ENTHEON BIOMEDICAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended May 31, 2021 and 2020

(Expressed in Canadian Dollars)
(Unaudited)

ENTHEON BIOMEDICAL CORP.
Condensed Consolidated Interim Statements of Financial Position
Expressed in Canadian Dollars

	May 31, 2021 (Unaudited) $	November 30, 2020 (Audited) $
Assets		
Current assets		
Cash	4,107,042	2,787,006
Other receivables	78,894	76,433
Prepaid expenses	809,244	1,490,994
Investment in convertible notes (note 9)	-	50,000
	4,995,180	4,404,433
Non-current assets		
Equipment, net	5,726	6,309
Intangible asset, net (note 10, 11)	4,614,219	-
Investments (note 9)	474,860	62,330
	5,094,805	68,639
	10,089,985	4,473,072
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	105,672	728,192
Shareholders' equity		
Share capital (note 4)	17,891,525	7,146,773
Reserves (note 4)	2,049,924	1,257,626
Deficit	(9,957,136)	(4,659,519)
	9,984,313	3,744,880
	10,089,985	4,473,072

NATURE OF BUSINESS AND GOING CONCERN (note 1)
SUBSEQUENT EVENT (note 12)

Approved and authorized for issue on behalf of the Board on July 26, 2021:

"Timothy Ko", Director *"Ruth Chun"*, Director

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

ENTHEON BIOMEDICAL CORP.
Condensed Consolidated Interim Statements of Comprehensive Loss
Expressed in Canadian Dollars
(Unaudited)

	For the three months ended May 31, 2021	**For the three months ended May 31, 2020**	**For the six months ended May 31, 2021**	**For the six months ended May 31, 2020**
	$	**$**	**$**	**$**
Revenue				
Psychedelics genetic test	1,457	-	1,457	-
Operating expenses				
Research and development (note 5)	255,633	79,942	857,678	190,906
General and administrative (note 6)	1,127,096	280,157	2,778,901	514,662
Share-based compensation	535,865	-	1,359,841	-
Depreciation and amortization	175,346	1,039	264,639	1,417
	2,093,940	361,138	5,260,759	706,985
Other (income) expense				
Interest income	(4,066)	-	(4,915)	-
Loss on debt settlement (note 3)	-	-	-	23,000
Loss (gain) on investment settlement (note 9)	(7,021)	10,414	(327,021)	10,414
Unrealized loss on fair value adjustment (note 9)	332,584	-	370,251	-
	321,497	10,414	38,315	33,414
Net loss and comprehensive loss	(2,413,980)	(371,552)	(5,297,617)	(740,399)
Basic and diluted loss per share	$(0.04)	$(0.01)	$(0.10)	$(0.03)
Weighted average number of common shares outstanding	54,039,266	24,405,001	51,124,385	23,646,777

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

ENTHEON BIOMEDICAL CORP.
Condensed Consolidated Interim Statements of Changes in Equity
Expressed in Canadian Dollars
(Unaudited)

	Common Shares					
	Number of shares	**Amount**	**Subscriptions received**	**Reserves**	**Deficit**	**Total**
		$	$	$	$	$
Balance, November 30, 2019	20,820,001	316,574	-	3,628	(278,028)	42,174
Shares issued for cash, net of transaction costs	3,485,000	843,362	-	-	-	843,362
Shares issued for debt settlements	100,000	25,000	-	-	-	25,000
Share subscriptions received	-	-	782,907		-	782,907
Comprehensive loss for the period	-	-	-	-	(740,399)	(740,399)
Balance, May 31, 2020	24,405,001	1,184,936	782,907	3,628	(1,018,427)	953,044
Balance, November 30, 2020	40,388,852	7,146,773	-	1,257,626	(4,659,519)	3,744,880
Shares issued for cash, net of transaction costs	4,286,020	2,921,201	-	162,169	-	3,083,370
Shares issued for acquisition (Note 10)	5,100,000	4,488,000	-	-	-	4,488,000
Shares issued for services (Note 10)	900,000	738,000	-	-	-	738,000
Warrants exercised	3,364,394	2,597,551	-	(729,712)	-	1,867,839
Share-based compensation	-	-	-	1,359,841	-	1,359,841
Comprehensive loss for the period	-	-	-	-	(5,297,617)	(5,297,617)
Balance, May 31, 2021	54,039,266	17,891,525	-	2,049,924	(9,957,136)	9,984,313

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

ENTHEON BIOMEDICAL CORP.
Condensed Consolidated Interim Statements of Cash Flows
Expressed in Canadian Dollars
(Unaudited)

	For the six months ended May 31, 2021	For the six months ended May 31, 2020
	$	$
Cash provided by (used in):		
Operating activities		
Net loss for the period	(5,297,617)	(740,399)
Items not affecting cash:		
Depreciation and amortization	264,639	1,417
Loss (gain) on investment settlement	(327,021)	10,414
Loss on debt settlement	-	23,000
Share-based compensation	1,359,841	-
Unrealized loss on fair value adjustment in equity investment	370,251	-
Changes in non-cash working capital balance:		
Other receivables	9,221	(13,426)
Prepaid expenses	681,750	351
Accounts payable and accrued liabilities	(691,320)	80,753
Cash used in operating activities	(3,630,256)	(637,890)
Investing activities		
Cash acquired on acquisition	406,179	-
Proceeds from investment settlement	-	60,000
Purchase of investment in convertible notes	-	(198,000)
Purchase of equity investments	(405,760)	-
Purchase of equipment	(1,336)	(13,108)
Cash used in investing activities	(917)	(151,108)
Financing activities		
Proceeds from the exercise of warrants	1,867,839	-
Repayment of convertible notes payable	-	(3,029)
Proceeds from issuance of common shares, net	3,083,370	843,362
Proceeds from share subscriptions received	-	782,907
Cash provided by financing activities	4,951,209	1,623,240
Increase in cash	1,320,036	834,242
Cash, beginning of the period	2,787,006	112,655
Cash, end of the period	4,107,042	946,897
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of investment in convertible notes	50,000	-
Issuance of common stocks for debt settlements	-	25,000
Investments received for investment settlement	-	102,500
Shares issued for acquisition (note 10)	4,488,000	-
Shares issued for services (note 10)	738,000	-
Supplemental cash flow disclosures:		
Income taxes paid	-	-
Interest paid	-	-

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

1. NATURE OF BUSINESS AND GOING CONCERN

Entheon Biomedical Corp. (formerly MPV Exploration Inc.) (“Entheon”) or (“the Company”) was incorporated on April 6, 2010 under the Canadian Business Corporations Act and maintains its head office at Suite 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. The Company is traded on the Canadian Securities Exchange ("CSE") under symbol ENBI.

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.

On June 30, 2020, the Company entered into an amalgamation agreement, as amended on October 9, 2020 (the "Amalgamation Agreement") with the former Entheon Biomedical Corp. (“Former Entheon”) and 1254912 B.C. Ltd. (“Subco”), a wholly-owned subsidiary of the Company, whereby the Company acquired all of the issued and outstanding shares of Former Entheon pursuant to a three-cornered amalgamation (the "Transaction").

In connection with the Transaction and pursuant to the terms of the Amalgamation Agreement: (i) Subco completed a non-brokered private placement of 4,117,886 subscription receipts (“Subco Subscription Receipts”) at a price of $0.375 per Subco Subscription Receipt for gross proceeds of $1,544,207. The Company issued 100,000 subscription receipts to finders and paid share issuance costs of $47,830 in cash. The Company also issued 211,897 finder’s warrants with an exercise price of $0.375 expiring in two years. The fair value of the finder’s warrants totaled $79,281; (ii) the Company completed a name change from “MPV Exploration Inc.” to “Entheon Biomedical Corp.”; (iii) the Company completed a consolidation (the “Consolidation”) of its issued and outstanding common shares (“Common Shares”) on the basis of one post-Consolidation Common Share for every three pre-Consolidation Common Shares; and (iv) Former Entheon amalgamated with Subco under subsection 269 of the Business Corporations Act (British Columbia).

In accordance with the Amalgamation Agreement, the shareholders of Former Entheon (“Former Entheon Shareholders”) were issued one post-Consolidation Common Share for every one Former Entheon Share held immediately prior to the completion of the Transaction. The Company issued 34,063,692 of its common shares to acquire all of the 34,063,692 issued and outstanding shares of Former Entheon and the amalgamated entity changed its name to Entheon Holdings Corp. (“Entheon Holdings”). All 4,652,978 outstanding share purchase warrants of Former Entheon were adjusted such that, upon exercise or conversion, the holders will receive Common Shares (on a post Consolidation basis) in lieu of Former Entheon Shares, on a one-for-one basis.

1. NATURE OF BUSINESS AND GOING CONCERN, continued

For accounting purpose, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") as the Company did not constitute a business prior to the Transaction. As a result, the acquisition is accounted for in accordance with IFRS 2 *Share-based Payment* whereby Entheon Holdings is deemed to have issued shares and warrants in exchange for the net assets of the Company together with its listing status at the fair value of the consideration deemed received by Entheon Holdings. Entheon Holdings is deemed to be the continuing entity for accounting purposes.

In connection with the Transaction, the Company has assigned or disposed of all existing mineral resource properties, including the Company's rights under the option agreement dated March 31, 2017 between the Company and Les Ressources Tectonic Inc. as it relates to the UMEX project. In this regard, the Company 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 closed upon completion of the Transaction.

During the six months ended May 31, 2021, the Company acquired all common shares of HaluGen Life Science Inc. ("HaluGen") by issuing 5,100,000 common shares of the Company (note 10). The acquisition was closed on January 14, 2021 and HaluGen became a wholly-owned subsidiary of the Company.

These unaudited condensed consolidated 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 $9,957,136 as at May 31, 2021. 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.

The continuing operations of the Company are dependent upon its ability to generate net income, manage cash on hand by reducing costs and expenses, and to raise adequate financing. The March 2020 pandemic outbreak of COVID-19 could 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 consolidated 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 consolidated interim financial statements. These adjustments could be material.

These condensed consolidated interim financial statements were authorized for issue on July 26, 2021 by the directors of the Company.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 – *Interim Financial Reporting*.

Basis of measurement

These condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Foreign currency transactions

The functional currency for Entheon Biomedical Corp., the parent of the Company, and its wholly-owned subsidiaries including Entheon Holdings Corp. and HaluGen, is the 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 consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim 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.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE, continued

Significant estimates and assumptions, continued

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.

iv) The valuation of options and warrants requires estimation and assumptions for valuation techniques. Changes in such assumptions and estimates could materially impact the recorded amounts.

v) Amortization of intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of estimates. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Significant judgments

The preparation of these condensed consolidated 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 condensed consolidated interim 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.

ii) The determination of whether a business combination or an asset acquisition involves judgment regarding whether the acquiree meets the definition of business under IFRS 3.

(Expressed in Canadian dollars)

3. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel comprise the Company's Board of Directors and executive officers. Key management personnel compensation is comprised of the following:

Management fees	For the three months ended May 31, 2021	For the three months ended May 31, 2020	For the six months ended May 31, 2021	For the six months ended May 31, 2020
	$	$	$	$
Chief Executive Officer	33,000	22,500	68,000	37,000
Chief Financial Officer	27,923	13,000	55,000	22,000
Chief Science Officer and Director Operations	30,462	14,800	60,000	24,155
Chief Business Officer	29,538	-	29,538	-
Corporate Secretary	9,000	7,500	17,500	11,250
Directors	7,000	3,000	14,000	6,000
	136,923	60,800	244,038	100,405

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 4). A loss on debt settlement of $23,000 was recognized in the condensed consolidated interim statement of comprehensive loss for the six months ended May 31, 2020.

The Company had a credit facility agreement with a company controlled by the CEO and during the six months ended May 31, 2020, the Company repaid amount of $3,029 to the related party.

As at May 31, 2021, $nil (November 30, 2020 - $4,570) 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.

During the six months ended May 31, 2021, the Company granted 2,075,000 options to officers and directors, with either immediate vesting or graded vesting with 25% every 6 months (note 4). The share-based compensation for these related parties totaled $936,339 for the six months ended May 31, 2021.

4. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Issued and outstanding

As of May 31, 2021 there were 54,039,266 (November 30, 2020 - 40,388,852) common shares issued and outstanding.

During the six months ended May 31, 2021:

a) On December 23, 2020, the Company completed the first tranche of a non-brokered private placement financing for total gross proceeds of $3,174,374 (the "December 2020 Placement"). The Company allotted and issued 4,232,499 units (the "December Units") at a price of $0.75 per December Unit. Each December Unit is comprised of one common share of the Company and one-half of one non-transferable warrant of the Company. Each warrant entitles the holder to purchase one additional common share of the Company for a period of two (2) years at a price of $1.00 per share, subject to accelerated expiry. In the event that, after four months and one day from issuance, the Company's common share trade at a closing price at or greater than $1.50 per share for a period of 10 consecutive trading days, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof, and in such case, the warrants will expire on the 30th day after the date on which such notice is given by the Company (the "Acceleration Right"). There was no value allocated to the warrants based on the residual method. Additionally, in connection with the December 2020 Placement, the Company paid finder's fees totaling $126,367 and issued an aggregate 168,490 finder's warrants (the "Finder's Warrant") with a total fair value of $162,169 using the Black Scholes Option Pricing Model to arm's-length parties. Each Finder's Warrant is exercisable into one December Unit for a period of up to two years at a price of $0.75. The Company also paid other share issuance costs of $4,778 in cash.

b) On January 11, 2021, the Company closed the second tranche of the December 2020 Placement for additional proceeds of $40,141. Pursuant to this second trance, the Company issued 53,521 December Units, all of which are also subject to the Acceleration Right noted above. There was no value allocated to the warrants based on the residual method.

4. SHARE CAPITAL, continued

c) On January 14, 2021, the Company completed its acquisition of HaluGen (note 10). Pursuant to the share exchange agreement among the Company, HaluGen and the shareholders of HaluGen, the Company acquired all of the issued and outstanding shares in the capital of HaluGen in exchange for 5,100,000 of the Company's common shares which were issued to the shareholders of HaluGen at a fair value of $0.88 per share. The issued common shares of the Company are subject to contractual restrictions on transfer, with 25% released at closing of the acquisition, and 25% to be released on the dates that are 4, 8, and 12 months following the closing date of the acquisition, respectively.

d) On February 25, 2021, the Company allotted and issued 900,000 common shares to Lobo Genetics Inc. ("Lobo") for fulfilling its performance milestone in accordance with a product development agreement among the Company, HaluGen and Lobo. The common shares are subject to a hold period of four months and one day.

<u>During the six months ended May 31, 2020:</u>

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 and share issuance costs of $25,618. 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 3). A loss on debt settlement of $23,000 was recognized in the condensed consolidated interim statement of comprehensive loss for the period ended May 31, 2020.

(Expressed in Canadian dollars)

4. SHARE CAPITAL, continued

Stock options

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.

A continuity schedule of outstanding share purchase options is as follows:

	Number Outstanding	Weighted Average Exercise Price
		$
November 30, 2020	-	-
Issued	3,225,000	0.71
May 31, 2021	3,225,000	0.71

During the six months ended May 31, 2021, the Company granted options to purchase up to 3,225,000 common shares of the Company to certain officers, directors and consultants of the Company.

As of May 31, 2021, the Company had share purchase options outstanding and exercisable to acquire common shares of the Company as follows:

Grant Date	Expiry Date	Number of options	Exercisable	Exercise Price
December 3, 2020	December 3, 2025	3,175,000	450,000	$ 0.71
March 19, 2021	March 19, 2026	50,000	-	$ 0.71
		3,225,000	450,000	$ 0.71

(Expressed in Canadian dollars)

4. SHARE CAPITAL, continued

Stock options, continued

During the six months ended May 31, 2021, the weighted average fair value at grant date of the options granted was $0.73, using Black Scholes Option Pricing Model with the following assumptions:

On December 3, 2020, the Company issued 3,175,000 options to certain officers, directors and consultants. The fair value has been estimated using Black Scholes Option Pricing Model with the following assumptions (i) expected volatility of 125%, (ii) risk-free interest rate of 0.24%, (iii) dividend yield of 0%, (iv) stock price on grant date of $0.73, (v) exercise price of $0.71, (vi) forfeiture rate of 0%, and (vii) expected life of 5 years.

On March 19, 2021, the Company issued 50,000 options to a certain consultant. The fair value has been estimated using Black Scholes Option Pricing Model with the following assumptions (i) expected volatility of 120%, (ii) risk-free interest rate of 0.97%, (iii) dividend yield of 0%, (iv) stock price on grant date of $0.77, (v) exercise price of $0.71, (vi) forfeiture rate of 0%, and (vii) expected life of 5 years.

The share-based compensation for the six-month period ended May 31, 2021 totalled $1,359,841.

Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
		$
November 30, 2020	11,336,120	0.62
Issued	2,311,504	0.98
Exercised	(3,364,394)	0.56
Expired	(1,947,290)	0.89
May 31, 2021	8,335,940	0.68

During the six months ended May 31, 2021, there were 2,311,504 share purchase warrants issued, 3,364,394 share purchase warrants exercised, and 1,947,290 share purchase warrants expired.

(Expressed in Canadian dollars)

4. SHARE CAPITAL, continued

Share purchase warrants, continued

As of May 31, 2021, the Company had share purchase warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Number of convertible/ exchangeable securities outstanding	Number of listed securities issuable upon conversion/ exercise		Exercise Price
December 23, 2021	740,000	740,000	$	0.50
January 30, 2022	637,500	637,500		0.50
June 3, 2022	2,361,696	2,361,696		0.60
September 3, 2022	211,297	316,945		0.38
November 5, 2022	2,073,943	2,073,943		0.60
December 24, 2022	2,116,253	2,116,253		1.00
December 24, 2022	168,490	252,735		0.75
January 11, 2023	26,761	26,761		1.00
	8,335,940	8,525,833	$	0.68

5. RESEACH AND DEVELOPMENT EXPENSE

Research and development expenses consist of the following:

	For the three months ended May 31, 2021	For the three months ended May 31, 2020	For the six months ended May 31, 2021	For the six months ended May 31, 2020
	$	$	$	$
Clinical research and regulatory	74,770	-	296,408	-
Digital experience development	57,679	-	78,385	-
EEG project expansion	52,801	-	342,801	-
Management, consulting, payroll	68,198	74,897	136,465	185,480
Professional fees	2,185	5,045	3,319	5,426
	255,633	79,942	857,378	190,906

(Expressed in Canadian dollars)

6. GENERAL AND ADMINSTRATIVE EXPENSE

General and administrative expenses consist of the following:

	For the three months ended May 31, 2021	For the three months ended May 31, 2020	For the six months ended May 31, 2021	For the six months ended May 31, 2020
	$	$	$	$
Management, consulting, payroll	272,980	174,514	643,025	289,985
Marketing and travel	560,223	40,037	1,583,440	103,245
Professional fees	108,499	32,121	165,582	53,654
Office and miscellaneous	162,394	33,485	340,121	67,778
Transfer agent and filing fees	23,000	-	46,733	-
	1,127,096	280,157	2,778,901	514,662

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 common shares, sell assets, reduce debt or increase its debt. The capital of the Company comprises the shareholders' equity. The Company is not subject to any externally imposed capital requirements

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS

Fair Values and Classification

The Company's financial instruments consist of cash and cash equivalents, investment in convertible notes, investments in equity securities, 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	May 31, 2021	November 30, 2020
Cash	FVTPL	$ 4,107,042	$ 2,787,006
Investment in convertible notes	FVTPL	-	50,000
Investment in equity investments	FVTPL	474,860	62,330
Accounts payable	Amortized cost	105,672	728,192

IFRS 9 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 of $4,107,042 and investments in equity securities of public companies of $219,100 are recorded at fair value and classified as level 1. Investment in convertible notes and investment in some private company's equity of $255,760 are recorded at fair value and classified as level 3. 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, 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 May 31, 2021 and November 30, 2020, no amounts were held as collateral.

(Expressed in Canadian dollars)

8. 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 May 31, 2021, in the amount of $4,107,042 and working capital of $4,889,508 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 maturity profiles of the Company's contractual obligations and commitments as at May 31, 2021, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	$ 105,672	$ 105,672	$ -	$ -
Total	$ 105,672	$ 105,672	$ -	$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

<u>Financial instrument risk exposure, continued</u>

<u>Interest Rate Risk</u>

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 cash and cash equivalents.

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS, continued

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 exposed not exposed to any significant price risk.

9. INVESTMENTS

Continuity for the six months ended May 31, 2021 is as follows:

Investments Measured at FVTPL	Mydecine Innovation Group Inc. Common Shares (a)(e)	2756407 Ontario Inc. Convertible Note (b)	2756407 Ontario Inc. Common Shares (b) (c)	Global Health Clinics Ltd. Common Shares (b) (c)	Heading Health LLC Preferred Shares (d)	Total
Balance, November 30, 2020	$ 62,330	$ 50,000	$ -	$ -	$ -	$ 112,330
Addition	-	-	150,000	-	255,760	405,760
Settlement	-	(50,000)	50,000	-	-	-
Share exchange	-	-	(200,000)	200,000	-	-
Realized gain on instrument exchange	7,021	-	-	320,000	-	327,021
Fair value adjustment	2,792	-	-	(373,043)	-	(370,251)
Balance, May 31, 2021	$ 72,143	$ -	$ -	$ 146,957	$ 255,760	$ 474,860

(a) On May 31, 2021, Mydecine stock price was $0.33 per share. The fair value of the common shares was determined to be $72,143 based on market value and the Company recorded an unrealized gain of fair value adjustment of $2,792.

(b) On December 9, 2020, the Company elected to exercise its option to purchase up to 9.9% of the common shares of Wonder Scientific. The Company paid an aggregate purchase price of $150,000 to acquire 937,500 shares of Wonder Scientific at an option exercise price of $0.16 per common share.

9. INVESTMENTS, continued

(c) On December 10, 2020, the Company signed a share purchase agreement with Wonder Scientific, the security holders of Wonder Scientific (“Vendors”), and Global Health Clinics Ltd. (“Global Health”) whereby the Vendors shall sell, assign, and transfer to Global Health, and the Global Health shall purchase from the Vendors, all of the right, title, and interest in 100% of the issued and outstanding common shares of Wonder Scientific (“Purchased Shares”), free and clear of all adverse interests. Immediately prior to the acquisition closing, the Debentures will be converted to common shares and as such, the holders of the Debentures will be treated as holders of Purchased Shares for purposes of the acquisition closing. Upon closing the Company received 2,260,870 common shares of Global Health. Global Health operates a two-part system of customer lead generation and conversion, through its network of pavilions and the ownership and operation of five medical clinics that aim to connect Canadians with ACMPR license producers by advancing the understanding of medical cannabis and its applications, and the provision of related services and products for patients suffering from illness from which they may find relief with medical cannabis, including facilitating access to qualified health care practitioners, independent medical cannabis evaluations and related advice. Global Health is traded on the CSE under the trading symbol MJRX. On May 31, 2021, Global Health stock price was $0.065 per share. The fair value of the common shares was determined to be $146,957 based on market value and the Company recorded an unrealized loss of fair value adjustment of $373,043.

(d) On January 4, 2021, the Company entered into a business arrangement with, and made a strategic investment in, Heading Health, LLC ("Heading Health"), a psychiatric clinic platform focused on the administration of psychedelic-assisted therapy to treat mental health disorders. In connection therewith, the Company and Heading Health executed a Letter of Intent (the “Heading Health LOI”) where the Company participated in a Series A Preferred stock financing, investing USD$200,000 (Cdn$255,760) for a 5% stake in Heading Health. Under the terms of the investment, the Company has the option to increase its overall holdings to up to 10% of Heading Health in the subsequent round of financing. This investment into Heading Health provides the Company with exposure to the ketamine-assisted therapy space, including Spravato, an FDA approved Ketamine product that is eligible for insurance reimbursement. This business arrangement allows access to data pertaining to ketamine therapy and the patient experience. This data will be used for research purposes to better inform the development of the Company's own psychedelic therapy experience. Heading Health will provide guidance regarding clinical practice and the use of biomarker capture devices both in general psychiatric practice and Ketamine treatments. The specific parameters of the arrangement have been outlined in the Heading Health LOI and are subject to the execution of a definitive agreement by both parties.

(Expressed in Canadian dollars)

9. INVESTMENTS, continued

(e) On March 4, 2021, the Company was issued an additional 17,553 common shares in the capital of Mydecine in connection with the June 16, 2020 share exchange agreement between the Company, MindLeap Health Inc. and Mydecine Innovations Group Inc. Subject to certain conditions, in the event the volume-weighted average closing price of the Mydecine's common shares on the NEO Exchange in the 20 trading days prior to the release dates is less than $0.55, the Company is entitled to additional Mydecine common shares ("Mydecine Anti-Dilution Securities") for no additional consideration. As at issuance the fair value of the common shares was determined to be $7,021 based on the market closing price of $0.40.

10. ASSET ACQUISITION

On January 14, 2021, the Company, HaluGen Life Science Inc. ("HaluGen") and the shareholders of issued by HaluGen ("HaluGen Shareholders") entered into a share exchange agreement pursuant to which the Company agreed to purchase all of the issued and outstanding shares of HaluGen from the HaluGen Shareholders in exchange for an aggregate of 5,100,000 common shares of the Company (the "HaluGen Transaction") (note 4). The HaluGen Transaction closed on the same day and the Company's stock price on that day was $0.88. The fair value of the common shares was determined to be $4,488,000. HaluGen is a biotech company in the business of developing and commercializing a pre-screening test to identify genetic markers predictive of an individual's reaction to hallucinogenic drugs.

For accounting purpose, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") as the Company did not constitute a business prior to the HaluGen Transaction. As a result, the acquisition is accounted for in accordance with IFRS 2 *Share-based Payment* whereby the Company deemed to have issued shares in exchange for the net assets of HaluGen at the fair value of the consideration deemed received by the Company.

The allocation of the consideration for the purposes of the condensed consolidated interim statement of financial position is as follows:

Net assets acquired:	**$**
Current assets	417,861
Current liabilities assumed	(37,002)
Intangible asset – research and development in process	4,138,939
Net assets acquired	4,519,738
Consideration given:	
Value of common shares deemed to be issued by the Company (5,100,000 shares @ $0.88 per share)	4,488,000
Legal and other transaction costs	31,798
	4,519,798

(Expressed in Canadian dollars)

10. ASSET ACQUISITION, continued

In connection with the HaluGen Transaction, the Company entered into an amended Product Development Agreement with Lobo Genetics Inc. ("Lobo"). On February 24, 2021, the Company issued 900,000 common shares to Lobo for fulfillment of the performance milestones in accordance with Product Development Agreement. The fair value of the common shares was determined to be $738,000 based on closing price of $0.82, which was included as an addition to the research and development in process on the unaudited condensed consolidated interim statement of financial position (note 11).

11. INTANGIBLE ASSET

The movement of intangible asset is as the following:

	Psychedelics Genetic Test and Technology Platform
	$
Balance, November 30, 2020	-
Addition via acquisition (note 10)	4,138,939
Addition via milestone completion (note 10)	738,000
Amortization	(262,720)
Balance, May 31, 2021	4,614,219

The intangible asset consists of research and development in process for psychedelic products which was acquired through the acquisition of HaluGen (note 10). The intangible asset is being amortized over a useful life of 7 years.

12. SUBSEQUENT EVENT

On June 8, 2021, the Company incorporated 13089363 Canada Inc. ("Subco"), a wholly-owned subsidiary of the Company, formed solely for the purpose of facilitating the Transaction described below.

12. SUBSEQUENT EVENT, continued

The Transaction

On June 15, 2021, the Company entered into an amalgamation agreement (the "Lobo Agreement") with Lobo Genetics Inc. ("Lobo") and Subco, a wholly-owned subsidiary of the Company. Lobo is a Toronto-based healthcare technology founded with the goal of helping people make informed choice around Cannabis through genetics, data and engagement. Lobo's proprietary genetic testing platform, the Lobo Cube, tests an individual's DNA for genetic markers related to cannabis metabolism, risk and impairment, including: (a) the body's ability to metabolize THC and CBD; (b) increased acute psychomimetic effects and long-term risk of cannabis-induced psychosis; and (c) neurocognitive impairment including short-term memory loss. At 4 inches cubed, the Lobo Cube can be deployed in clinics, pharmacies and retail outlets. Lobo has obtained an exclusive, perpetual worldwide license from Spartan Bioscience Inc., an Ottawa-based biotechnology and life sciences company, to use the Lobo Cube, and related intellectual property controlled by Spartan Bioscience Inc., for cannabis-related applications.

Pursuant to the Lobo Agreement, Lobo will amalgamate with Subco to form an amalgamated company, which will be a wholly-owned subsidiary of the Company named "Lobo Genetics Inc." ("Amalco"). It is anticipated that Timothy Ko, Entheon's Chief Executive Officer, President and a director of the Company, will serve as the sole director of Amalco, which will carry on the business of Lobo. As consideration under the Lobo Agreement, the Company will issue an aggregate of 5,000,000 common shares of the Company (the "Consideration Shares") to the shareholders of Lobo. The Consideration Shares will be subject to contractual restrictions on transfer and will be released as to 25% on closing of the Lobo Agreement, with an additional 25% to be released at each 4-month anniversary of closing thereafter. In addition to the Consideration Shares, the Company:

a) will issue 9,603 stock options of the Company ("Replacement Options") to the holders of outstanding stock options of Lobo ("Lobo Options") in exchange for the exchange or conversion of the Lobo Options. Each of the Replacement Options will be exercisable to purchase one common share of the Company at a price of $6.94 until the originally contemplated expiry date, in accordance with the original terms of the applicable Lobo Options; and
b) may issue up to 46,944 common share purchase warrants (the "Replacement Warrants") to the holders of the outstanding common share purchase warrants of Lobo (the "Lobo Warrants") in exchange for the conversion, exchange or cancellation of the Lobo Warrants. Each Replacement Warrant will be exercisable for one common share of the Company at an exercise price of $13.89 until the originally contemplated expiry date, in accordance with the original terms of the applicable Lobo Warrants.

Completion of the Lobo Agreement is subject to a number of closing conditions, including approval of the directors and shareholders of Lobo, the resignation of the current directors of Lobo, and other required regulatory and third-party approvals required to complete the Lobo Agreement. Upon closing of the Lobo Agreement, John Lem, Founder and CEO of Lobo, will join Entheon's advisory board as a strategic advisory of industry affairs and will continue to advise and assist with the operations and strategic direction of Lobo and HaluGen.