

**ENTHEON BIOMEDICAL CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023  
AND 2022**

(Expressed in Canadian Dollars)  
(Unaudited)

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

**ENTHEON BIOMEDICAL CORP.**

Condensed Interim Consolidated Statements of Financial Position  
Expressed in Canadian Dollars

	August 31, 2023	November 30, 2022
	(Unaudited) \$	(Audited) \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and equivalents	381,809	680,166
Other receivables	10,870	42,194
Investment (Note 6)	-	-
Prepaid expenses	28,186	21,862
	420,865	744,222
<b>Non-current assets</b>		
Restricted cash	10,000	25,000
	430,865	769,222
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	41,571	154,650
<b>Shareholders' equity</b>		
Share capital (Note 10)	19,353,525	19,353,525
Reserves (Note 10)	1,663,345	2,872,230
Deficit	(20,627,576)	(21,611,183)
	389,294	614,572
	430,865	769,222

NATURE OF BUSINESS AND GOING CONCERN (Note 1)

Approved and authorized for issue on behalf of the Board on October 24, 2023:

"Timothy Ko", Director

"Christopher Gondi", Director

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

**ENTHEON BIOMEDICAL CORP.**

Condensed Interim Consolidated Statements of Comprehensive Loss

Expressed in Canadian Dollars

(Unaudited)

	For the three months ended		For the nine months ended	
	August 31,	August 31,	August 31,	August 31,
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Revenue</b>				
Consulting	-	69,677	250,323	69,677
	-	69,677	250,323	69,677
<b>Operating expenses</b>				
Research and development (Note 11)	-	60,996	-	1,196,961
General and administrative (Note 12)	97,631	675,227	487,126	1,982,602
Share-based compensation	(1,179)	(1,703)	1,159	256,047
Depreciation and amortization	-	165	-	1,171
	96,452	734,685	488,285	3,436,781
<b>Other (income) expense</b>				
Unrealized (gain) loss on fair value adjustment (Note 6)	(5,445)	47,251	-	(315,284)
Other expenses	255	-	1,005	11,444
Other income (Note 7)	(5,821)	(1,375,223)	(21,945)	(1,651,403)
Loss (gain) on settlement of shares (Note 6)	9,415	(12,182)	9,415	405,715
	(1,596)	(1,340,154)	(11,525)	(1,549,528)
<b>Loss (income) before discontinued operations</b>	94,856	(675,146)	226,437	1,817,576
<b>Discontinued operations</b>				
Genetic test kits (Note 9)	-	216,953	-	862,025
<b>Net loss (income) and comprehensive loss (income)</b>	94,856	(458,193)	226,437	2,679,601
<b>Net loss (income) from continuing operations per share</b>				
Basic and diluted	\$0.00	\$(0.01)	\$0.00	\$0.03
<b>Net loss (income) per share</b>				
Basic and diluted	\$0.00	\$(0.01)	\$0.00	\$0.05
<b>Weighted average number of common shares outstanding</b>	59,089,266	59,089,266	59,089,266	59,089,266

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

**ENTHEON BIOMEDICAL CORP.**

Condensed Interim Consolidated Statements of Changes in Equity  
Expressed in Canadian Dollars  
(Unaudited)

	<b>Common Shares</b>				
	<b>Number of shares</b>	<b>Amount</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, November 30, 2021</b>	59,089,266	19,353,525	3,242,548	(13,546,074)	9,049,999
Share-based compensation	-	-	256,047	-	256,047
Comprehensive loss for the year	-	-	-	(2,679,601)	(2,679,601)
<b>Balance, August 31, 2022</b>	59,089,266	19,353,525	3,498,595	(16,225,675)	6,626,445

	<b>Common Shares</b>				
	<b>Number of shares</b>	<b>Amount</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance November 30, 2022</b>	59,089,266	19,353,525	2,872,230	(21,611,183)	614,572
Share-based compensation	-	-	1,159	-	1,159
Options expired during the year	-	-	(602,870)	602,870	-
Warrants expired during the year	-	-	(607,174)	607,174	-
Comprehensive loss for the year	-	-	-	(226,437)	(226,437)
<b>Balance, August 31, 2023</b>	59,089,266	19,353,525	1,663,345	(20,627,576)	389,294

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

**ENTHEON BIOMEDICAL CORP.**

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian Dollars

(Unaudited)

	For the nine months ended August 31, 2023	For the nine months ended August 31, 2022
	\$	\$
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss from continuing operations	(225,437)	(1,817,576)
Items not affecting cash:		
Depreciation and amortization	-	1,006
Gain on disposal of investments	-	405,715
Share-based compensation	1,159	256,047
Unrealized loss (gain) on fair value adjustment	-	(315,284)
Changes in non-cash working capital balance:		
Other receivables	31,324	(19,073)
Prepaid expenses	(6,324)	821,965
Accounts payable and accrued liabilities	(114,079)	(735,162)
Cash used in operating activities	(313,357)	(1,402,362)
Cash used in discontinuing operating activities (Note 9)	-	(453,542)
<b>Investing activities</b>		
Sale of equity investments	-	83,139
Restricted cash	15,000	-
Cash provided by investing activities	15,000	83,139
Cash used in discontinued investing activities (Note 9)	-	(27,981)
<b>Financing activities</b>		
Cash provided by financing activities	-	-
Decrease in cash, continuing operations	(298,357)	(1,319,223)
Decrease in cash, discontinued operations (Note 9)	-	(481,523)
Cash, beginning of the period	680,166	2,049,131
Cash and equivalents, end of the period	381,809	248,385
<b>Supplemental cash flow disclosures:</b>		
Income taxes paid	-	-
Interest paid	-	-

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

# **ENTHEON BIOMEDICAL CORP.**

## **NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended August 31, 2023 and 2022

(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 interested in treating addiction and substance use 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.

For accounting purposes, 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.

## **ENTHEON BIOMEDICAL CORP.**

### **NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

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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 unaudited condensed interim 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 sufficient cash flow. The Company has incurred losses since inception and had an accumulated deficit of \$20,627,576 as at August 31, 2023. 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.

These unaudited condensed interim 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 unaudited condensed interim consolidated financial statements were authorized for issue on October 18, 2023 by the directors of the Company.

## **2. BASIS OF PREPARATION**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Chartered Professional Accountants of Canada applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended November 30, 2022. In particular, the Company's significant accounting policies were summarized in Note 2 of the financial statements for the year ended November 30, 2022, and have been consistently applied in the preparation of these condensed interim consolidated financial statements. These unaudited condensed interim consolidated financial statements were prepared on a going concern basis.

## **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.



**ENTHEON BIOMEDICAL CORP.****NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Expressed in Canadian dollars)

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>
 <b><u>Consideration given:</u></b>	
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.

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 Enttheon, 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.

**ENTHEON BIOMEDICAL CORP.****NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

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>

**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, 2021	18,713	144,312	39,195	202,220
Additions	-	27,981	-	27,981
Dispositions	(18,713)	(13,219)	(39,195)	(71,127)
Write-down	-	(159,074)	-	(159,074)
As at November 30, 2022	-	-	-	-
As at August 31, 2023	-	-	-	-
<b>Accumulated depreciation</b>				
As at November 30, 2021	9,078	21,891	7,126	38,095
Depreciation	5,193	30,415	21,378	56,986
Dispositions	(14,271)	(12,319)	(28,504)	(55,094)
Write-down	-	(39,987)	-	(39,987)
As at November 30, 2022	-	-	-	-
As at August 31, 2023	-	-	-	-
<b>Carrying amounts</b>				
Balance, November 30, 2022	-	-	-	-
Balance, August 31, 2023	-	-	-	-

**ENTHEON BIOMEDICAL CORP.**
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

**5. INTANGIBLE ASSETS**

	Developed Technology – HaluGen (i)	Developed Technology - Lobo (ii)	Total
Cost	\$	\$	\$
As at November 30, 2021	4,663,939	1,689,883	6,353,822
Write-down	(4,663,939)	(1,689,883)	(6,353,822)
As at November 30, 2022	-	-	-
As at August 31, 2023	-	-	-
<b>Accumulated amortization</b>			
As at November 30, 2021	395,615	56,330	451,945
Amortization	480,230	170,345	650,575
Write-down	(875,845)	(226,675)	(1,102,520)
As at November 30, 2022	-	-	-
As at August 31, 2023	-	-	-
<b>Carrying amounts</b>			
Balance, November 30, 2022	-	-	-
Balance, August 31, 2023	-	-	-

- (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 was impaired as of November 30, 2022, as the Company has discontinued research and development for psychedelic products (note 9).
- (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 was impaired as of November 30, 2022, as the Company has discontinued research and development for psychedelic products (note 9).

**6. INVESTMENTS**

	Mydecine Innovation Group Inc. Common Shares (a) (b) (c) (d)	Global Health Clinics Ltd. Common Shares (e) (f)	Heading Health LLC Preferred Shares (g)	Total
<b>Investments Measured at FVTPL</b>				
Balance, November 30, 2021	\$ 33,709	\$ 113,044	\$ 556,452	\$ 703,205
Settlement	(18,820)	(68,574)	(546,480)	(633,874)
Realized loss on share settlement	(75,346)	(451,426)	(9,972)	(536,744)
Fair value adjustment	60,457	406,956	-	467,413
Balance, November 30, 2022	\$ -	\$ -	\$ -	\$ -
Settlement	13,811			
Realized loss on share settlement	(9,415)			
Amount receivable	(4,396)			
Balance, August 31, 2023	\$ -	\$ -	\$ -	\$ -

- (a) On February 28, 2023, the Company was issued an additional 26,560 common shares in the capital of Mydecine in connection with the June 16, 2020 share exchange agreement between the

**ENTHEON BIOMEDICAL CORP.****NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Expressed in Canadian dollars)

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Company, MindLeap Health Inc. and Mydecine Innovations Group Inc. The fair value of the common shares issued was determined to be \$13,811 based on the market value at the time of issuance. A realized loss on investment of \$9,415 was recognized in the condensed interim consolidated statement of comprehensive loss for the three and nine months ended August 31, 2023.

- (b) During the year ended November 30, 2022, the Company was issued an additional 105,928 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 \$12,182 based on the market value at the time of issuance. A gain on investment settlement of \$12,182 was recognized in the consolidated statements of comprehensive loss for the year ended November 30, 2022.
- (c) During the year ended November 30, 2022, the Company sold 130,274 common shares in the capital of Mydecine for total proceeds of \$18,820. The adjusted cost base of the common shares sold was \$106,347. A loss on investment settlement of \$75,346 was recognized in the consolidated statement of comprehensive loss for the year ended November 30, 2022.
- (d) During the year ended November 30, 2022, Mydecine completed a reverse stock-split, thereby consolidating all of its issued and outstanding common shares on the basis of one (1) post-consolidation Common Share for every fifty (50) pre-consolidation Common Shares. On November 30, 2022, the Company sold all the common shares in the capital of Mydecine and recorded a realized loss, net of fair value adjustment of \$14,889.
- (e) During the year ended November 30, 2022, the Company sold 1,903,794 common shares in the capital of Global Health for total proceeds of \$68,574. The adjusted cost base of the common shares sold was \$520,000. A loss on investment settlement of \$451,426 was recognized in the consolidated statement of comprehensive loss for the year ended November 30, 2022.
- (f) During the year ended November 30, 2022, Global Health completed a reverse stock-split, thereby consolidating all its issued and outstanding common shares on the basis of one (1) post-consolidation Common Share for every twenty (20) pre-consolidation Common Shares. On November 30, 2022, the Company had sold all the common shares in the capital of Global Health and recorded a realized loss, net of fair value adjustment of \$44,470.
- (g) On October 3, 2022, the Company sold all of the Heading Health Series A Preferred stock for total proceeds of USD\$400,000 (CAD\$546,480) based on a price of USD\$0.80 per share. The Company recorded a realized loss of \$9,972.

## **7. SALE OF CLINICAL RESEARCH TECHNOLOGY**

On July 8, 2022, the Company completed the sale of certain technology known as EBRX-101 to Cybin IRL Limited ("Cybin IRL"), a subsidiary of Cybin Inc. pursuant to an asset purchase agreement for a purchase price of \$1,000,000. In connection with the transaction, Cybin IRL assumed all accrued liabilities and accounts payable associated with EBRX-101. In connection with the sale, the Company entered a twelve-month consulting contract for \$40,000 per month. The consulting contract was terminated on April 28, 2023 as services had been fully rendered and fees payable by Cybin to the Company were accelerated as a result of the early termination.

The costs related to EBRX-101 were previously expensed as incurred and as a result the Company recorded a gain pertaining to this sale of \$1,338,304, which consists of the \$1,000,000 purchase price and \$338,304 relating to the accrued liabilities and accounts payable assumed by Cybin IRL. The Company also recognized \$250,000 as other income relating to a termination fee received from Cybin

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IRL pursuant to a Letter of Intent that was entered into by the Company and Cybin IRL in May 2022.

**8. 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:

	For the three months ended		For the nine months ended	
	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
	\$	\$		
Payroll, consulting fees, and other benefits	55,775	176,758	244,657	466,760

As at August 31, 2023, \$2,813 (November 30, 2022 - \$15,150) 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. The share-based compensation for these related parties totaled \$nil and \$1,107 for the three and nine months ended August 31, 2023 respectively (three and nine months ended August 31, 2022 - \$39,042 and \$214,270 respectively).

**9. DISCONTINUED OPERATIONS**

On November 30, 2022, the Company stopped sales and marketing of genetic test kits through its wholly owned subsidiaries Lobo and HaluGen. The discontinued operations include the loss during the period up to the date of termination. Losses from the discontinued operations for the three and nine months ended August 31, 2023 and 2022 is as follows:

	For the three months ended		For the nine months ended	
	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
	\$	\$	\$	\$
<b>Revenue</b>				
Sales of test kits	-	188	-	21,073
Cost of goods sold	-	2,443	-	(10,494)
	-	2,631	-	10,579
<b>Operating expenses</b>				
Research and development	-	-	-	1,638
General and administrative	-	62,635	-	350,826
Depreciation and amortization	-	156,949	-	520,140
	-	219,584	-	872,604
<b>Loss from discontinued operations</b>	-	<b>216,953</b>	-	<b>862,025</b>

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(Expressed in Canadian dollars)

Cash flows related to discontinued operations for the nine months ended August 31, 2023 and 2022 is as follows:

	For the nine months ended August 31, 2023	For the nine months ended August 31, 2022
	\$	\$
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Loss from discontinued operations	-	(862,025)
Items not affecting cash:		
Depreciation and amortization	-	520,140
Changes in non-cash working capital balance:		
Other receivables	-	(143)
Prepaid expenses	-	5,133
Inventory	-	26,188
Accounts payable and accrued liabilities	-	(142,835)
Cash used by discontinued operating activities	-	(453,542)
<b>Investing activities of discontinued operations</b>		
Purchase of equipment	-	(27,981)
Change in cash from discontinued operations	-	(481,523)

**10. SHARE CAPITAL****Authorized**

Unlimited number of common shares without par value

**Issued and outstanding**

As at August 31, 2023 and November 30, 2022 there were 59,089,266 common shares issued and outstanding.

During the nine months ended August 31, 2023: The Company did not have any share transactions.

During the year ended November 30, 2022: The Company did not have any share transactions.

**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

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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>
		<b>\$</b>
November 30, 2022	2,225,000	0.66
Issued	-	-
Expired	(825,000)	0.67
August 31, 2023	1,400,000	0.66

During the three and nine months ended August 31, 2023, nil and 825,000 share purchase option, respectively, expired unexercised.

As at August 31, 2023, 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	1,100,000	1,100,000	\$ 0.71
July 29, 2021	July 29, 2026	200,000	200,000	\$ 0.33
August 25, 2021	August 25, 2026	100,000	100,000	\$ 0.32
		1,400,000	1,400,000	\$ 0.66

At at August 31, 2023, the weighted average fair value at grant date of the options granted was \$0.66, 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

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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 100,000 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 three and nine months ended August 31, 2023, totalled (\$1,179) and \$1,159 respectively (three and nine months ended August 31, 2022 – (\$14,558) and \$179,375 respectively).

**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, 2022	1,150,000
Issued	-
August 31, 2023	1,150,000

The share-based compensation from RSUs for the three and nine months ended August 31, 2023, totalled \$nil (three and nine months ended August 31, 2022 - \$12,855 and \$76,672 respectively).

**Share purchase warrants**

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

	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>
		<b>\$</b>
November 30, 2022	2,311,504	0.98
Expired	(2,311,504)	0.98
August 31, 2023	-	-

During the three and nine months ended August 31, 2023, respectively, nil and 2,311,504 share



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purchase warrants, respectfully expired unexercised.

As at August 31, 2023, the Company had no share purchase warrants outstanding and exercisable to acquire common shares of the Company.

**11. RESEACH AND DEVELOPMENT EXPENSE**

Research and development expenses consist of the following:

	For the three months ended		For the nine months ended	
	August 31,	August 31,	August 31,	August 31,
	2023	2022	2023	2022
	\$	\$	\$	\$
Clinical research and regulatory	-	18,872	-	867,716
Electroencephalogram project expansion	-	-	-	83,737
Management, consulting, payroll	-	33,314	-	169,922
Professional fees	-	8,810	-	75,586
	-	60,996	-	1,196,961

**12. GENERAL AND ADMINSTRATIVE EXPENSE**

General and administrative expenses consist of the following:

	For the three months ended		For the nine months ended	
	August 31,	August 31,	August 31,	August 31,
	2023	2022	2023	2022
	\$	\$	\$	\$
Management, consulting, payroll	59,758	346,610	263,735	1,015,623
Marketing and travel	-	6,544	-	59,966
Professional fees	3,247	158,493	89,444	364,613
Office and insurance	24,966	152,173	99,562	445,718
Transfer agent and filing fees	9,660	11,407	34,385	96,682
	97,631	675,227	487,126	1,982,602

**13. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

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.

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**14. FINANCIAL INSTRUMENTS**Fair Values and Classification

The Company's financial instruments consist of cash and restricted cash, investments in equity securities, and accounts payable. 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:

<b>Financial Instrument</b>	<b>Category</b>	<b>August 31, 2023</b>	<b>November 30, 2022</b>
Cash, equivalents and restricted cash	FVTPL	\$ 391,809	\$ 705,166
Accounts payable	Amortized cost	41,571	154,650

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, equivalents and restricted cash of \$391,809 is recorded at fair value and classified as level 1. The carrying amounts of the Company's accounts 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 August 31, 2023 and November 30, 2022, 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 and equivalents at August 31, 2023, in the amount of \$381,809 and working capital of \$379,294 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.

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The maturity profiles of the Company's contractual obligations and commitments as at August 31, 2023, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	\$ 41,571	\$ 41,571	\$ -	\$ -
Total	\$ 41,571	\$ 41,571	\$ -	\$ -

(c) Market Risk

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

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk as the risk is primarily on 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.