

**ENTHEON BIOMEDICAL CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2021**  
**AND 2020**

(Expressed in Canadian Dollars)

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## **INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Directors of Enttheon Biomedical Corp.

### **Opinion**

We have audited the consolidated financial statements of Enttheon Biomedical Corp. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at November 30, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Basis for Opinion**

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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.

### **Emphasis of Matter - Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that 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.

### **Other Information**

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

March 28, 2022

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

	November 30, 2021	November 30, 2020
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	2,049,131	2,787,006
Other receivables	28,300	76,433
Inventory	26,188	-
Prepaid expenses	1,104,886	1,490,994
Investment in convertible notes (Note 6)	-	50,000
	3,208,505	4,404,433
<b>Non-current assets</b>		
Property and equipment, net (Note 4)	164,125	6,309
Intangible assets, net (Notes 3,5)	5,901,877	-
Investments (Note 6)	703,205	62,330
	6,769,207	68,639
	9,977,712	4,473,072
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	927,713	728,192
<b>Shareholders' equity</b>		
Share capital (Note 8)	19,353,525	7,146,773
Reserves (Note 8)	3,242,548	1,257,626
Deficit	(13,546,074)	(4,659,519)
	9,049,999	3,744,880
	9,977,712	4,473,072

NATURE OF BUSINESS AND GOING CONCERN (note 1)

SUBSEQUENT EVENTS (note 14)

Approved and authorized for issue on behalf of the Board on March 28, 2022:

"Timothy Ko", Director"Ruth Chun", Director*The accompanying notes form an integral part of these consolidated financial statements.*

**ENTHEON BIOMEDICAL CORP.**Consolidated Statements of Comprehensive Loss  
Expressed in Canadian Dollars

	For the year ended November 30, 2021	For the year ended November 30, 2020
	\$	\$
<b>Revenue</b>		
Sales	21,670	-
Cost of goods sold	(12,540)	-
	9,130	-
<b>Operating expenses</b>		
Research and development (Note 9)	1,494,960	442,560
General and administrative (Notes 7,10)	4,580,311	1,195,477
Share-based compensation	2,552,465	-
Depreciation and amortization	487,646	2,724
	9,115,382	1,640,761
<b>Other (income) expense</b>		
Gain on investment settlement (Note 6)	(324,696)	(97,351)
Interest income	(10,413)	(7,363)
Listing expense (note 1)	-	2,735,818
Loss on debt settlement (note 7)	-	53,000
Other expenses	1,877	8,371
Other income	(4,931)	-
Unrealized loss on fair value adjustment (note 6)	118,466	48,255
	(219,697)	2,740,730
<b>Net loss and comprehensive loss</b>	(8,886,555)	(4,381,491)
<b>Basic and diluted loss per share</b>	\$(0.16)	\$(0.16)
<b>Weighted average number of common shares outstanding</b>	54,285,133	27,439,935

*The accompanying notes form an integral part of these consolidated financial statements.*

**ENTHEON BIOMEDICAL CORP.**

Consolidated Statements of Changes in Equity  
Expressed in Canadian Dollars

	<u>Common Shares</u>				
	Number of shares	Amount	Reserves	Deficit	Total
		\$	\$	\$	\$
<b>Balance, November 30, 2019</b>	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
Subco incorporation share	1	1	-	-	1
Subco units issued for cash, net of transaction costs	4,217,886	1,417,096	79,281	-	1,496,377
Shares cancelled in share exchange with shareholders in RTO	(34,063,692)	-	-	-	-
Shares issued in share exchange with shareholders in RTO	34,063,692	-	-	-	-
Shares deemed to be issued in RTO	6,325,160	2,371,935	1,174,717	-	3,546,652
Net loss and comprehensive loss for the year	-	-	-	(4,381,491)	(4,381,491)
<b>Balance, November 30, 2020</b>	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 3 - Halugen)	5,100,000	4,284,000	-	-	4,284,000
Shares issued for intangible assets (Note 3 - Halugen)	900,000	729,000	-	-	729,000
Shares issued for acquisition (Note 3 - Lobo)	5,000,000	1,650,000	-	-	1,650,000
Warrants exercised	3,414,394	2,622,551	(729,712)	-	1,892,839
Share-based compensation	-	-	2,552,465	-	2,552,465
Comprehensive loss for the year	-	-	-	(8,886,555)	(8,886,555)
<b>Balance, November 30, 2021</b>	59,089,266	19,353,525	3,242,548	(13,546,074)	9,049,999

*The accompanying notes form an integral part of these consolidated financial statements.*

**ENTHEON BIOMEDICAL CORP.**  
Consolidated Statements of Cash Flows  
Expressed in Canadian Dollars

	For the year ended November 30, 2021	For the year ended November 30, 2020
	\$	\$
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the year	(8,886,555)	(4,381,491)
Items not affecting cash:		
Depreciation and amortization	487,646	2,724
Gain on investment settlement	(324,696)	(97,351)
Listing expense	-	2,735,818
Loss on debt settlement	-	53,000
Share-based compensation	2,552,465	-
Unrealized loss on fair value adjustment	118,466	48,255
Changes in non-cash working capital balance:		
Other receivables	77,812	(66,113)
Inventory	881	-
Prepaid expenses	388,021	(924,972)
Accounts payable and accrued liabilities	(29,258)	(207,392)
Cash used in operating activities	(5,615,218)	(2,837,522)
<b>Investing activities</b>		
Acquisition costs	(56,808)	-
Cash acquired on RTO	-	1,154,305
Cash acquired on acquisitions	440,557	-
Proceeds from investment settlement	21,115	-
Purchase of investment in convertible notes	-	(248,000)
Purchase of investments	(405,760)	-
Purchase of equipment	(97,970)	(9,033)
Repayment of convertible note	-	185,086
Cash provided by (used in) investing activities	(98,866)	1,082,358
<b>Financing activities</b>		
Proceeds from the exercise of warrants	1,892,839	-
Repayment of convertible notes payable	-	(3,029)
Proceeds from issuance of common shares, net	3,083,370	4,432,544
Cash provided by financing activities	4,976,209	4,429,515
Increase (decrease) in cash	(737,875)	2,674,351
Cash, beginning of the year	2,787,006	112,655
Cash, end of the year	2,049,131	2,787,006
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of investment in convertible notes	50,000	-
Issuance of common stocks for debt settlements	-	105,000
Issuance of common stocks and warrants for RTO	-	3,546,652
Investments received in exchange for equity investment	-	110,585
Investments received for convertible debt settlement	-	2,500
Shares issued for asset acquisition (note 3)	4,284,000	-
Shares issued for asset acquisition (note 3)	1,650,000	-
Shares issued for asset (note 3)	729,000	-
Supplemental cash flow disclosures:		
Income taxes paid	-	-
Interest paid	-	-

*The accompanying notes form an integral part of these consolidated financial statements.*

**ENTHEON BIOMEDICAL CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended November 30, 2021 and 2020  
(Expressed in Canadian dollars)

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**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 720, 999 West Broadway, Vancouver, British Columbia, Canada, V5Z 1K5 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.

Entheon is a biotechnology research and development company committed to developing and commercializing a portfolio of safe and effective Dimethyltryptamine based psychedelic therapeutic products ("DMT Products") 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 to physicians, clinics and licensed psychiatrists in the United States, certain countries in the European Union and throughout Canada.

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.



**ENTHEON BIOMEDICAL CORP.**  
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**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 year ended November 30, 2021, the Company acquired all the common shares of HaluGen Life Sciences Inc. (“HaluGen”) by issuing 5,100,000 common shares of the Company (note 3). The acquisition was closed on January 14, 2021 and HaluGen became a wholly-owned subsidiary of the Company. The Company also acquired all the common shares of Lobo Genetics Inc. (“Lobo”) by issuing 5,000,000 common shares of the Company (note 3). The acquisition was closed on July 29, 2021 and Lobo became a wholly-owned subsidiary of the Company.

These consolidated 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 \$13,546,074 as at November 30, 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 consolidated financial statements do not include adjustments that would be required if the going concern assumption is not an appropriate basis for preparation of the consolidated financial statements. These adjustments could be material.

These consolidated financial statements were authorized for issue on March 28, 2022 by the directors of the Company.

**ENTHEON BIOMEDICAL CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended November 30, 2021 and 2020  
(Expressed in Canadian dollars)

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**2. BASIS OF PREPARATION**

**Statement of Compliance**

These consolidated 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”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

**Basis of measurement**

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

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Entheon Holdings, HaluGen and Lobo. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

**Foreign currency transactions**

The functional currency for Entheon and its wholly-owned subsidiaries including Entheon Holdings, HaluGen and Lobo, 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 judgements**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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.

**ENTHEON BIOMEDICAL CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended November 30, 2021 and 2020  
(Expressed in Canadian dollars)

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**2. BASIS OF PREPARATION, 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.

**Significant judgments**

The preparation of these consolidated 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 consolidated 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. The application of the Company's accounting policy for business combinations requires management to make certain judgments on a case-by-case basis as to the determination of the accounting method of an acquisition to determine if the assets acquired meet the definition of a business requiring the acquisition method of accounting for a business combination or an asset acquisition when applying the optional asset concentration test.
- iii) Amortization of intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgement. In addition, the assessment of any impairment of these assets is dependent upon recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

**ENTHEON BIOMEDICAL CORP.**  
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**2. BASIS OF PREPARATION, continued**

**Business combinations**

The acquisition method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized immediately in profit or loss. Business combination associated transaction costs are expensed when incurred. Within the IFRS Business Combinations guidance, there is an optional fair value concentration test. The concentration test is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If an entity chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process, and the acquisition is accounted for as a business combination. The cost of an acquisition that does not meet the definition of a business under IFRS and does not qualify as a business combination is measured as the fair value of the consideration given and liabilities incurred or assumed at the date of exchange. No goodwill arises on an asset acquisition and the cost of the assets acquired and liabilities assumed are allocated to the assets and liabilities on the basis of their relative fair values at the date of purchase. Asset acquisition associated transaction costs are capitalized as a cost of the acquisition.

**Revenue Recognition**

The Company derives revenue from the sale of its psychedelic genetic test. Revenue is recognized upon transfer of control of the promised goods and services to customers in an amount that reflects the consideration of the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied, and revenue is recognized, either over time or at a point in time. Certain activities may give rise to deferred revenue, which are contract liabilities under IFRS 15 and relate to payments received in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts. Revenue from the sale of the psychedelic genetic test is recognized when the customer places the order, a sales receipt is issued and payment is made which typically happens simultaneously, and products are received by the customer.

**Intangible Assets**

Intangible assets consist mainly of purchased developed technology or in process research and development, licenses and technology for DMT products. Intangible assets are carried at cost and will be amortized over their expected useful lives as disclosed in note 5. The Company's intangible assets are subject to impairment testing when there are indicators of impairment. Any impairment of intangible assets is recognized in the consolidated statement of comprehensive loss but increases in intangible asset values are not recognized. Estimated useful lives of intangible assets are shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Research costs are expensed as incurred. Development costs are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

**ENTHEON BIOMEDICAL CORP.**  
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**2. BASIS OF PREPARATION, continued**

**Equipment**

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is charged over the estimated useful lives on a straight-line basis as follows:

Computer equipment	3 - 5 years
Leasehold improvement	over the shorter of the lease term or 10 years
Lab equipment and systems	3 years

**Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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**2. BASIS OF PREPARATION, continued**

**Leases**

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. 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 included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension, or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term. During the years ended November 30, 2021 and 2020, all of the Company's leases are short-term leases with a term of 12 months or less and are recorded as operating leases.

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**2. BASIS OF PREPARATION, continued**

**Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's preferred shares, common shares and options are classified as equity instruments.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in private placements is determined to be the more easily measurable component as they are valued at their fair value which is determined by the closing price on the issuance date. The remaining balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred to share capital.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

**Loss per share**

Basic loss per share is computed by dividing net loss available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the reporting period where ordinary shares include Common shares and Class B common shares. If applicable, diluted income per share is computed similar to basic income per share except that the weighted average shares outstanding are increased to include potential ordinary shares for the assumed exercise of share options, warrants, and convertible debentures, if dilutive. The number of potential ordinary shares is calculated by assuming that outstanding share options, warrants and convertible debentures were exercised or converted and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. For the years presented, this calculation proved to be anti-dilutive.

**Share-based compensation**

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of 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 corresponding amount is recorded to the share option reserve. The Company records stock-based compensation expense for service-based stock options on a graded method over the requisite service period. The Company records stock-based compensation expense for non-market performance-based stock options on a graded method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied.

The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

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**2. BASIS OF PREPARATION, continued**

**Share-based compensation, continued**

The Company transfers the value of forfeited and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration based on the nature of the item.

**Income taxes**

Current income tax - current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Deferred income tax - Deferred income tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current income and deferred tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Research and development**

Development expenditures can be capitalized only where a development project meets certain conditions, including technical feasibility of the intangible asset, intention to complete the project, ability to sell the intangible asset, probability that the intangible asset can produce future economic benefits, availability of resources to complete the project, and ability to reliably measure the expenditure attributable to the intangible asset. Development projects are reviewed as they arise and on an on-going basis to assess whether all conditions have been met. Amortization is calculated over the cost of the asset, or revalued amount, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.



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**2. BASIS OF PREPARATION, 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 consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**3. ASSET ACQUISITIONS**

On January 14, 2021, the Company, HaluGen and the shareholders of 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"). The HaluGen Transaction closed on the same day and the Company's stock price was \$0.84. The fair value of the common shares was determined to be \$4,284,000. 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 consolidated statement of financial position is as follows:

<b><u>Net assets acquired:</u></b>	<b>\$</b>
Current assets	417,861
Current liabilities assumed	(37,002)
Intangible asset – Developed technology	3,934,939
Net assets acquired	<u>4,315,798</u>

**Consideration given:**

Value of common shares issued by the Company (5,100,000 shares @ \$0.84 per share)	4,284,000
Legal and other transaction costs	31,798
	<u>4,315,798</u>

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 \$729,000 based on a stock price of \$0.81. The fair value of the common shares was added to the intangible asset.

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**3. ASSET ACQUISITIONS, continued**

On July 29, 2021, the Company completed its acquisition of Lobo. Pursuant to the amalgamation agreement with Lobo and 13089363 Canada Inc., a wholly-owned subsidiary of Entheon, whereby the Company issued 5,000,000 of its common shares to acquire all of the issued and outstanding shares of Lobo, pursuant to a three-cornered amalgamation (the "Lobo Transaction"). The fair value of the common shares was determined to be \$1,650,000 or \$0.33 per share, based on the price of the Company's shares. Lobo is a personalized genetics company with a direct-to-consumer platform currently being used in both the psychedelics and cannabis spaces to provide personalized insights into an individual's response to hallucinogenic and psychoactive drugs.

The Company applied the optional concentration test permitted under IFRS 3 to the acquisition which resulted in the acquired assets being accounted for as an asset acquisition. As such the purchase price was allocated to the identifiable assets and liabilities based on their relative fair values at the date of acquisition.

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

<b><u>Net assets acquired:</u></b>	<b>\$</b>
Current assets	81,357
Current liabilities assumed	(159,979)
Property and equipment	95,547
Intangible asset – Developed technology	1,689,883
Net assets acquired	<u>1,706,808</u>
 <b><u>Consideration given:</u></b>	
Value of common shares issued by the Company (5,000,000 shares @ \$0.33 per share)	1,650,000
Legal and other transaction costs	56,808
	<u>1,706,808</u>

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**4. PROPERTY AND EQUIPMENT**

	<b>Computer Equipment</b>	<b>Laboratory Equipment and Systems</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<b>Cost</b>	\$	\$	\$	\$
As at December 1, 2019	-	-	-	-
Additions	9,033	-	-	9,033
Other	(330)	-	-	(330)
As at November 30, 2020	8,703	-	-	8,703
Additions	10,010	144,312	39,195	193,517
As at November 30, 2021	18,713	144,312	39,195	202,220
<b>Accumulated depreciation</b>				
As at December 1, 2019	-	-	-	-
Depreciation	2,724	-	-	2,724
Other	(330)	-	-	(330)
As at November 30, 2020	2,394	-	-	2,394
Depreciation	6,684	21,891	7,126	35,701
As at November 30, 2021	9,078	21,891	7,126	38,095
<b>Carrying amount</b>				
Balance, November 30, 2020	6,309	-	-	6,309
Balance, November 30, 2021	9,635	122,421	32,069	164,125

**5. INTANGIBLE ASSETS**

The movement of intangible assets is as the following:

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
	\$	\$	\$
Developed Technology – HaluGen (i)	4,663,939	(395,615)	4,268,324
Developed Technology - Lobo (ii)	1,689,883	(56,330)	1,633,553
Balance, November 30, 2021	6,353,822	(451,945)	5,901,877

- (i) The intangible asset consists of research and development for psychedelic products which was acquired through the acquisition of HaluGen and milestone completion payment (note 3). The intangible asset is being amortized over a useful life of 10 years.

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**5. INTANGIBLE ASSETS, continued**

- (ii) The intangible asset consists of research and development for psychedelic products which was acquired through the acquisition of Lobo (note 3). The intangible asset is being amortized over a useful life of 10 years.

**6. INVESTMENTS**

Continuity for the year ended November 30, 2020 is as follows:

Investments Measured at FVTPL	Entheos Science Systems Inc. Convertible Note	Mindleap Health Inc. Convertible Note	Mindleap Health Inc. Common Shares	Mydecine Innovation Group Inc. Common Shares (a) (b) (c)	2756407 Ontario Inc. Convertible Note (d)	Total
Balance, November 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Addition	198,000	100,000	2,500	-	50,000	350,500
Settlement	(187,266)	-	-	-	-	(187,266)
Loss on investment settlement	(10,734)	-	-	-	-	(10,734)
Share exchange	-	-	(110,585)	110,585	-	-
Realized gain on share exchange	-	-	108,085	-	-	108,085
Repayment of convertible note	-	(100,000)	-	-	-	(100,000)
Fair value adjustment	-	-	-	(48,255)	-	(48,255)
Balance, November 30, 2020	\$ -	\$ -	\$ -	\$ 62,330	\$ 50,000	\$ 112,330

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**6. INVESTMENTS, continued**

Continuity for the year ended November 30, 2021 is as follows:

Investments Measured at FVTPL	Mydecine Innovation Group Inc. Common Shares (a) (b)(c)	2756407 Ontario Inc. Convertible Note (d)	2756407 Ontario Inc. Common Shares (d) (e)	Global Health Clinics Ltd. Common Shares (d) (e)	Heading Health LLC Preferred Shares (f)	Total
Balance, November 30, 2020	\$ 62,330	\$ 50,000	\$ -	\$ -	\$ -	\$ 112,330
Addition	-	-	150,000	-	255,760	405,760
Settlement	(21,115)	(50,000)	50,000	-	-	(21,115)
Share exchange	-	-	(200,000)	200,000	-	-
Realized gain on instrument exchange	4,696	-	-	320,000	-	324,696
Fair value adjustment	(12,202)	-	-	(406,956)	300,692	(118,466)
Balance, November 30, 2021	\$ 33,709	\$ -	\$ -	\$ 113,044	\$ 556,452	\$ 703,205

- (a) During the year ended November 30, 2021, the Company was issued an additional 24,173 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. The fair value of the common shares issued was determined to be \$9,305 based on the market value at the time of issuance.
- (b) During the year ended November 30, 2021, the Company sold 47,818 common shares in the capital of Mydecine for total proceeds of \$21,115. The adjusted cost base of the common shares sold was determined to be \$25,724. A loss on investment settlement of \$4,609 was recognized in the consolidated statement of comprehensive loss for the year ended November 30, 2020.
- (c) On November 30, 2021, Mydecine stock price was \$0.19 per share. The fair value of the common shares was determined to be \$33,709 based on market value and the Company recorded an unrealized loss of fair value adjustment of \$12,202.
- (d) 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.

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**6. INVESTMENTS, continued**

- (e) 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 November 30, 2021, Global Health stock price was \$0.05 per share. The fair value of the common shares was determined to be \$113,044 based on market value and the Company recorded an unrealized loss of fair value adjustment of \$406,956.
- (f) 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 (CAD\$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. On November 30, 2021, the fair value of the Series A Preferred stock was determined to be \$556,452 based on a subsequent financing of similar stock, at a price of USD\$0.87 per share, that Heading Health conducted during the year. The Company recorded an unrealized gain of fair value adjustment of \$300,692.

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**7. RELATED PARTY TRANSACTIONS AND BALANCES**

Key management personnel comprise the Company's Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Science Officer and Director of Operations, Chief Business Officer, and Corporate Secretary. Key management personnel compensation is comprised of the following:

	<b>For the year ended November 30, 2021</b>	<b>For the year ended November 30, 2020</b>
	<b>\$</b>	<b>\$</b>
Payroll, consulting fees, and other benefits	531,351	259,743

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 8). A loss on debt settlement of \$23,000 was recognized in the consolidated statement of comprehensive loss for the year ended November 30, 2020.

The Company had a credit facility agreement with a company controlled by the CEO and during the year ended November 30, 2020, the Company repaid amount of \$3,029 to the related party.

As at November 30, 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 year ended November 30, 2021, the Company granted 2,075,000 stock options to officers and directors, with either immediate vesting or graded vesting with 25% every 6 months (note 8). The share-based compensation for these related parties totaled \$1,263,810 for the year ended November 30, 2021.

**8. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value

**Issued and outstanding**

As of November 30, 2021 there were 59,089,266 (November 30, 2020 - 40,388,852) common shares issued and outstanding.

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**8. SHARE CAPITAL, continued**

During the year ended November 30, 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 shares 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 tranche, 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.
- c) On January 14, 2021, the Company completed its acquisition of HaluGen (note 3). 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 \$0.84 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 with a fair value of \$729,000 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.



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**8. SHARE CAPITAL, continued**

- e) On July 29, 2021, the Company completed its acquisition of Lobo (note 3). Pursuant to the amalgamation agreement with Lobo and 13089363 Canada Inc., a wholly-owned subsidiary of Entheon, whereby the Company issued 5,000,000 of its common shares to acquired all of the issued and outstanding shares of Lobo, pursuant to a three-cornered amalgamation. 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.

During the year ended November 30, 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 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 consolidated statement of comprehensive loss for the year ended November 30, 2020.
- 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 consolidated statements of loss and comprehensive loss for the year ended November 30, 2020.

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**8. SHARE CAPITAL, continued**

- e) On November 5, 2020, in connection with the Transaction, the Company exchanged 34,063,692 shares with Former Entheon shareholders and deemed to have issued 6,325,160 shares in a share exchange with the Company's shareholders in the Transaction (Note 1).

**Stock options**

The shareholders of the Company approved a share option plan (the "Options 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 Options 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 Options 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:

	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>
		\$
November 30, 2020	-	-
Issued	3,825,000	0.65
Forfeited	(150,000)	0.71
<b>November 30, 2021</b>	<b>3,675,000</b>	<b>0.65</b>

During the year ended November 30, 2021, the Company granted options to purchase up to 3,825,000 common shares of the Company to certain officers, directors and consultants of the Company.

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**8. SHARE CAPITAL, continued**

**Stock options, continued**

As of November 30, 2021, the Company had share purchase options outstanding and exercisable to acquire common shares of the Company as follows:

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Number of options</b>	<b>Exercisable</b>	<b>Exercise Price</b>
December 3, 2020	December 3, 2025	3,075,000	1,106,250	\$ 0.71
July 29, 2021	July 29, 2026	200,000	-	\$ 0.33
July 30, 2021	July 30, 2026	200,000	-	\$ 0.355
August 25, 2021	August 25, 2026	200,000	-	\$ 0.32
		<b>3,675,000</b>	<b>1,106,250</b>	<b>\$ 0.65</b>

During the year ended November 30, 2021, the weighted average fair value at grant date of the options granted was \$0.67, 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.

On July 29, 2021, the Company issued 200,000 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 116%, (ii) risk-free interest rate of 0.83%, (iii) dividend yield of 0%, (iv) stock price on grant date of \$0.355, (v) exercise price of \$0.33, (vi) forfeiture rate of 0%, and (vii) expected life of 5 years.

On July 30, 2021, the Company issued 200,000 options to certain consultants. The fair value has been estimated using Black Scholes Option Pricing Model with the following assumptions (i) expected volatility of 116%, (ii) risk-free interest rate of 0.83%, (iii) dividend yield of 0%, (iv) stock price on grant date of \$0.34, (v) exercise price of \$0.355, (vi) forfeiture rate of 0%, and (vii) expected life of 5 years.

On August 25, 2021, the Company issued 200,000 options to certain consultants. The fair value has been estimated using Black Scholes Option Pricing Model with the following assumptions (i) expected volatility of 114%, (ii) risk-free interest rate of 0.90%, (iii) dividend yield of 0%, (iv) stock price on grant date of \$0.32, (v) exercise price of \$0.32, (vi) forfeiture rate of 0%, and (vii) expected life of 5 years.

The share-based compensation from stock options for the year ended November 30, 2021 totalled \$1,933,654.

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**8. SHARE CAPITAL, continued**

**Restricted share units**

The shareholders of the Company approved a restricted share unit plan (the "RSU Plan") whereby the Board of Directors may grant to directors, officers, employees and consultants of the Company restricted share units ("RSUs") to acquire common shares of the Company. The terms of each RSU are determined by the Board of Directors. The grant of an RSU shall entitle the participant to the conditional right to receive for each RSU credited to the participant's account, at the election of the Company, either one Common Share or an amount in cash, net of applicable taxes and contributions to government sponsored plans, as determined by the Board, equal to the market price of one Common Share for each RSU credited to the participant's account on the settlement date, subject to the conditions set out in the RSU Grant Letter and in the RSU Plan, and subject to all other terms of the RSU Plan.

The maximum number of Common Shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time, less any Common Shares reserved for issuance under all other Share Compensation Arrangements, subject to adjustments as provided in the RSU Plan.

A continuity schedule of outstanding share RSUs is as follows:

	<b>Number Outstanding</b>
November 30, 2020	-
Issued	1,150,000
November 30, 2021	1,150,000

During the year ended November 30, 2021, the Company granted 1,150,000 RSUs to certain consultants of the Company.

The share-based compensation from RSUs for the year ended November 30, 2021 totalled \$618,811.

**Share purchase warrants**

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

	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>
November 30, 2020	11,336,120	\$ 0.62
Issued	2,311,504	0.98
Exercised	(3,414,394)	0.55
Expired	(1,947,290)	0.89
November 30, 2021	8,285,940	0.68

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**8. SHARE CAPITAL, continued**

**Share purchase warrants**

During the year ended November 30, 2021, there were 2,311,504 share purchase warrants issued, 3,414,394 share purchase warrants exercised, and 1,947,290 share purchase warrants expired.

As of November 30, 2021, the Company had share purchase warrants outstanding and exercisable to acquire common shares of the Company as follows:

<b>Expiry Date</b>	<b>Number of convertible/ exchangeable securities outstanding</b>	<b>Number of listed securities issuable upon conversion/ exercise</b>	<b>Exercise Price</b>
December 23, 2021	690,000	690,000	\$ 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
	<b>8,285,940</b>	<b>8,475,833</b>	<b>\$ 0.68</b>

**9. RESEACH AND DEVELOPMENT EXPENSE**

Research and development expenses consist of the following:

	<b>For the year ended Nov 30, 2021</b>	<b>For the year ended Nov 30, 2020</b>
	<b>\$</b>	<b>\$</b>
Clinical research and regulatory	432,233	-
Digital experience development	148,607	-
EEG project expansion	529,663	-
Management, consulting, payroll	303,093	377,124
Professional fees	81,364	65,436
	<b>1,494,960</b>	<b>442,560</b>

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**10. GENERAL AND ADMINISTRATIVE EXPENSE**

General and administrative expenses consist of the following:

	For the year ended Nov 30, 2021	For the year ended Nov 30, 2020
	\$	\$
Management, consulting, payroll	1,223,084	654,621
Marketing and travel	2,200,029	305,532
Professional fees	315,754	81,722
Office and insurance	709,103	134,196
Transfer agent and filing fees	132,341	19,406
	4,580,311	1,195,477

**11. 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

**12. 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	November 30, 2021	November 30, 2020
Cash	FVTPL	\$ 2,049,131	\$ 2,787,006
Investment in convertible notes	FVTPL	-	50,000
Investments	FVTPL	703,205	62,330
Accounts payable	Amortized cost	927,713	728,192

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**12. FINANCIAL INSTRUMENTS, continued**

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 \$2,049,131 and investments in equity securities of public companies of \$146,753 are recorded at fair value and classified as level 1. Investment in convertible notes and investment in some private company's equity of \$556,452 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 November 30, 2021 and November 30, 2020, no amounts were held as collateral.

(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, 2021, in the amount of \$2,049,131 and working capital of \$2,280,792 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 November 30, 2021, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	\$ 927,713	\$ 927,713	\$ -	\$ -
Total	\$ 927,713	\$ 927,713	\$ -	\$ -

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**12. FINANCIAL INSTRUMENTS, continued**

(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 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 exposed not exposed to any significant price risk.

**13. 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:

	<b>2021</b>	<b>2020</b>
Loss before income taxes	\$(8,886,555)	\$(4,381,491)
Statutory rates	27%	27%
Expected income tax recovery	(2,399,000)	(1,183,003)
Non-deductible and other items	677,000	664,003
Unrecognized temporary differences	1,722,000	519,000
Deferred income tax recovery	\$ -	\$ -



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**13. INCOME TAXES, continued**

At November 30, 2020 and 2019, the amount of deductible temporary differences for which no deferred tax asset is recognized in the statements of financial position is as follows:

	<b>2021</b>	<b>2020</b>
Non-capital loss	\$3,145,000	\$ 578,000
Share issuance costs	46,000	22,000
Property and equipment	785,000	-
Unrecognized deferred tax assets	(3,976,000)	(600,000)
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

As at November 30, 2021, the Company has non-capital losses of approximately \$ 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 from 2039 to 2041.

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.

**14. SUBSEQUENT EVENTS**

Subsequent to November 30, 2021, 450,000 stock options were forfeited.

On March 28, 2022, the Company entered into two loan agreements with arm's length parties for the aggregate amount of \$300,000. The loans are unsecured, bear no interest, and are payable in full upon the completion of the Company's next private placement equity or debt financing. Pursuant to the loan agreements, the principals will be repaid by the issuance of the Company's warrants calculated on the pre-determined formula.