the Centre for Psychedelic Research at the Imperial College of London. His research focuses on the effects of DMT in the human brain.

On February 15, 2020, Entheon purchased a USD\$150,000 convertible note (the “**Convertible Note**”) issued by Entheos Science Systems Inc. (“**Entheos**”) for CAD\$198,000. The Convertible Note accrued interest at a rate of 8% per annum, and matured one year from issuance, and was convertible into Series A Preferred shares of Entheos (the “**Preferred Shares**”) at price equal to the lower of (A) the pre-money price per Preferred Share (on a fully diluted basis) assuming a valuation of \$7,000,000 and (B) the last price paid per Preferred Share subsequent to the date of the Convertible Note, if any, less a 15% discount to the final conversion value.

On May 8, 2020, Entheon signed a letter of intent (the “**Psygen LOI**”) with Psygen Labs Inc.

(“**Psygen**”) to supply N,N-dimethyltryptamine fumarate (“**DMT**”) for compounding into drug products (the “**Drug Products**”). Pursuant to the Psygen LOI, Entheon and Psygen are to negotiate in good faith a definitive agreement (the “**Psygen Agreement**”) setting out the terms of the Psygen LOI. Entheon intends to use the Drug Products in clinical research during a period of time, and to commercialize the Drug Products for sale under Part C of the *Food and Drug Regulations* (Canada) of the *Food and Drugs Act* (Canada) after the “Research Phase” of Entheon’s operations is complete.

On May 19, 2020, Entheon entered into an asset purchase agreement (the “**Mindleap Agreement**”) with Entheos and Mindleap Health Inc. (“**Mindleap**”) pursuant to which Entheos agreed to, among other things, transfer certain assets of Entheos to Mindleap (the “**Mindleap Assets**”). As part of the transfer of the Mindleap Assets and in accordance with the Mindleap Agreement, Mindleap agreed to assume certain obligations and liabilities of Entheos, including, but not limited to, certain amounts owing to Entheon under the Convertible Note. In exchange for Entheon’s representations, warranties, covenants, agreements, and releases set forth in the Mindleap Agreement, Mindleap and Entheos agreed to repay the Convertible Note as follows:

- a) Mindleap assumed CAD\$100,000.00 of Entheos’ liability to Entheon under that Convertible Note, as represented by an amended and restated convertible loan agreement dated June 25, 2020 among Entheon, Mindleap and Nikolay Vashev.
- b) Entheos agreed to transfer available funds payable to Entheon in an amount equal to all remaining available cash within the Entheos bank account, following receipt of the payments from Mindleap for the Mindleap Assets, less outstanding payables of Entheos. The aggregate amount repaid by Entheos to Entheon amounted to CAD\$84,766
- c) Entheos agreed to transfer 500,000 common shares in the capital of Mindleap to Entheon that was issued to Entheos as partial consideration for the sale of the Mindleap Assets.

On May 22, 2020, Entheon signed an agreement with Malin Vedøy Uthaug, PhD to serve on the scientific advisory board. After completing her PhD at the department of Neuropsychology and Psychopharmacology, at the faculty of Psychology and Neuroscience at Maastricht University, the Netherlands, Dr. Uthaug investigated the short-term and long-term effects of ayahuasca and 5-MeO-DMT in naturalistic settings, while simultaneously initiating several other studies on the psychedelic substance mescaline and the breathing practice known as Holotropic Breathwork (HB). Malin is currently working as a Research Assistant at The Centre for Psychedelic Research, at Imperial College London, led by Dr. Robin Carhart-Harris. Here she is investigating the effects of 5-MeO-DMT on mental health related variables, brain activity and consciousness together with Christopher Timmermann, PhD candidate. Besides being a researcher investigating psychedelics as a novel treatment option for mood-related disorders and trauma, Malin is also an editor for the ‘Journal of Psychedelics Studies’, a board member of the American podcast-show known as Psychedelics Today, and the co-founder of the Norwegian Association for Psychedelic Science (Norsk Forening for Psykedelisk Vitenskap [NFPV]) whose main aim is to educate the general public as well as researchers, and mental health practitioners in Norway about psychedelics.

On June 3, 2020, Entheon completed a non-brokered private placement whereby it issued 5,490,804 units of Entheon at a price of \$0.40 per unit for gross proceeds of \$2,196,322. Each unit consists of one Entheon Share and one-half of one Warrant. Each Warrant is exercisable into one Warrant Share at an exercise price of \$0.60 per Warrant Share for a period of 24 months from the closing of the offering; provided that the expiry of the Warrants can be accelerated if the closing price of the Entheon Shares on a stock exchange in Canada or the United States is at least \$1.00 for a minimum

of 10 consecutive trading days, then the Warrants will expire on the 30th day after the date on which Entheon provides notice of such accelerated expiry to the holders of the Warrants.

On June 23, 2020, Entheon cancelled and returned to the treasury 250,000 units of Entheon issued in error in the June 3, 2020 private placement.

As disclosed under the heading “*Proposed Transactions*,” on June 30, 2020, Entheon signed the Amalgamation Agreement with MPV and Subco where MPV and Entheon wish to combine their respective businesses by way of the Amalgamation, pursuant to which: (i) MPV shall issue securities of MPV to the security holders of Entheon in exchange for their securities of Entheon outstanding at the effective time of the Amalgamation; (ii) MPV shall issue securities of MPV to the security holders of Subco other than MPV in exchange for their securities of Subco outstanding at the effective time of the Amalgamation; and (iii) Amalco shall become a wholly owned subsidiary of MPV. Entheon is currently preparing to file a Form 2A Listing Statement resulting from a fundamental change with the CSE as part of the Amalgamation.

On July 7, 2020, Entheon filed a patent focused on psychedelic assisted therapy for the treatment of nicotine addiction. DMT is rapidly metabolized in the body, making it a flexible therapeutic alternative to other serotonergic hallucinogens which can have effects lasting 12 hours or longer. However, the fast onset and intensity of DMT’s effects can be especially jarring, particularly in patients with no prior experience with psychedelic drugs. Entheon’s inventive treatment protocol slowly titrates DMT into the body using methods based on target-controlled intravenous infusion technology.

ENTHEON BIOMEDICAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED AUGUST 31, 2020

OVERVIEW

The following management discussion and analysis (“MD&A”) of the financial position of Entheon Biomedical Corp. (“Entheon”), and results of operations prepared on October 26, 2020, should be read in conjunction with the condensed interim financial statements for the nine months ended August 31, 2020. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of Entheon.

Entheon maintains its head office at 211-3030 Lincoln Avenue, Coquitlam, British Columbia, Canada V3B 6B4 and registered office at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. Entheon is a privately-held research and development company incorporated on June 17, 2019 as “Entheogen Biomedical Corp.” under the laws of the Province of British Columbia, Canada. On December 30, 2019, Entheon changed its name from “Entheogen Biomedical Corp.” to “Entheon Biomedical Corp.”

FORWARD LOOKING STATEMENTS

The information provided in this report may contain forward-looking statement within the meaning of applicable Canadian securities legislation. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. In some cases, forward-looking statements are preceded by, followed by or include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Entheon to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although management of Entheon believes that the assumptions made and the expectations represented by such statements are reasonable, there can be no assurance that a forward-looking statement herein will prove to be accurate.

DESCRIPTION OF BUSINESS

Entheon is a biotechnology research and development company committed to developing and commercializing its DMT Products and DMT Delivery System (each defined below) for the purposes of treating addiction and substance use disorders. DMT (Dimethyltryptamine) is a chemical substance that naturally occurs in many plants and animals and which is a structural analog of serotonin; it is among the most potent of the classic psychedelic drugs, and is unique in that its effects last only minutes instead of hours. Given the emerging recognition of the therapeutic potential of classic psychedelics for treating mental health disorders, the short acting and powerful nature of DMT make it the ideal molecular candidate for medical use. Notwithstanding the foregoing, DMT is currently a Schedule III drug under The Controlled Drugs and Substances Act (Canada) and a Schedule I drug under The Controlled Substances Act (United States) and the UN Convention 1971 (European Union) and is illegal, under each such legislation, to possess without a prescription or an exemption. As of

the date hereof, neither Health Canada, The FDA nor The EMA have approved DMT as a drug for any indication.

DMT Products

Entheon seeks to develop and commercialize a portfolio of safe and effective DMT based psychedelic therapeutic products that consist of proprietary DMT drug formulations packaged in single-use containers targeted to treat a number of different addiction and substance use disorders (the "DMT Products"). It is Entheon's intention that the DMT Products will be used in medical clinics, treatment centres and hospitals to treat patients with such disorders. Essential to the ability of each DMT Product to effectively treat the particular addiction or disorder it is intended to treat is both: (i) the amount of DMT contained in each product; and (ii) the particular dosage instructions provided therewith (collectively referred to as the "Dosing Strategies"). To that end, in connection with the DMT Products, Entheon is currently developing a number of different proprietary Dosage Strategies to treat different addictions and disorders, each of which will be incorporated into the different DMT Products developed. In the simplest terms, Entheon plans to develop and sell containers of DMT-based medicine containing predetermined amounts of DMT with the corresponding instructions to treat a patient for his/her specific addiction.

DMT Delivery System

Furthermore, Entheon eventually seeks to develop and commercialize a set of delivery equipment that can effectively pump its DMT Products into patients and thereafter measure their vital signs to ensure the particular DMT Product is working correctly (the "DMT Delivery System").

Entheon does not currently generate revenue. Subject to obtaining all requisite regulatory approvals and permits, Entheon intends to generate revenue through the sale of its DMT Products and eventually the license of its DMT Delivery System to physicians, clinics and licensed psychiatrists in the United States, certain countries in the European Union and throughout Canada.

To date Entheon has, among other things: (i) completed an exhaustive literature review of materials confirming the efficacy of DMT and other psychedelic molecules for the purposes of treating mental health conditions; and (ii) assembled an arm's length advisory board of leaders in the field of this research (collectively referred to herein as the "Science Advisors"), who have both validated the conclusions relating to the efficacy of DMT and other psychedelic molecules, and informed Entheon's research processes. Additionally, Entheon is and has been working with its Science Advisors and various research organizations to, among other things: (i) develop its Dosing Strategies, (ii) design a DMT-focused clinical protocol which integrates the Dosing Strategies within an addiction treatment program to be tested experimentally in clinical trial subjects (the "DMT Protocol"), and (iii) complete a number of pre-clinical and clinical studies, the results of which will inform the DMT Protocol. Thereafter, Entheon intends to submit the DMT Protocol and other regulatory documents to Health Canada, the FDA and the EMA for approval.

EVENTS AND TRASACTIONS

For the nine month period ended August 31, 2020 Entheon has expended \$1,091,062 on development of its business. As at August 31, 2020, Entheon had a working capital of \$1,880,765. During this time Entheon's activities have focused on:

- forming a board of directors;
- conducting private placement financings;
- reviewing scientific literature to serve as the basis for product development;
- recruiting experienced leaders in medicine, psychedelics, and psychiatry;

- forming a scientific advisory board comprised of some of the world's leading psychedelic researchers;
- negotiating and executing the Psygen Supply Agreement;
- engaging consultants and a CRO to assist with the design and development of Entheon's clinical protocol;
- negotiating and executing the CHDR Clinical Study Agreement;
- engaging intellectual property lawyers to develop a durable patent strategy;
- filing provisional patent applications with the United State Patent and Trademark Office relating to Entheon's Dosing Strategies and the DMT Delivery System.
- engaging regulatory consultants to complete a review of Entheon's strategies to obtain regulatory approval; and
- negotiating and executing a definitive agreement with MPV Exploration Inc. ("MPV"), whereby MPV will acquire all the issued and outstanding shares of Entheon pursuant of a 3 cornered amalgamation, for listing on the Canadian Securities Exchange ("CSE").

On December 18, 2019, December 23, 2019 and January 30, 2020, Entheon closed a private placement in 3 tranches and issued 3,485,000 units at a price of \$0.25 per unit for gross proceeds of \$871,250. Each unit consists of one Class A voting common share and one-half of one Class A voting common share purchase warrant. Each warrant has an exercise price of \$0.50 per warrant share for a period of 24 months from the closing of the offering; provided that the expiry of the warrants can be accelerated if the closing price of the Class A voting common shares on a stock exchange in Canada or the United States is at least \$0.75 for a minimum of 21 consecutive trading days, then the warrants will expire on the 30th day after the date on which Entheon provides notice of such accelerated expiry to the holders of the Warrants. There was no value allocated to the warrants based on the residual method.

On February 5, 2020, Entheon issued a total of 100,000 common shares with a fair value of \$25,000 to settle \$2,000 in accounts payable for past services rendered by an officer of Entheon. A loss on debt settlement of \$23,000 was recognized in the condensed interim statement of loss and comprehensive loss for the nine months ended August 31, 2020.

On February 15, 2020, Entheon purchased a USD \$150,000 convertible note issued by Entheos Science Systems Inc. ("Entheos") for \$198,000 (the "Convertible Note"). The Convertible Note bears interest at a rate of 8% per annum, will mature in one year from issuance, and is convertible into Series A Preferred Shares at price equal to the lower of (A) the pre-money price per Preferred Share (on a fully diluted basis) assuming a valuation of \$7,000,000 and (B) the last price paid per Preferred Share subsequent to the date of the Convertible Notes, if any, less a 15% discount to the final conversion value. As at initial issuance and May 19, 2020, the fair value of the Convertible Note was determined to be \$198,000. Entheon used a discounted cash flow model in order to determine the fair value.

On May 19, 2020, Entheon entered into an Asset Purchase Agreement (the "Agreement") among Entheos and Mindleap Health Inc. ("Mindleap") regarding the Convertible Note. During the nine months ended August 31, 2020, Entheon recorded a loss on the settlement of Convertible Note of \$10,734. The terms of the agreement are as follows:

- i. Mindleap will assume \$100,000 of Entheos' Liability to Entheon (the "Mindleap Note") under the Convertible Note, in exchange for Entheon's representations, warranties, covenants, agreements, and releases. The Mindleap Note bears interest at a rate of 8% per annum, will mature in eight months from issuance, and is convertible into the senior most class of issued and outstanding shares (the "Shares") at price equal to the pre-money price per share (on a fully diluted basis) assuming a valuation of \$5,000,000. Upon the completion of future fundraising (the "Capital Funding") to reach gross proceeds of \$1,000,000 in one or multiple closings, through the issuance of the Shares at a price per share greater than \$0.10, the

Mindleap Note is mandatory convertible into Shares at a price equal to the lower of (A) the pre-money price per share (on a fully diluted basis) assuming a valuation of \$5,000,000 and (B) the last price paid per share in the Capital Funding. As at initial issuance and August 31, 2020, the fair value of the Mindleap Note was determined to be \$100,000. Entheon used a discounted cash flow model in order to determine the fair value

- ii. During the nine months ended August 31, 2020, Entheon received payments of \$84,766.
- iii. Enthoes will transfer 500,000 common shares in the capital of Mindleap to Entheon and Mindleap will consent to the transfer. As at initial issuance and share exchange at August 19, 2020, the fair value of the common shares was determined to be \$2,500.

On June 16, 2020, Entheon, MindLeap Health Inc. and Mydecine Innovation Group Inc. ("Mydecine") entered into a share exchange agreement pursuant to which Mydecine agreed to purchase all of Entheon's common shares in the capital of MindLeap in consideration for an aggregate of 201,063 common shares in the capital of Mydecine. The transaction was closed on August 19, 2020. As at initial issuance and August 31, 2020, the fair value of the common shares was determined to be \$100,532 based on market value. During the nine month ended August 31, 2020, Entheon recorded a gain on share exchange of \$98,032.

On May 8, 2020, Entheon signed a letter of intent (the "Psygen LOI") with Psygen Labs Inc. ("Psygen") to supply N,N-dimethyltryptamine fumarate ("DMT") for compounding into drug products (the "Drug Products"). Pursuant to the Psygen LOI, Entheon and Psygen are to negotiate in good faith a definitive agreement (the "Psygen Agreement") setting out the terms of the Psygen LOI. Entheon intends to use the Drug Products in clinical research during a period of time, and to commercialize the Drug Products for sale under Part C of the Food and Drug Regulations (Canada) of the Food and Drugs Act (Canada) after the "Research Phase" of Entheon's operations is complete.

On June 3, 2020, Entheon closed a private placement and issued 5,240,804 units of Entheon at a price of \$0.40 per unit for gross proceeds of \$2,096,321. Each unit consists of one common share of the Issuer and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Issuer at an exercise price of \$0.60 per share for a period 24 months; provided that if the volume weighted average trading price of Entheon's common shares on any stock exchange on which Entheon's common shares are then listed, is at a price equal to or greater than \$1.00 for a period of 10 consecutive trading days, then the warrants will expire on the 30th day after the date on which Entheon provides notice of such accelerated expiry to the holders of the Warrants. There was no value allocated to the warrants based on the residual method.

On June 3, 2020, Entheon issued a total of 200,000 common shares with a fair value of \$80,000 to settle \$50,000 in consultant fees payable and signing bonuses payable to various consultants. A loss on debt settlement of \$30,000 was recognized in the condensed interim statement of loss and comprehensive loss for the nine months ended August 31, 2020.

On June 30, 2020, Entheon entered into a definitive agreement (the "Definitive Agreement") with MPV Explorations Inc. ("MPV") and 1254912 B.C. LTD, a wholly-owned subsidiary of MPV, whereby MPV will acquire all of the issued and outstanding shares of Entheon pursuant to a three-cornered amalgamation. (the "Transaction"). In connection with the Transaction, MPV will complete a consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every three pre-consolidation common shares in the capital of the MPV. Following the Consolidation, each of the shareholders of Entheon will receive one post-consolidation common share of MPV in exchange for each share of Entheon. The Transaction constitutes a reverse take-over of MPV by Entheon. Upon completion of the Transaction, Entheon will own approximately 73.90% of the outstanding common shares of the resulting issuer.

On July 7, 2020, Entheon filed a provisional patent application focused on psychedelic-assisted therapy for the treatment of nicotine addiction. DMT is rapidly metabolized in the body, making it a flexible therapeutic alternative to other serotonergic hallucinogens which can have effects lasting 12 hours or longer. However, the fast onset and intensity of DMT's effects can be overwhelming, particularly in patients with no prior experience with psychedelic drugs. Entheon's provisional patent relates to a treatment protocol that slowly titrates DMT into the body using methods based on target-controlled intravenous infusion technology.

On August 13, 2020, Entheon filed a provisional patent application focused on psychedelic-assisted therapy for the treatment of alcohol addiction, using the DMT Delivery System described above for treating nicotine addiction.

On August 21, 2020, Entheon entered into the Psygen Supply Agreement whereby Psygen will provide Entheon with GMP and non-GMP quality DMT drug products and substances (the "Drug Products") for its preclinical, clinical and post-approval commercialization phases under the European regulatory framework. Psygen is located in Alberta, Canada and is licensed by the Health Canada Office of Controlled Substances to manufacture, sell and export DMT. The Psygen Supply Agreement is governed by the laws of the province of Alberta and the laws of Canada applicable therein. The Psygen Supply Agreement expires upon the latter of (i) ten years from the effective date of the Psygen Supply Agreement; and (ii) completion of the Study (as defined in the Psygen Supply Agreement), unless otherwise terminated by either party in accordance with Article 15 of the Psygen Supply Agreement, provided that the term will continue to apply as necessary in respect of outstanding payments owed in accordance with the Psygen Supply Agreement. The term of the Psygen Supply Agreement will automatically be extended for one additional period of five years unless either Psygen or Entheon provides notice in writing that it has elected not to extend the term at least six months prior to the end of the term. Under the Psygen Supply Agreement Entheon is obliged to pay to Psygen an aggregate of USD\$40,000 for the initial supply purchase order of the Drug Products to be used for the Phase I Study. Within the timeframes specified in the Psygen Supply Agreement, the parties shall negotiate the purchase price and the break fee for all other clinical trial phases to follow. In each case, the purchase price shall be increased based on reasonable good-faith negotiation by the parties.

SUBSEQUENT EVENTS

On September 4, 2020, Entheon filed a provisional patent application focused on psychedelic-assisted therapy for the treatment of opiate addiction, using the DMT Delivery System described above for treating nicotine addiction.

On September 4, 2020, Entheon obtained all requisite shareholder approvals with respect to the Amalgamation at the meeting of the Shareholders.

On October 1, 2020, Entheon entered into the CHDR Clinical Study Agreement with CHDR (the Centre for Human Drug Research located in Leiden, Netherlands) to perform a DMT-based phase I safety and proof-of-concept clinical study in humans (the "Phase I Study"), as discussed in further details under the heading "Research and Development Studies." CHDR holds the requisite regulatory approvals under the UN71 (and the other applicable EU conventions – discussed in further detail under the heading "Regulatory Regimes and Foreign Operations – Regulatory Approvals Required for Studies – Europe") necessary to conduct the Phase I Study. The Phase I Study is scheduled to take place in the Netherlands in early 2021, subject to delays that may result from the on-going COVID-19 pandemic and the related responses of the Canadian and Dutch government and the affect that COVID-19 may have on the global economy, CHDR and Entheon's financial condition, operations and personnel, the health and safety of trial subjects and general travel and mobility permissions. Pursuant

to the CHDR Clinical Study Agreement, Enttheon has agreed to: (i) pay CHDR an estimated fee of €927,314 for completion of the Phase I Study; and (ii) supply CHDR with DMT to be used in the Phase I Study free of charge and within the timeframe and in the quantities set forth in the agreement. Unless terminated earlier, the term of the CHDR Clinical Study Agreement will continue for the duration of the Phase I Study and may be extended by mutual written agreement of the parties.

On October 9, 2020, Enttheon amended the Psygen Supply Agreement to clarify the terms of the initial supply purchase order previously discussed.

RESULTS OF OPERATIONS

	For the three months ended Aug 31, 2020	For the nine months ended Aug 31, 2020	For the period from incorporation on June 17, 2019 to August 31, 2019
	\$	\$	\$
Operating Expenses			
Depreciation	708	2,125	-
Management fees	71,000	160,155	8,500
Bank charges	721	1,966	115
Consulting fees	148,582	534,892	21,883
Marketing	7,935	62,955	767
Meal and entertainment	69	9,034	370
Professional fees	165,971	225,050	27,370
Office and miscellaneous	3,905	27,768	-
Rent	15,000	54,465	7,483
Transfer agent and filing fees	6,050	6,050	-
Travel	100	42,566	6,368
	420,041	1,127,026	72,856
Other Income			
Loss on debt settlement (note 5)	30,000	53,000	-
Loss on investment settlement (note 8)	320	10,734	-
Foreign exchange loss	524	524	-
Realized gain on share exchange (note 8)	(98,032)	(98,032)	-
Interest income	(2,190)	(2,190)	-
	(69,378)	(35,964)	-
Net loss and comprehensive loss	350,663	1,091,062	72,856
Basic and diluted loss per share	\$0.01	\$0.04	\$0.06
Weighted average number of common shares outstanding	29,668,387	25,661,279	1,224,668

During the three month period ended August 31, 2020, Enttheon reported a net loss of \$350,663 compared to a net loss of \$72,856 for the period from incorporation on June 17, 2019 to August 31, 2019. The increase in the loss was a result of an increase in operations that Enttheon incurred since

incorporation, including being operational for a full fiscal quarter. The increase in the loss was also attributable to Entheon ramping up with the activities discussed in the events and transactions section above.

At August 31, 2020, Entheon's operations do not generate cash flow. During the nine month period ended August 31, 2020, Entheon reported a net loss of \$1,091,062. The loss was a result of expenditures incurred by Entheon during the nine month period ended August 31, 2020 in connection with the development of its business.

Entheon has obtained its capital funding through debt and equity financings. The first equity financing completed after November 30, 2019 was completed in three tranches on December 18, 2019, December 23, 2019 and January 30, 2020, whereby Entheon issued 3,485,000 units of Entheon in three tranches at a price of \$0.25 per unit for gross proceeds of \$871,250. On February 5, 2020, Entheon issued a total of 100,000 Entheon Shares with a fair value of \$25,000 to settle \$2,000 in accounts payable for past services rendered by an officer of the Entheon. A loss on debt settlement of \$23,000 was recognized in the condensed interim statement of loss and comprehensive loss for the nine months ended August 31, 2020. The second equity financing completed after November 30, 2019 was completed on June 3, 2020, whereby Entheon issued 5,240,804 units at a price of \$0.40 per unit for gross proceeds of \$2,096,321. On June 3, 2020, Entheon issued a total of 200,000 common shares with a fair value of \$80,000 to settle \$50,000 in consultant fees payable and signing bonuses payable to various consultants. A loss on debt settlement of \$30,000 was recognized in the condensed interim statement of loss and comprehensive loss for the nine months ended August 31, 2020.

To date, a great portion of Entheon's capital has been expended on research and development activities and the engagement of scientific advisors. Due to the limited historical activity of Entheon, there are no trends to identify in reviewing the summary of selected financial information. Additionally, as Entheon has yet to report on a comparative period, there are no factors to note that have caused variations in Entheon's financial results.

For the nine month period ended August 31, 2020 Entheon has incurred additional one-time expenses in connection with the Amalgamation (as described under the heading "Proposed Transactions").

SUMMARY OF QUARTERLY RESULTS

	August 31, 2020	May 31, 2020	February 29, 2020	November 30, 2019	Incorporation on June 17, 2019 to August 31, 2019
Total revenue	Nil	Nil	Nil	Nil	Nil
Net loss	\$350,663	\$371,552	\$368,847	\$205,172	\$72,856
Loss per share	\$0.01	\$0.02	\$0.02	\$0.03	\$0.06
Loss per share (fully-diluted)	\$0.01	\$0.02	\$0.02	\$0.03	\$0.06
Cash	\$1,840,612	\$946,897	\$427,085	\$112,655	\$16,687
Working capital	\$1,880,765	\$938,853	\$538,846	\$42,174	(\$49,356)
Total assets	\$2,036,394	\$1,123,460	\$678,491	\$136,866	\$32,717
Total non-current	Nil	Nil	Nil	Nil	Nil

financial liabilities					
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The variability of net loss during the quarterly results is mainly due to the increase in activity from the growth of the business, including adding management and consultants to the team, as well as professional fees associated with general corporate and securities matters.

The variability of net loss during the most recent quarter is mainly due to increase in management fees of \$17,700, a decrease in consulting fees of \$47,529, a decrease in marketing of \$31,989 and an increase in professional fees related to the proposed transaction of \$128,805. In addition, other expenses decrease by \$79,792 mostly due to a loss on debt settlements and realized gain on share exchange.

LIQUIDITY AND CAPITAL RESOURCE

Entheon had cash at August 31, 2020, in the amount of \$1,840,612 and working capital of \$1,880,765 in order to meet short-term business requirements.

During the 9 months ended August 31, 2020 Entheon had the following changes in cash flow:

Cash flows used in Operating Activities

Entheon's cash used in operating activities for the 9 months ended August 31, 2020 was \$1,126,763 compared to Entheon's cash flows used in operating activities for the period from incorporation to August 31, 2019 of \$34,276, an increase of \$1,092,487, primarily due to result of an increase in operations that Entheon incurred since incorporation, including being operational for a full 9 months.

Cash used in Investing Activities

Entheon's cash used in investing activities for the 9 months ended August 31, 2020 was \$78,418 compared to Entheon's cash used in investing activities for the period from incorporation to August 31, 2019 of \$0, an increase of \$78,418, primarily due to the purchase of equipment, purchase of convertible note, and proceeds from investment settlement.

Cash provided by Financing Activities

Entheon's cash provided by financing activities for the 9 months ended August 31, 2020 was \$2,933,138 compared to Entheon's cash provided by financing activities for the period from incorporation to August 31, 2019 of \$50,963, an increase of \$2,882,175, primarily due to an increase in non-brokered private placement financing.

In order to continue as a going concern and meet its corporate objectives, Entheon will require additional financing through debt or equity issuances or other available means. Although Entheon has been successful in the past in obtaining financing, there is no assurance that Entheon will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to Entheon. Should Entheon identify a suitable asset or business acquisition, it would be required to raise additional capital to finance the transaction.

Entheon requires positive working capital to be able to continue its operations and have sufficient funds to satisfy maturing short-term obligations. Upcoming operational expenses include management and consulting fees, marketing expenses, office expenses, rent, and professional fees. Entheon also requires working capital to fund research and development. Upcoming capital expenditures include

expenses related to literature review, preparation of regulatory documents and expert engagement, GLP/GMP drug manufacturing for nonclinical and clinical trials, preclinical in vivo studies, meetings with Netherlands Dutch regulators and proof of concept studies.

Entheon is a private issuer and therefore no public market exists for the Entheon Shares. In the event that the Amalgamation (as defined under the heading “Proposed Transactions”) is not completed, there will continue to be no public market for the Entheon Shares and as a result, the shareholders of Entheon may not be able to liquify their investments at desired rates, or at all. The lack of liquidity of the Entheon Shares could have a material adverse effect on the Entheon’s financial condition and results of operations.

Management is actively pursuing opportunities with a view to identifying and making an acquisition of assets or businesses that will qualify Entheon for listing on the Canadian Stock Exchange (“CSE”). The extent of Entheon’s liquidity is dependent upon, among other things, its ability to: (a) become a CSE listed company and have its shares publicly traded; (b) complete subsequent debt or equity financings or obtain other sources of funding; (c) adequately manage its cash on hand; and (d) reduce costs and expenses. The aforementioned factors indicate the existence of material uncertainties which may cast significant doubt on Entheon’s ability to continue as a going concern. Additionally economic downturns, uncertainties related to the COVID-19 pandemic, changes in legislation or policies that affect Entheon and changes in the industry in which Entheon operates, in each case as discussed in more detail under the heading “Additional Risk Factors”, are, among others, circumstances that may effect Entheon’s liquidity.

This MD&A does not discuss adjustments or accompanying information that would be required if the going concern assumption is not an appropriate basis for preparation of the financial statements related to this MD&A. These adjustments could be material.

Set forth below are Entheon’s commitments for capital expenditure over the next twelve months.

Commitment	Estimated Cost
Obtaining the Drug Products from Psygen for nonclinical and clinical trials	USD\$40,000 (approximately CDN\$52,660) ⁽¹⁾
Meeting with Netherlands Dutch Regulators	\$30,000
Conducting the Preclinical Studies	USD\$66,500 (approximately CDN\$87,547) ⁽¹⁾
DMT formulation development	\$70,000
Stability testing of drug substance and drug product	\$20,000
DMT Assay Development	\$100,000
Clinical Trial Insurance	\$50,000
Developing the DMT Protocol and Conducting the Phase I Study	€927,314 (approximately CDN\$1,438,264) ⁽²⁾
Total	\$1,848,471

⁽¹⁾ Based on the Bank of Canada exchange rate on October 20, 2020 of 1.3165.

⁽²⁾ Based on the Bank of Canada exchange rate on October 20, 2020 of 1.5510. In accordance with the CHDR Clinical Study Agreement 21% of this figure has been reserved for potential COVID-related costs.

Entheon expects to obtain the necessary funds to complete the above commitments through the use of current cash reserves, completing additional debt or equity financings or exploring other available means.

RELATED PARTY TRANSACTIONS

Key management personnel comprise Enttheon's Board of Directors and executive officers. Key management personnel compensation for the three and nine months ended August 31, 2020 is comprised of the following:

Management fees	Nine months ended August 31, 2020	Three months ended August 31, 2020	For the period from incorporation on June 17, 2019 to August 31, 2019
Chief Executive Officer	\$66,100	\$29,100	\$3,500
Chief Financial Officer	\$37,900	\$15,900	-
Chief Science Officer and Director of Operations	\$47,155	\$23,000	-
Director	\$9,000	\$3,000	\$5,000
Total	\$160,155	\$71,000	\$8,500

On February 5, 2020, Enttheon issued a total of 100,000 common shares with a fair value of \$25,000 to settle \$2,000 in management fees payable to the Director of Operations. A loss on debt settlement of \$23,000 was recognized in the condensed interim statement of loss and comprehensive loss for the nine months ended August 31, 2020.

Enttheon had a Credit Facility Agreement with a Company controlled by the CEO. As at August 31, 2020, balance under the Credit Facility Agreement was fully paid off.

As at August 31, 2020, \$Nil (November 30, 2019 - \$3,854) was due to directors and officers and Companies controlled by directors and officers. The amounts are unsecured, non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

PROPOSED TRANSACTION

On June 30, 2020, Enttheon signed an Amalgamation Agreement with MPV Exploration Inc. ("MPV") and 1254912 B.C. LTD. ("Subco") where MPV and Enttheon wish to combine their respective businesses by way of a "three-cornered" amalgamation in which Subco will amalgamate with Enttheon (the "Amalgamation") to form one corporation ("Amalco") under Section 269 of the Business Corporations Act, British Columbia ("BCBCA"), pursuant to which: (i) MPV shall issue securities of MPV to the security holders of Enttheon in exchange for their securities of Enttheon outstanding at the effective time of the Amalgamation; (ii) MPV shall issue securities of MPV to the security holders of Subco other than MPV in exchange for their securities of Subco outstanding at the effective time of the Amalgamation; and (iii) Amalco shall become a wholly owned subsidiary of MPV. MPV upon completion of the Amalgamation (the "Resulting Issuer") will carry on the business of Enttheon. MPV and Enttheon are currently preparing to file a Form 2A Listing Statement resulting from a fundamental change with the CSE as part of the Amalgamation.

In connection with the Transaction, MPV, through Subco has completed a non-brokered private placement financing (the "Concurrent Financing") in connection with the Transaction, pursuant to which it issued an aggregate of 4,117,886 subscription receipts at a price of C\$0.375 (the "Subscription Receipts") per Subscription Receipt to raise aggregate gross proceeds of \$1,544,207.25. The gross proceeds of the Concurrent Financing were deposited in escrow on the closing date and shall be released to Subco upon MPV and Enttheon having obtained the approval of the Fundamental Change by the CSE and completion of certain other administrative matters (the "Release Conditions"). Each Subscription Receipt will be deemed to be exchanged upon satisfaction of the Release Conditions without payment of any additional consideration, for one unit of Subco (each a "Unit"). Each Unit will be comprised of one Class A non-voting common share in the capital of Subco (each, a "Subco Class A Share") and one-half of one share purchase warrant of Subco (each whole warrant, a "Subco

Warrant”), which entitles the holder thereof to purchase a Subco Class A Share at a price of C\$0.60 for a period of two years from the date the Subscription Receipts are converted into Units. Upon completion of the Amalgamation, the Subco Class A Shares and Subco Warrants shall be exchanged for equivalent securities of MPV based on the Exchange Ratio.

In connection with the Concurrent Offering, MPV paid certain cash finder’s fees, issued an aggregate of 100,000 finder’s units bearing the same terms as the Units, and issued an aggregate of 211,297 broker warrants, each of which is exercisable to acquire one Unit at an exercise price of \$0.375 for a period of two years. The Subscription Receipts issued in the Concurrent Financing are subject to an indefinite hold period. Upon completion of the Amalgamation, it is anticipated that the securities of MPV issued in exchange for the Subco Class A Shares and Subco Warrants shall be free trading, subject to statutory control person distribution and escrow provisions, as applicable.

It is a condition of the closing of the Transaction that MPV shall have assigned or disposed of all existing mineral resource properties, including MPV’s rights under the option agreement dated March 31, 2017 between MPV and Les Ressources Tectonic Inc. as it relates to the UMEX project. In this regard, MPV entered into a binding agreement following a tender process on August 5, 2020 pursuant to which it has agreed to sell its interest in the UMEX project for a cash consideration of \$278,000. The sale has been closed in escrow, pending completion of the Transaction.

On September 4, 2020, both Entheon and MPV obtained all requisite shareholder approvals with respect to the Amalgamation at their respective meeting of the Shareholders.

Completion of the Transaction remains subject to a number of closing conditions, including the completion of the Consolidation, completion of the Name Change, and receipt of all applicable regulatory approvals. There can be no assurance that the proposed Transaction will be completed as proposed or at all.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements requires management to make estimates 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 period. Actual results could differ from these estimates. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of discount rate and effective interest rates on liability and equity components of the convertible notes. Changes in these assumptions could materially affect the recorded amounts.
- ii) The determination of fair value of investments in convertible notes and equity securities requires valuation techniques. In applying the valuation techniques management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, company-specific information is considered when determining whether the fair value of an investment in convertible notes or equity securities should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing investments in convertible notes and

equity securities.

- iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts

The preparation of these condensed interim financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these condensed interim financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

FINANCIAL RISK MANAGEMENT

Entheon's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, market risk. Market risk includes interest rate risk, foreign exchange risk, and price risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Entheon has exposure to credit risk through its cash and investment in convertible note. Entheon manages credit risk, in respect of cash, by maintaining the majority of cash at highly rated financial institutions.

Entheon's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the statement of financial position. At August 31, 2020, no amounts were held as collateral.

Liquidity risk

Liquidity risk is the risk that Entheon will encounter difficulty in satisfying financial obligations as they become due. Entheon manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. Entheon had cash at August 31, 2020, in the amount of \$1,840,612 and working capital of \$1,880,765 in order to meet short-term business requirements. All of Entheon's financial liabilities have contractual maturities of approximately 30 to 90 days or are due on demand and are subject to normal trade terms.

Interest rate

Interest rate risk consists of two components:

- i) To the extent that payments made or received on Entheon's monetary assets and liabilities are affected by changes in the prevailing market interest rates, Entheon is exposed to interest rate cash flow risk.

- ii) To the extent that changes in prevailing market rates differ from the interest rates on Entheon's monetary assets and liabilities, Entheon is exposed to interest rate price risk.

In management's opinion, Entheon is not exposed to significant interest rate risk as the risk is primarily on its outstanding GIC which is included in cash and cash equivalents.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Entheon is not subject to significant foreign exchange risk.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

Entheon is not exposed to any significant price risk.

Capital Management

Entheon's objectives when managing capital are to safeguard Entheon's ability to continue as a going concern in order to pursue the research and development of psychedelic compounds and tryptamines.

Entheon manages its capital in proportion to outstanding risks and uncertainties. Entheon manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Entheon may issue new shares, sell assets, reduce debt or increase its debt. The capital of Entheon is comprised of the shareholders' equity.

Classification of financial instruments

Fair Values and Classification

Entheon's financial instruments consist of cash, investment in convertible note and equity securities, accounts payable and convertible notes payable. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of Entheon's financial instruments are classified into the following categories:

Financial Instrument	Category	August 31, 2020	November 30, 2019
Cash	FVTPL	\$ 1,840,612	\$ 112,655
Investment in convertible note	FVTPL	52,077	-
Investment in equity securities	FVTPL	100,532	-
Accounts payable	Amortized cost	44,115	80,542
Convertible notes payable	Amortized cost	-	3,029

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair measurement. Enttheon's financial assets measured on a recurring basis at fair value are as follows:

August 31, 2020				
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,840,612	\$ -	\$ -	\$ 1,840,612
Investment in convertible note	-	-	52,077	52,077
Investments in equity securities	100,532	-	-	100,532
Total	\$ 1,941,144	-	52,077	1,993,221

November 30, 2019				
	Level 1	Level 2	Level 3	Total
Cash	\$ 112,655	-	-	\$ 112,655

The carrying amounts of Enttheon's accounts payable and convertible notes payable are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

ADDITIONAL INFORMATION

Research and Development

As of September 30, 2020, Enttheon has expended an aggregate sum of \$265,300 on research and scientific development relating to its DMT Solutions, the DMT Protocol and design of the Phase I Study. In addition, Enttheon has expended an aggregate sum of \$68,386 on patent prosecution and portfolio development. Set forth in the table below is a breakdown of the expenditures:

Description of Expenditure	Amount
Literature Review ⁽¹⁾	\$12,900
Nonclinical Development ⁽²⁾	\$25,200
Clinical Development ⁽³⁾	\$71,900
Development Efforts ⁽⁴⁾	\$106,900
Regulatory Strategy ⁽⁵⁾	\$48,400
Patent Prosecution and Portfolio Development ⁽⁶⁾	\$68,386
Total	\$333,686

⁽¹⁾ A systematic review of the scientific literature was conducted to understand the current state of DMT research and provide a foundation for Enttheon's clinical pipeline and product development efforts. Public databases searched include PubMed, MEDLINE, and Google Scholar; additionally specialized toxicity databases were also accessed by regulatory consultants. All clinical and nonclinical studies performed with DMT since its first synthesis in 1931 were compiled and organized by subject, and the results were analyzed to extract and summarize relevant data, including, but not limited to, dose forms, routes of administration, pharmacokinetic parameters, neuroimaging results, and adverse effects. From this review Enttheon has acquired an extensive understanding and built a comprehensive internal database of DMT literature. Enttheon has also conducted a vast amount of research on other

psychedelic drugs including DMT, 5-MeO-DMT and Ayahuasca (a South American entheogenic brew commonly made out of the Banisteriopsis caapi vine, the Psychotria viridis shrub or a substitute). Of the \$12,900 expended, \$10,300 was paid to non-arm's length parties and \$2,600 was paid to arm's length consultants.

(2) Nonclinical development efforts included: (i) identifying and partnering with Psygen, a GMP licensed and accredited drug manufacturer, for the production and shipment of GMP certified DMT to accredited CROs engaged by Entheon to conduct chemical analysis and nonclinical research; (ii) forming relationships with third-party laboratories for chemical analysis and long-term stability studies; (iii) assessing the need for preclinical animal studies given DMT's long history of human use; and (iv) designing and implementing in vitro (outside of living organisms) and in vivo (inside living organisms) assays deemed essential for regulatory approvals. Nonclinical activities occur in parallel with clinical development, and both have required extensive collaboration among Entheon's executive team, scientific advisors and consultants. Of the \$25,200 expended, \$5,400 was paid to Entheon's arm's length Science Advisors, \$17,200 was paid to non-arm's length parties and \$2,600 was paid to arm's length consultants.

(3) To date clinical development efforts have been specifically focused on: (i) designing a robust experimental DMT Protocol to test Entheon's Dosing Strategies in humans; (ii) engaging the Centre for Human Drug Research, a research organization to carry out this design in a double-blind, randomized, placebo-controlled clinical trial referred to herein as the Phase I Study; and (iii) working with Entheon's Science Advisors and clinical partners to create and refine the experimental design of the Phase I Study. The current design will establish clinical safety for the Dosing Strategies, collect a range of data for development of the DMT Delivery System, identify the target dose range for substance use applications, and establish preliminary efficacy for nicotine addiction. Together, these elements will inform the final DMT Protocol to be prototyped and tested in subsequent clinical trials. Of the \$71,900 expended, \$42,800 was paid to Entheon's arm's length Science Advisors, \$14,900 was paid to non-arm's length parties and \$14,200 was paid to arm's length consultants.

(4) Development efforts to date have included: (i) the creation of a target product profile for the proposed use of the Dosing Strategies for various indications; (ii) discussions with prospective manufacturing partners for different components of Entheon's DMT Delivery System and related monitoring devices; (iii) the integration into the DMT Protocol of environmental factors and other aspects of "set and setting" (being the physical and social environment in which a user has a psychedelic drug experience); (iv) consultation with experts in psychiatric protocols to implement a safe and an appropriate therapeutic framework for administration of the Dosing Strategies; (v) the establishment of relationships with clinician networks for commercial deployment of the final DMT Protocol; and (vi) the creation of Entheon's product Investigator Brochure. Of the \$106,900 expended, \$13,350 was paid to Entheon's arm's length Science Advisors, \$17,200 was paid to non-arm's length parties and \$76,350 was paid to arm's length consultants.

(5) Because a deep understanding of the regulatory framework in multiple jurisdictions (FDA, EMA, and Health Canada) is necessary for efficiently obtaining drug product approvals, Entheon has engaged regulatory experts from its earliest stages in order to identify roadblocks and prepare itself to move efficiently through each regulatory system. Entheon has also expended financial resources on working with its Science Advisors to develop a specific regulatory strategy in the European Union. Lastly, Entheon has expended financial resources on the development of major regulatory documents including: (i) the Investigational Medicinal Product Dossier; (ii) the Investigator's Brochure; and (iii) the Drug Master File, all of which are explained in further detail under the heading "3. General Development of the Business – Summary of the Regulatory Approval Process" and all of which are currently under development by Entheon's expert consultants, advisors, and clinical partners as part of the lead-up to the Phase I Study. Of the \$48,400 expended, \$19,750 was paid to Entheon's arm's

length Science Advisors, \$14,900 was paid to non-arm's length parties and \$13,750 was paid to arm's length consultants.

⁽⁶⁾ Enttheon has expended financial resources of patent prospection including with respect to: (i) the filing of four provisional patent applications with the United State Patent and Trademark Office relating to Enttheon's Dosing Strategies and the DMT Delivery System (as discussed in further detail under the heading "Intellectual Property – Patents"); and (ii) the execution of associated contracts and the development of associated reports related to the conceptualization and legal protection of the Dosing Strategies and DMT Delivery System. Additionally, Enttheon has expended financial resources on portfolio development which consists of the exploration of new technologies using novel compounds and alternative methods of administration. \$68,386 was paid in legal fees to arm's length legal counsel.

Off-Balance Sheet Arrangements

As at August 31, 2020 and up to the current date, Enttheon had no off balance sheet arrangements.

Legal Proceedings

As at the date hereof, management was not aware of any legal proceedings involving Enttheon.

Outstanding Share Data

As at August 31, 2020 and the date of this MD&A, Enttheon has the following outstanding securities:

- (i) Enttheon Shares: 29,845,805
- (ii) Warrants: 4,362,902
- (iii) Stock options: Nil

Contingent Liabilities

As at August 31, 2020 and up to the current date management was not aware of any outstanding contingent liabilities relating to Enttheon's activities.

RISK FACTORS

Limited operating history

The business of Enttheon began in June 2019 and has yet to generate any revenue. Enttheon is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Enttheon will ever be able to generate revenue or will be successful in achieving a return on shareholders' investment. Enttheon's ultimate success will depend on its operating ability and ability to generate cash flow from sales of its products in the future. Investors should consider Enttheon's likelihood of success in light of the early stage of operations.

Risks related to adverse and uncontrollable clinical results

Enttheon is developing the DMT Products to treat patients who have substance use disorders and any unfavourable or adverse effects that occur in its clinical trials could negatively impact the business of Enttheon even if such adverse effects are not shown to be related to Enttheon's DMT Products. It is Enttheon's intention to continue to develop the DMT Products focused on substance use disorders and addiction. Patients suffering from these disorders may be extremely sick and may have a high

likelihood of experiencing adverse outcomes, including death, as a result of their disorder or due to other significant risks including relapse of their underlying addictions.

As a result, it is possible that Entheon will observe severe adverse outcomes during its clinical trials, including patient death, unrelated to Entheon's DMT Products and DMT Protocol. If a significant number of study subject deaths were to occur, regardless of whether such deaths are attributable to one of Entheon's DMT Products, its ability to obtain regulatory approval and/or achieve commercial acceptance for the related drug may be adversely impacted and its business could be materially harmed. In addition, other setbacks may occur which would require Entheon to conduct additional preclinical studies both invitro and invivo and/or additional clinical trials.

Entheon will require substantial additional funding, which may not be available to it on acceptable terms, or at all, and, if not so available, may require Entheon to delay, limit, reduce or cease its operations

Entheon has used the proceeds from its previous equity offerings, and Entheon intends to use the proceeds from any possible future offerings, to, among other uses, advance its psychedelic therapeutic solution portfolio through clinical development, advancing the remainder of the existing portfolio through preclinical studies and into IND's or their equivalent, and sponsoring research with its development partners. Developing pharmaceutical solutions, including conducting preclinical studies both invitro and invivo and clinical trials, is expensive. Entheon will require substantial additional future capital in order to complete clinical development and commercialize its DMT Solutions.

Entheon will continue to require substantial additional capital to continue its clinical development and commercialization activities. Because successful development of its DMT Solutions is uncertain, Entheon is unable to estimate the actual amount of funding it will require to complete research and development and commercialize its products under development.

The amount and timing of Entheon's future funding requirements will depend on many factors, including but not limited to:

- whether its updated plan for clinical trials will be completed on a timely basis and, if completed, whether Entheon will be able to publicly announce results from its clinical trials in accordance with its announced milestones;
- whether Entheon is successful in obtaining the benefits of Health Canada's, EMA's and FDA's expedited development and review programs related to its DMT Solutions;
- whether Entheon is successful in obtaining interest for possible co-development and licensing out partners;
- the progress, costs, results of and timing of its clinical trials and also of its preclinical studies;
- the outcome, costs and timing of seeking and obtaining Health Canada, EMA, FDA and any other regulatory approvals;
- the costs associated with securing and establishing commercialization and manufacturing capabilities;
- market acceptance of its DMT Solutions;
- the costs of acquiring, licensing or investing in businesses, products, psychedelic therapeutic solutions and technologies;
- its ability to maintain, expand and enforce the scope of its intellectual property portfolio, including the amount and timing of any payments Entheon may be required to make, or that it may receive, in connection with the licensing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- its need and ability to hire additional management and scientific and medical personnel;
- the effect of competing psychedelic therapeutic solutions;

- its need to implement additional internal systems and infrastructure, including financial and reporting systems;
- research grant terms that change over time or whose terms Entheon is unable to meet;
- grants that Entheon relied upon are not funded for any reason;
- its ability to attract and retain competent staff;
- changes in the political and economic environment in the jurisdictions in which Entheon operates, including adverse economic circumstances beyond COVID-19;
- the duration and effects of COVID-19 on Entheon's personnel, business, operations and financial condition;
- the duration and effects of COVID-19 on the personnel, business, operations and financial condition of Entheon's research partners and suppliers;
- unforeseen safety hazards associated with the DMT Solutions Entheon develops; and
- the economic and other terms, timing of and success of any collaboration, licensing or other transactions into which Entheon may enter in the future.

Some of these factors are outside of Entheon's control. Entheon does not believe that its existing capital resources are sufficient to enable Entheon to complete the development and commercialization of its DMT Solutions. Accordingly, Entheon expects that it will need to raise additional funds in the future.

Entheon may seek additional funding through a combination of equity offerings, debt financings, government or other third-party funding, commercialization, marketing and distribution transactions and other collaborations, strategic alliances and licensing transactions. Additional funding may not be available to Entheon on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of Entheon securityholders. In addition, the issuance of additional Common Shares, or the possibility of such issuance, may cause the market price of the Common Shares to decline. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities.

If Entheon is unable to obtain funding on a timely basis, it may be required to significantly curtail one or more of its research or development programs and/or incur financial penalties. Entheon also could be required to seek funds through transactions with collaborative partners or otherwise that may require Entheon to relinquish rights to some of its technologies or psychedelic therapeutic solutions or otherwise agree to terms unfavourable to Entheon.

Possible increase in costs beyond what is currently expected as a result of regulatory review

If Health Canada, the FDA, or the EMA requires that Entheon perform additional nonclinical studies or clinical trials, or if Entheon determines that additional clinical trials are required for its DMT Products, its expenses would further increase beyond what is currently expected and the anticipated timing of any potential approval of its DMT Products or licensing out agreement would likely be delayed. Further, there can be no assurance that the costs Entheon will need to incur to obtain regulatory approval of its DMT Products will not increase.

Entheon, has a limited operating history and expects a number of factors to cause its operating results to fluctuate on an annual basis, which may make it difficult to predict the future performance of Entheon

Entheon is a research and development biomedical company with a limited operating history. Entheon's operations to date have been focused on developing its Dosing Strategies, conducting in-house research, preparing proprietary dose forms of psychedelic molecules into an FDA, EMA and Health Canada approval model for eventual development of authorized Dosing Strategies for future

use in clinical trials, developing clinical trials protocols, and establishing key relationships. Entheon has yet to commence clinical trials for the psychedelic therapeutic solutions in its pipeline and has yet to receive approvals from regulatory agencies.

Consequently, any predictions made about Entheon's future success or viability may not be as accurate as they could be if Entheon had a longer operating history or approved products on the market. Entheon's operating results are expected to significantly fluctuate from quarter-to-quarter or year-to-year due to a variety of factors, many of which are beyond its control. Factors relating to Entheon's business that may contribute to these fluctuations include:

- any delays in regulatory review and approval of its DMT Products in clinical development, including its ability to receive approval from Health Canada, the FDA or the EMA for its Dosing Strategies in clinical trials;
- delays in the commencement, enrolment and timing of preclinical and clinical trials;
- difficulties in identifying patients suffering from its target indications;
- the success of its clinical trials through all phases of clinical development;
- potential side effects of its DMT Products that could delay or prevent approval or license-out agreements or cause an approved solutions to be taken off the market;
- its ability to obtain additional funding to develop its DMT Solutions;
- its ability to attract and retain talented and experienced people;
- competition from existing products or new products that continue to emerge;
- the ability of patients or healthcare providers to obtain coverage or sufficient reimbursement for its products;
- its ability to adhere to clinical trial requirements directly or with third parties such as CROs;
- its dependency on third-party manufacturers to manufacture products and key ingredients;
- its ability to establish or maintain collaborations, licensing or other transactions;
- its ability to defend against any challenges to its intellectual property including, claims of patent infringement;
- its ability to enforce its intellectual property rights against potential competitors;
- its ability to secure additional intellectual property protection for its developing DMT Solutions and associated technologies;
- its ability to attract and retain key personnel to manage its business effectively;
- a biological or chemical effect that Entheon does not predict;
- adverse economic circumstances;
- potential liability claims; and
- the duration and effects of COVID-19 on Entheon's personnel, business, operations and financial condition.

Accordingly, the results of any historical quarterly or annual periods should not be relied upon as indications of future operating performance.

Entheon is preparing to conduct important preclinical and clinical trials in Europe. The risks associated with conducting research and clinical trials abroad could materially adversely affect Entheon's business. Currently, clinical trials are planned at the Centre for Human Drug Research in Leiden, the Netherlands. Additional sites in Europe and elsewhere are currently being evaluated for preclinical trials and subsequent studies.

Risks of operating in European countries

Entheon is subject to additional risks related to operating in countries in Europe including:

- differing regulatory requirements in Europe;
- unexpected changes in price and exchange controls and other regulatory requirements;

- increased difficulties in managing the logistics and transportation of collecting and shipping patient material;
- import and export requirements and restrictions;
- compliance with tax, employment, immigration and labour laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses, and other obligations incident to doing business in another country;
- difficulties staffing and managing foreign operations;
- potential liability under the *Corruption of Foreign Public Officials Act* or comparable foreign regulations;
- challenges enforcing its contractual and intellectual property rights, especially in those European countries that do not respect and protect intellectual property rights to the same extent as Canada or the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism.

These and other risks associated with Entheon's international operations may materially adversely affect its ability to attain or maintain profitable operations.

Entheon has never been profitable, it has no products approved for commercial sale, and to date it has not generated any revenue. As a result, Entheon's ability to reduce its losses and reach profitability is unproven, and thus, Entheon may never achieve or sustain profitability.

Entheon has never been profitable and does not expect to be profitable in the foreseeable future. Entheon has not yet submitted any psychedelic therapeutic solutions for approval by regulatory authorities in Canada, the European Union, the United States or elsewhere. For the year ended November 30, 2019, Entheon's subsidiary, Entheon Holdings, incurred a net loss of \$278,028. For the nine months ended August 31, 2020, Entheon Holdings incurred a net loss of \$1,061,062.

To date, Entheon has devoted most of its financial resources to research and development, including drug discovery research, preclinical development activities and clinical trial preparation, as well as corporate overhead. Entheon has not generated any revenues from product sales. Entheon expects to continue to incur losses for the foreseeable future, and expects these losses to increase as Entheon continues its development of, and seek regulatory approvals for its DMT Solutions, prepare for and begin the commercialization of any approved solutions and add infrastructure and personnel to support its continuing product development efforts. Entheon anticipates that any such losses could be significant for the next several years. If its DMT Products fail in clinical trials or do not gain regulatory approval, or if its DMT Solutions do not achieve market acceptance, Entheon may never become profitable. As a result of the foregoing, Entheon expects to continue to experience net losses and negative cash flows for the foreseeable future. These net losses and negative cash flows have had, and will continue to have, an adverse effect on Entheon's stockholders' equity and working capital.

Because of the numerous risks and uncertainties associated with pharmaceutical solution development, Entheon is unable to accurately predict the timing or amount of increased expenses or when, or if, Entheon will be able to achieve profitability. In addition, Entheon's expenses could increase if it is required by Health Canada, the FDA or the EMA to perform studies or trials in addition to those currently expected, or if there are any delays in completing its clinical trials or the development of any of its DMT Solutions. The amount of future net losses will depend, in part, on the rate of future growth of its expenses and its ability to generate revenues.

There are limited suppliers for API used in Entheon's DMT Products. Problems with the third parties that manufacture the API used in its DMT Products may delay its clinical trials or subject Entheon to liability

Entheon does not currently own or operate manufacturing facilities for clinical or commercial production of the API used in any of Entheon's DMT Products. Entheon has no experience in API manufacturing, and it lacks the resources and the capability to manufacture any of the APIs used in its DMT Products, on either a clinical or commercial scale. As a result, Entheon relies on third parties to supply the API used in each of its DMT Products. Entheon expects to continue to depend on third parties to supply the API for its current and future solution candidates and to supply the API in commercial quantities, in the foreseeable future. Entheon is ultimately responsible for confirming that the APIs used in its Products are manufactured in accordance with applicable regulations.

Entheon's third-party suppliers may not carry out their contractual obligations or meet its deadlines. In addition, the API they supply to Entheon may not meet its specifications and quality policies and procedures or they may not be able to supply the API in commercial quantities. If Entheon needs to find alternative suppliers of the API used in any of its DMT Products, it may not be able to contract for such supplies on acceptable terms, if at all. Any such failure to supply or delay caused by such contract manufacturers would have an adverse effect on Entheon's ability to continue clinical development of its DMT Products or commercialization of its DMT Solutions.

If its third-party drug suppliers fail to achieve and maintain high manufacturing standards in compliance with current good manufacturing practices regulations, Entheon could be subject to certain product liability claims in the event such failure to comply resulted in defective products that caused injury or harm.

Entheon cannot be certain that any of its DMT Solutions will receive regulatory approval, and without regulatory approval Entheon will not be able to market such solutions

Entheon's business currently depends on the successful development and commercialization of its DMT Solutions. As discussed in further detail under the heading "*Narrative Description of the Business – Regulatory Regimes*" Entheon anticipates that DMT will be subject to extensive and rigorous regulation by Health Canada, the FDA and the EMA. Health Canada, the FDA and the EMA regulate the development, testing, manufacturing, labeling, storage, recordkeeping, promotion, marketing, distribution, and service of medical products in Canada, the United States and the European Union respectively, to ensure that such medical products distributed are safe and effective for their intended use. Entheon's ability to generate revenue related to solution sales, if ever, will depend on the successful development and regulatory approval of its DMT Solutions. The process of getting regulatory approval is both time consuming and costly and Entheon's ability to satisfactorily navigate this process will have a material impact on its business and prospects. Additionally, the receipt of regulatory approval may be impacted by the delays, risks, and related costs implications discussed under the heading "*Expected Changes*" and there is no certainty that Entheon will ever receive regulatory approval. If Entheon does obtain such approvals, Entheon will continue to be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of Entheon. Entheon cannot predict the time required to secure all appropriate regulatory approvals for its protocols, or the extent of testing and documentation that may be required by Governmental Authorities. Any delays in obtaining, or failure to obtain the necessary regulatory approvals will significantly delay the development of Entheon's protocols and could have a material adverse effect on the business, results of operations and financial condition of Entheon. Additionally, to the extent any further approvals, permits or licenses are required and not obtained, Entheon may be prevented from operating and/or expanding its business, which could have a material adverse effect on Entheon's

business, financial condition and results of operations. If Entheon is unable to obtain approval from Health Canada, the FDA, the EMA, or other regulatory agencies, for any of its DMT Solutions, or if, subsequent to approval, Entheon is unable to successfully commercialize its DMT Solutions, it will not be able to generate sufficient revenue to become profitable or to continue its operations.

Delays in the commencement, enrolment and completion of clinical trials could result in increased costs to Entheon and delay or limit Entheon's ability to obtain regulatory approval for any of its DMT Solutions

Delays in the commencement, enrolment and completion of preclinical and clinical trials could increase Entheon's solution development costs or limit the regulatory approval of its DMT Solutions. Entheon does not know whether any future trials or studies of its other psychedelic therapeutic solutions will begin on time or will be completed on schedule, if at all. The start or end of a clinical study is often delayed or halted due to changing regulatory requirements, manufacturing challenges, including delays or shortages in available product, required clinical trial administrative actions, slower than anticipated patient enrolment, changing standards of care, availability or prevalence of use of a comparative product or required prior therapy, clinical outcomes or financial constraints. For instance, delays or difficulties in patient enrolment or difficulties in retaining trial participants can result in increased costs, longer development times or termination of a clinical trial. Clinical trials of a new solution can require the enrolment of a sufficient number of patients, including patients who are suffering from the disorder the solution is intended to treat and who meet other eligibility criteria. Rates of patient enrolment are affected by many factors, including the size of the patient population, the eligibility criteria for the clinical trial, that include the age and condition of the patients and the stage and severity of disorder, the nature of the protocol, the proximity of patients to clinical sites and the availability of effective treatments and/or availability of investigational treatment options for the relevant disorder. Additionally, delays in the commencement, enrolment and completion of preclinical and clinical trials could result from the duration and impact of COVID-19.

A psychedelic therapeutic solution can unexpectedly fail at any stage of preclinical and clinical development. The historical failure rate for psychedelic therapeutic solutions is high due to scientific feasibility, safety, efficacy, changing standards of medical care and other variables. The results from preclinical testing or early clinical trials of a psychedelic therapeutic solution may not predict the results that will be obtained in later phase clinical trials of the psychedelic therapeutic solution. Health Canada, the EMA, the FDA or other applicable regulatory authorities may suspend clinical trials of a psychedelic therapeutic solution at any time for various reasons, including, but not limited to, a belief that subjects participating in such trials are being exposed to unacceptable health risks or adverse side effects, or other adverse initial experiences or findings. Entheon may not have the financial resources to continue development of, or to enter into collaborations for, a psychedelic therapeutic solution if Entheon experiences any problems or other unforeseen events that delay or prevent regulatory approval of, or its ability to commercialize, psychedelic therapeutic solutions, including:

- inability to obtain sufficient funds required for a clinical trial;
- inability to recruit and retain qualified personnel;
- inability to reach agreements on acceptable terms with prospective CROs and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- negative or inconclusive results from its clinical trials or the clinical trials of others for psychedelic therapeutic solutions similar to its, leading to a decision or requirement to conduct additional preclinical testing or clinical trials or abandon a program;
- serious and unexpected drug-related side effects experienced by subjects in its clinical trials or by individuals using drugs similar to its DMT Products;
- conditions imposed by the EMA, Health Canada, the FDA or comparable foreign authorities regarding the scope or design of its clinical trials;

- delays in enrolling research subjects in clinical trials;
- high drop-out rates and high fail rates of research subjects;
- inadequate supply or quality of psychedelic therapeutic solution components or materials or other supplies necessary for the conduct of its clinical trials;
- greater than anticipated clinical trial costs;
- poor effectiveness of its DMT Products during clinical trials; or
- unfavourable FDA or other regulatory agency inspection and review of a clinical trial site or vendor.

Entheon has no sales, marketing or distribution experience and it will have to invest significant resources to develop those capabilities or enter into acceptable third-party sales and marketing transactions

Entheon has no sales, marketing or distribution experience. To develop sales, distribution and marketing capabilities, Entheon will have to invest significant amounts of financial and management resources, some of which will need to be committed prior to any confirmation that its DMT Solutions will be approved by Health Canada, the FDA or the EMA. For psychedelic therapeutic solutions where Entheon decides to perform sales, marketing and distribution functions itself or through third parties, it could face a number of additional risks, including that Entheon or its third-party sales collaborators may not be able to build and maintain an effective marketing or sales force. If Entheon uses third parties to market and sell its solutions, it may have limited or no control over their sales, marketing and distribution activities on which its future revenues may depend.

Entheon may not be successful in establishing and maintaining development and commercialization collaborations, which could adversely affect its ability to develop its DMT Solutions and its financial condition and operating results

Because developing psychedelic therapeutic solutions, conducting clinical trials, obtaining regulatory approval, establishing manufacturing capabilities and marketing approved solutions are expensive, Entheon may seek to enter into collaborations with companies that have more experience. Additionally, if any of its DMT Solutions receives marketing approval, Entheon may enter into licensing out agreements or sales and marketing transactions with third parties with respect to its unlicensed territories. If Entheon is unable to enter into transactions on acceptable terms, if at all, it may be unable to effectively market and sell its solutions in its target markets. Entheon expects to face competition in seeking appropriate collaborators. Moreover, collaboration transactions are complex and time consuming to negotiate, document and implement and they may require substantial resources to maintain. Entheon may not be successful in its efforts to establish and implement collaborations or other alternative transactions for the development of its DMT Solutions.

When Entheon collaborates with a third party for development and commercialization of a psychedelic therapeutic solution or collaboration in making grant applications, it can expect to relinquish some or all of the control over the future success of that psychedelic therapeutic solution to the third party. One or more of its collaboration partners may not devote sufficient resources to the commercialization of its DMT Solutions or may otherwise fail in their commercialization. The terms of any collaboration or other transaction that Entheon establishes may contain provisions that are not favourable to Entheon. In addition, any collaboration that Entheon enters into may be unsuccessful in the development and commercialization of its DMT Solutions. In some cases, Entheon may be responsible for continuing preclinical and initial clinical development of a psychedelic therapeutic solution or research program under a collaboration transaction, and the payment Entheon receives from its collaboration partner may be insufficient to cover the cost of this development. If Entheon is unable to reach agreements with suitable collaborators for its DMT Solutions, it would face increased costs, it may be forced to limit the number of its DMT Solutions it can commercially develop or the territories in which it can market

them. As a result, Entheon might fail to commercialize solutions for which a suitable collaborator cannot be found. If Entheon fail to achieve successful collaborations, its operating results and financial condition could be materially and adversely affected.

Entheon may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights

Entheon may from time to time seek to enforce its intellectual property rights against infringers when it determines that a successful outcome is probable and may lead to an increase in the value of the intellectual property. If Entheon chooses to enforce its patent rights against a party, then that individual or company has the right to ask the court to rule that such patents are invalid or should not be enforced. Additionally, the validity of its patents and the patents it has licensed may be challenged if a petition for post grant proceedings such as inter-partes review and post grant review is filed within the statutorily applicable time with the Canadian Intellectual Property Office, the United States Patent and Trademark Office or the European Patent Office. These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of managerial and scientific personnel even if Entheon were successful in stopping the infringement of such patents. In addition, there is a risk that the court will decide that such patents are not valid and that Entheon does not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of such patents is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe its intellectual property rights.

If Entheon is not able to adequately prevent disclosure of trade secrets and other proprietary information, the value of its psychedelic therapeutic solutions could be significantly diminished

Entheon relies on trade secrets to protect its proprietary information, especially where it does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Entheon relies in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect its trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover its trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of its proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect its competitive business position.

Entheon will need to expand its operations and increase the size of its company, and it may experience difficulties in managing growth

As of the date hereof, Entheon has 3 full-time employees and 16 consultants and part-time contractors. As Entheon advances its DMT Products through preclinical studies and clinical trials, Entheon will need to increase its product development, scientific and administrative headcount to manage these programs. In addition, to meet its obligations as a public company, Entheon may need to increase its general and administrative capabilities. Entheon's management, personnel and systems currently in place may not be adequate to support this future growth. If Entheon is unable to successfully manage this growth and increased complexity of operations, our business may be adversely affected.

Entheon may not be able to manage its business effectively if it is unable to attract and retain key personnel and consultants

Entheon may not be able to attract or retain qualified management, finance, scientific and clinical personnel and consultants due to the intense competition for qualified personnel and consultants among biotechnology, pharmaceutical and other businesses. If Entheon is not able to attract and retain necessary personnel and consultants to accomplish its business objectives, it may experience constraints that will significantly impede the achievement of its development objectives, its ability to raise additional capital and its ability to implement its business strategy.

Entheon is highly dependent on the development, regulatory, commercialization and business development expertise of its management team, key advisors and consultants. If Entheon loses one or more of its executive officers or key advisors or consultants, its ability to implement its business strategy successfully could be seriously harmed. Any of its executive officers or key advisors or consultants may terminate their engagement at any time. Replacing executive officers, key advisors and consultants may be difficult and may take an extended period of time because of the limited number of individuals in Entheon's industry. Competition to hire and retain employees and consultants from this limited pool is intense, and Entheon may be unable to hire, train, retain or motivate these additional key personnel and consultants. Entheon's failure to retain key personnel or consultants could materially harm its business.

In addition, Entheon has scientific and clinical advisors and consultants who assist Entheon in formulating its research, development and clinical strategies. These advisors are not its employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to Entheon. Although Entheon's current scientific and clinical advisors have entered into non-compete agreements which apply during the course of engagement and within the 12 months following the termination of the engagement, future advisors may not. If a conflict of interest arises between their work for Entheon and their work for another entity, Entheon may lose their services. In addition, future advisors may have transactions with other companies to assist those companies in developing products or technologies that may compete with those of Entheon.

Insurance and uninsured risks

Entheon's business is subject to a number of risks and hazards generally, including adverse clinical trial results, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Entheon's insurance will not cover all the potential risks associated with its operations. Entheon may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Entheon is not generally available on acceptable terms. Entheon might also become subject to liability for pollution or other hazards which may not be insured against or which Entheon may elect not to insure against because of premium costs or other reasons. Losses from these events or any significant uninsured liability may require Entheon to pay substantial amounts, which would adversely affect its financial position and results of operations.

Entheon may be materially adversely affected in the event of cyber-based attacks, network security breaches, service interruptions, or data corruption

Entheon relies on information technology to process and transmit sensitive electronic information and to manage or support a variety of business processes and activities. Entheon uses technology systems to record, process, and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal, and tax requirements. Entheon's

information technology systems, some of which are managed by third-parties, may be susceptible to damage, disruptions or shutdowns due to computer viruses, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, telecommunication failures, user errors or catastrophic events. Although Entheon has developed systems and processes that are designed to protect proprietary or confidential information and prevent data loss and other security breaches, such measures cannot provide absolute security. If its systems are breached or suffer severe damage, disruption or shutdown and Entheon is unable to effectively resolve the issues in a timely manner, its business and operating results may significantly suffer and it may be subject to litigation, government enforcement actions or potential liability. Security breaches could also cause Entheon to incur significant remediation costs, result in product development delays, disrupt key business operations, including development of its DMT Solutions, and divert attention of management and key information technology resources.

Internal controls

Effective internal controls are necessary for Entheon to provide reliable financial reports and to help prevent fraud. Although Entheon will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on Entheon under Canadian securities law, Entheon cannot be certain that such measures will ensure that Entheon will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Entheon's results of operations or cause it to fail to meet its reporting obligations. If Entheon or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Entheon's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

Management of Entheon will ensure the accounting cycle, payroll administration, operational activities, and financial reporting controls to assess internal control risks and to ensure proper internal control is in place. One of the deficiencies in internal control is the lack of segregation of accounting duties due to the limited size of Entheon. However, the threat of this deficiency is considered immaterial as management has taken effective measures to mitigate this weakness.

The potential risk that flows from the identified deficiencies and weaknesses is the risk of potential fraud. However, the risk of fraud is considered low as management anticipates taking a number of measures as stated above to mitigate the potential risk of fraud, including without limitation: (i) all purchase and payment, including payroll, must be authorized by management; (ii) all capital expenditures must be preapproved by the Entheon Board; (iii) all source documents in any other language other than English must be translated and scanned for accounting entries and recordkeeping purposes; (iv) and almost all of Entheon's cash will be deposited with a Canadian bank in Vancouver, Canada. Bank statements of Entheon will be reviewed by the CFO of Entheon regularly.

The Entheon Board will continue to monitor the operations of Entheon, evaluate the internal controls, and develop measures in the future to mitigate any potential risks and weaknesses.

Litigation

Entheon may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Entheon becomes involved be determined against Entheon such a decision could adversely affect Entheon's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if Entheon is involved in litigation and wins, litigation can redirect significant company resources.

Conflicts of interest

Certain of the directors and officers of Entheon are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of Entheon may become subject to conflicts of interest. The CBCA provides that in the event that a director or senior officer has a material interest in a transaction or agreement or proposed transaction or agreement that is material to an issuer, the director or senior officer must disclose his interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA. To the management of Entheon's knowledge, as at the date hereof there are no existing conflicts of interest between Entheon and a director or officer of Entheon except as otherwise disclosed in this Listing Statement.

Impact of COVID-19

Entheon's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak of a global health emergency and on March 13, 2020 the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and China. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, Entheon cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Entheon is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic. Entheon may face disruption to restrictions on operations, delays and uncertainties to planned clinical trials, travel restrictions, impact on personnel and the impact on the economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health care challenge for Entheon. There can be no assurance that Entheon's personnel will not be impacted by this pandemic and ultimately that Entheon would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. Depending on the length and severity of the pandemic, COVID-19 could impact Entheon's operations, could cause delays relating to pre-clinical and clinical trials and receipt of approval from Health Canada, the FDA and/or the EMA, could postpone research activities, and could impair Entheon's ability to raise funds depending on COVID-19's effect on capital markets. The duration of the COVID-19 pandemic outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on Entheon's operations and access to capital. There can be no assurance that Entheon will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets, share prices and financial liquidity and thereby that may severely limit the financing capital available. Finally, the duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Entheon in future periods.

SCHEDULE "G"

Pro Forma Financial Statements of Enttheon

MPV EXPLORATION INC.

**Pro-forma Consolidated Statement of Financial Position
(Prepared by Management)
(Expressed in Canadian dollars)
(Unaudited)**

August 31, 2020

MPV EXPLORATION INC.**UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT August 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

	MPV Exploration Inc. as at June 30, 2020	Entheon Biomedical Corp. as at August 31, 2020	Notes	Pro-forma Adjustments	Pro forma Consolidated
ASSETS	\$	\$		\$	\$
Current assets					
Cash	1,067,411	1,840,612	3(a) (b)	1,869,870	4,777,893
Receivables	32,337	26,572		-	58,909
Prepaid expenses and other	11,693	5,619		-	17,312
Investments	-	52,077		-	52,077
	<u>1,111,441</u>	<u>1,924,880</u>		<u>1,869,870</u>	<u>4,906,191</u>
Non-current					
Property and equipment	-	10,982		-	10,982
Exploration and evaluation assets	278,000	-	3(b)	(278,000)	-
Investments	-	100,532		-	100,532
	<u>278,000</u>	<u>111,514</u>		<u>(278,000)</u>	<u>111,514</u>
	<u>1,389,441</u>	<u>2,036,394</u>		<u>1,591,870</u>	<u>5,017,705</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	<u>17,916</u>	<u>44,115</u>		<u>-</u>	<u>62,031</u>
	17,916	44,115		-	62,031
SHAREHOLDERS' EQUITY					
Share Capital	2,284,070	3,357,741	3 (a) (b)	1,493,566	7,135,377
Reserves	275,869	3,628	3 (a) (b)	1,288,732	1,568,229
Deficit	<u>(1,188,414)</u>	<u>(1,369,090)</u>	3(b)	<u>(1,190,428)</u>	<u>(3,747,932)</u>
	<u>1,371,525</u>	<u>1,992,279</u>		<u>1,591,870</u>	<u>4,955,674</u>
	<u>1,389,441</u>	<u>2,036,394</u>		<u>1,591,870</u>	<u>5,017,705</u>

The accompanying notes are an integral part of this unaudited pro-forma consolidated statement of financial position.

MPV EXPLORATION INC.

NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT August 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

1. PROPOSED TRANSACTIONS

About MPV Exploration Inc.

MPV Exploration Inc. (the "**Company**") was incorporated under the Business Canadian Corporations Act on April 6, 2010. The address of the Company's head and registered office is 1080, Cote du Beaver Hall, Suite 1606, Montreal, Quebec, H2Z 1S8.

The Company is a mining exploration company exploring for minerals in Canada.

About Entheon Biomedical Corp.

Entheon Biomedical Corp. ("**Entheon**") was incorporated on June 17, 2019 in British Columbia under the Business Corporations Act. The address of the Company's corporate office and its principal place of business is 211-3030 Lincoln Avenue, Coquitlam, British Columbia, Canada, V3B 6B4.

Entheon's primary business is the research and development of psychedelic compounds with the aim to commercialize a portfolio of entheogen based therapeutic products for the treatment of addictive disorders.

The Transaction

Definitive Agreement

The Company intends to acquire all of the issued and outstanding shares of Entheon pursuant to a three-cornered amalgamation in accordance with Section 269 of the Business Corporations Act (British Columbia) (the "**Transaction**") by way of a definitive agreement (the "**Definitive Agreement**").

Pursuant to the Definitive Agreement, the Company will complete a consolidation of its issued and outstanding common shares (the "**Consolidation**") on the basis of one post-consolidation common share (the "**Company Shares**") for every three (3) outstanding common shares in the capital of the Company. Following the Consolidation, each of the shareholders of Entheon (the "**Entheon Shareholders**") will receive one (1) Company Share in exchange for each share held in the capital of Entheon (the "**Exchange Ratio**") and holders of convertible securities in Entheon will receive Company Shares, subject to the Exchange Ratio, in lieu of Entheon Shares that such holder is entitled to receive upon conversion of the Entheon convertible security.

As a condition to the completion of the Transaction, the Company must complete a private placement financing as detailed below (the "**Concurrent Financing**"). Upon completion of the Transaction, the Company will change its name to "Entheon Biomedical Corp." or such other similar name as the parties may agree to (the "Name Change").

Following completion of the Transaction, the Company will be carrying on the business of Entheon, which will be the research and development of psychedelic drug products for the purposes of treating addiction and mental health issues. Entheon intends to conduct clinical trials and submit drug products for regulatory approval in multiple jurisdictions.

The Transaction will be structured as a three-cornered amalgamation in accordance with Section 269 of the Business Corporations Act (British Columbia) in which Entheon will amalgamate with 1254912 B.C. Inc., a newly incorporated, wholly-owned subsidiary of the Company ("**Subco**"), formed solely for the purpose of conducting the Concurrent Financing and facilitating the Transaction. Following the Transaction, the amalgamated company will be a wholly-owned subsidiary of the Company.

MPV EXPLORATION INC.

NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT August 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

1. PROPOSED TRANSACTIONS (continued)

The Definitive Agreement will be subject to certain customary conditions including approval by the shareholders of each of the Company and Entheon and various regulatory approvals including the approval of the CSE. The Definitive Agreement contains customary terms, conditions, conditions precedent and closing obligations for Transactions of this nature, including completion of the consolidation of the Company Common Shares.

In connection with the Transactions, the Company shall undertake a non-brokered private placement of subscription receipts of the Company ("**Subscription Receipts**"). The Company intends to raise an aggregate of proceeds in order to have a least \$2,000,000 in working capital (the "**Financing**"). Each Subscription Receipt will be deemed to be exchanged upon satisfaction of the Release Conditions (as defined below) without payment of any additional consideration, for one unit of Subco (each a "Unit"). Each Unit will be comprised of one Class A non-voting common share in the capital of Subco (each, a "Subco Class A Share") and one-half of one share purchase warrant of Subco (each whole warrant, a "Subco Warrant"), which entitles the holder thereof to purchase a Subco Class A Share at a price of C\$0.60 for a period of two years from the date the Subscription Receipts are converted into Units. Entheon, following completion of the Transaction, will use the net proceeds from the Concurrent Financing to carry out its preclinical and human proof of concept studies determining safety, tolerability and dose finding specific to Dimethyltryptamine in the treatment of addictive disorders and for general working capital purposes.

The gross proceeds of the Financing will be deposited in escrow on the closing date and shall be released to Subco upon MPV and Entheon having obtained the approval of the CSE and completion of certain other administrative matters (the "Release Conditions").

2. BASIS OF PRESENTATION

The unaudited pro-forma consolidated statement of financial position of the resulting issuer gives effect to the Transactions as described above. In substance, the Transaction involves Entheon shareholders obtaining control of the Company and accordingly the Transaction will be considered to be a reverse takeover transaction ("**RTO**"). As the Company does not meet the definition of a business under International Financial Reporting Standards ("**IFRS**"), the consolidated statement of financial position of the consolidated entity will represent the continuation of Entheon. The Transaction has been accounted for as a share-based payment by which Entheon acquired the net assets and listing status of the Company. Accordingly, the accompanying unaudited pro-forma consolidated statement of financial position of the resulting issuer has been prepared by management using the same accounting policies as described in the Company's audited consolidated financial statements for the year ended March 31, 2020 which are consistent with that of Entheon.

The unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the resulting issuer's consolidated financial position on closing of the Transactions had the Transactions closed on the dates assumed herein.

The unaudited pro-forma consolidated statement of financial position has been compiled from information derived from and should be read in conjunction with the following information, prepared in accordance with IFRS:

- The Company's audited financial statements for the years ended March 31, 2020 and 2019;
- The Company's unaudited interim financial statement for the three months ended June 30, 2020.
- Entheon's audited financial statements for the period from incorporation on June 17, 2019 to November 30, 2019;
- Entheon's unaudited interim financial statement for the nine months ended August 31, 2020.

MPV EXPLORATION INC.

NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT August 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated statement of financial position gives effect had the Transactions been completed on August 31, 2020. Consequential adjustments to the accumulated deficit are based on the transactions described below.

The unaudited pro-forma consolidated statement of financial position has been prepared based on the following assumptions:

- a) On September 3, 2020, in connection with the Transactions, the Company completed a non-brokered private placement of 4,117,886 subscription receipts of the Company at \$0.375 per unit for gross proceeds of \$1,544,207. Upon the satisfaction of certain release conditions, each subscription receipt will be exchanged for one Class A voting common share of the Company and one-half of one Class A voting common share purchase warrant, which entitles the holder thereof to purchase the common share of the Company at a price of \$0.60 per share for a period of two years. There was no carrying value allocated to the warrants based on the residual method.

In connection with the private placement, the Company paid cash finder's fees of \$41,737, issued an aggregate of 100,000 finders' units bearing the same terms as the units described above, and issued an aggregate of 211,297 broker warrants, which is exercisable to acquire one broker warrant unit at an exercise price of \$0.375 for a period of two years from the closing of the private placement. Each broker warrant unit is comprised of one common share and one half of one underlying broker warrant, which entitles the holder thereof to purchase a common share at a price of \$0.60 for a period of two years from the date the subscription receipts are converted into units. The finder's common shares granted were estimated to have a fair value of \$37,500. The finder's warrants granted were estimated to have a value of \$17,489 using the Black-Scholes option pricing model with the following weighted average assumptions: a 2 year expected life; share price of \$0.375; 125% volatility; risk free interest rate of 0.24%; and a dividend yield of 0%. The broker's warrants granted were estimated to have a value of \$79,280 using the Black-Scholes option pricing model with the following weighted average assumptions: a 2 year expected life; share price of \$0.375; 125% volatility; risk free interest rate of 0.24%; and a dividend yield of 0%.

- b) Pursuant to the terms of the Definitive Agreement, the Company will complete a consolidation of its issued and outstanding common shares on the basis of one post-Consolidation common share for every three (3) outstanding common shares in the capital of the Company. The resulting issuer will issue an aggregate of 29,845,805 of the Company post-consolidation Common Shares to the Entheon Shareholders.

As a result of the Transaction, the current shareholders of Entheon will acquire control of the resulting issuer and the Transaction as undertaken pursuant to the Definitive Agreement will be treated as an RTO transaction. The Transaction will be accounted for as an acquisition of the net assets and listing status of the Company by Entheon via a share-based payment. The excess of the estimated fair value of the equity instruments that the Company is deemed to have issued to acquire Entheon, plus the transaction costs (both the "**Consideration**") and the estimated fair value of the Company's net assets, will be recorded as the cost of obtaining the listing.

For the purposes of the pro-forma consolidated statement of financial position, management of the Company has estimated the fair value of the equity instruments deemed to be issued by the Company. The fair value of the Company post-consolidation common shares amounted to \$2,371,935 based on the proposed private placement as described in Note 3(a) above of \$0.375 per unit. The average fair value of the Company's warrants of \$0.32 per warrant was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 0.67 year expected life; share price of \$0.375; 168% volatility; risk free interest rate of 0.24%; and a dividend yield of 0%.

MPV EXPLORATION INC.**NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT August 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

On August 5, 2020 the Company entered into a binding agreement pursuant to which it agreed to sell all of its mineral resource properties for cash consideration of \$278,000. The sale has been closed in escrow, pending completion of the Transaction.

Prior to the close of the Transaction, 870,000 stock options of the Company will be exercised for cash proceeds of \$89,400 and 740,000 stock options of the Company will be cancelled. The fair value of \$63,844 related to the stock options exercised will be reclassified from contributed surplus to share capital.

The allocation of the Consideration for the purposes of the pro-forma consolidated statement of financial position is as follows:

Net assets acquired:

Current assets	\$ 1,478,841
Current liabilities assumed	(17,916)
Net assets acquired	<u>1,460,925</u>

Consideration given:

Value of common shares deemed to be issued by the Company	2,371,935
Warrants deemed to be issued by the Company	1,467,832
Legal and other transaction costs	41,171
	<u>\$3,880,938</u>

Total consideration	3,880,938
Total net assets acquired	<u>1,460,925</u>
Total listing transaction expense	<u>2,420,013</u>

There will be an elimination of the Company's pre-acquisition equity of \$ 1,460,925

MPV EXPLORATION INC.**NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT August 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

4. PRO-FORMA SHAREHOLDERS' EQUITY

As a result of the Transactions and the pro-forma assumptions and adjustments, the shareholders' equity of the resulting issuer as at August 31, 2020 is comprised of the following:

	Notes	Share Capital		Reserves (\$)	Deficit (\$)	Total (\$)
		Shares	Capital Stock (\$)			
Balance at August 31,		29,845,805	3,357,741	3,628	(1,369,090)	1,992,279
Entheon shares canceled in share exchange with shareholders in RTO	3(b)	(29,845,805)	(3,357,741)	-	-	(3,357,741)
Shares issued in share exchange with shareholders in RTO	3(b)	29,845,805	3,357,741	-	-	3,357,741
Shares, warrants, and stock options deemed to be issued in RTO	3(b)	6,325,160	2,371,935	1,467,832	-	3,839,767
Units issued for cash	3(a)	4,117,886	1,544,207	-	-	1,544,207
Finder's unit shares	3(a)	100,000	37,500	-	-	37,500
Finder's unit w arrants	3(a)	-	-	17,489	-	17,489
Broker w arrants	3(a)	-	-	79,280	-	79,280
Share issuance costs	3(a)	-	(176,006)	-	-	(176,006)
Listing expense		-	-	-	(2,378,842)	(2,378,842)
		40,388,851	7,135,377	1,568,229	(3,747,932)	4,955,674

5. INCOME TAXES

The effective income tax rate applicable to the consolidated operations is estimated to be 27%.