Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)

Condensed Interim Consolidated Financial Statements

For the three months ended,

June 30, 2021 and 2020

Unaudited

(Expressed in Canadian Dollars)

Condensed Interim Consolidated Statements of Financial Position

Unaudited – Prepared by Management

As at June 30, 2021 and June 30, 2020

	Note	June 30, 2021 $	March 31, 2021 $
Assets			
Current assets			
Cash		10,257,750	11,101,005
Accounts receivable		131,595	113,440
Prepaid expenses	5	63,887	181,454
		10,453,232	11,395,899
Non-current assets			
Property and equipment	6	45,742	50,369
Intangible assets	7	1,156,000	1,156,000
Joint venture	8	4,651	-
Goodwill	3, 4, 7	5,887,737	5,887,737
Total assets		17,547,362	18,490,005
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable	10	1,904,338	1,975,737
Accrued liabilities	10	60,000	209,170
Deferred tax liability	3	285,356	285,356
Deferred revenue		27,200	22,650
Lease liability	6	5,215	8,972
Promissory note payable	13	49,967	49,967
		2,332,076	2,551,852
Non-current liabilities			
CEBA loan payable	12	49,568	48,616
Total liabilities		2,381,644	2,600,468
Shareholders' equity			
Share capital	9	94,327,791	93,980,117
Obligation to issue shares	9	-	255,500
Reserves	9	12,682,798	12,407,223
Deficit		(91,844,871)	(90,753,303)
Total shareholders' equity		15,165,718	15,889,537
Total liabilities and shareholders' equity		17,547,362	18,490,005

Nature of operations and going concern (Note 1)
Commitment (Note 15)
Contingency (Note 16)
Events after the reporting period (Note 17)

Approved on behalf of the Board of Directors on August 27, 2021:

"Dr. Roger S. McIntyre" **Director** *"Olga M. Cwiek"* **Director**

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

For the three month period ended,	Note	June 30, 2021 $	June 30, 2020 $
Revenue		407,075	225,809
Cost of sales		(292,822)	(165,572)
		114,253	60,237
Expenses			
Accounting fees		22,155	-
Advertising and promotion		108,423	603,534
Consulting fees	10	119,384	426,844
Depreciation	6	6,379	5,568
Finance charges	6,12	1,178	134
Foreign exchange		-	(100)
Office and miscellaneous	10	108,181	290,423
Insurance		79,412	-
Professional fees	10	81,083	361,374
Research and development		71,498	528,832
Salaries	10	213,367	38,038
Share-based compensation	9, 10	294,758	2,775,660
Website development		60,879	-
Loss from operating expenses		(1,166,697)	(4,970,070)
Losses from joint venture	8	(14,724)	-
Listing expense	4	-	(77,793,883)
Write off of accounts receivable		(24,400)	-
Loss and comprehensive loss		**(1,091,568)**	**(82,763,953)**
Weighted average number of common shares – basic and diluted		169,035,491	107,506,140
Basic and diluted loss per share		(0.01)	(0.77)

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

Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)

Condensed Interim Consolidated Statements of Changes in Equity

Unaudited – Prepared by Management

For the three month period ended June 30, 2021 and June 30, 2020

	Note	Number of shares #	Share Capital $	Subscription receivable $	Obligation to issue shares $	Reserves $	Deficit $	Total shareholders' equity $
March 31, 2020		**23,092**	**3,247,715**	**(275,000)**	**60,000**	**1,877,093**	**(1,925,157)**	**2,984,651**
Exercise of warrants	9	4,000	1,200,000	-	-	(1,199,996)		4
Common shares issued for cash	9	290	145,000	-	(60,000)	-	-	85,000
Share subscription received	9	-	-	275,000	-	-	-	275,000
Acquisition of CRTCE	3, 9	10,455	5,227,500	-	-	-	-	5,227,500
Reverse acquisition transaction								
Equity of Champignon	4	81,299,030	16,410,176	-	-	1,247,938	(16,677,990)	980,124
Elimination of Champignon's equity	4	-	(16,410,176)	-	-	(1,247,938)	16,677,990	(980,124)
Shares acquired from legal subsidiary	4	(37,837)	-	-	-	-	-	-
Issuance of shares pursuant to RTO	4, 9	75,674,000	69,104,176	-	-	-	-	69,104,176
Options and warrants assumed pursuant to RTO	4, 9	-	-	-	-	8,229,831	-	8,229,831
Issuance of finders' shares pursuant to RTO	4, 9	2,000,000	1,700,000	-	-	-	-	1,700,000
Issuance of units pursuant to private placement, net of issuance cost	9	17,647,500	13,192,958	-	-	642,301	-	13,835,259
Exercise of finders' warrants	9	169,682	67,768	-	-	(16,863)	-	50,905
Exercise of warrants	9	500,000	95,000	-	-	-	-	95,000
Obligation to issue shares	9	-	-	-	255,500	-	-	255,500
Share-based compensation	9	-	-	-	-	2,775,660	-	2,775,660
Net loss		-	-	-	-	-	(82,763,953)	(82,763,953)
June 30, 2020		**177,290,212**	**93,980,117**	**-**	**255,500**	**12,308,026**	**(84,689,110)**	**21,854,533**
March 31, 2021		**177,290,212**	**93,980,117**	**-**	**255,500**	**12,407,223**	**(90,753,303)**	**15,889,537**
Exercise of warrants	9	468,302	74,810	-	-	(1,819)	-	72,991
Exercise of options	9	150,000	50,364	-	(33,000)	(17,364)	-	-
Voluntary share return	9	(9,780,000)	-	-	-	-	-	-
Shares for services	9	250,000	222,500	-	(222,500)	-	-	-
Share-based compensation	9	-	-	-	-	294,758	-	294,758
Net loss		-	-	-	-	-	(1,091,568)	(1,091,568)
June 30, 2021		**168,378,514**	**94,327,791**	**-**	**-**	**12,682,798**	**(91,844,871)**	**15,165,718**

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

For the three month period ended,	June 30, 2021 $	June 30, 2020 $
Operating activities		
Net loss for the period	(1,091,568)	(82,763,953)
Write off of accounts receivable	24,400	-
Depreciation	6,379	5,568
Finance charges	1,178	134
Shares issuable for services	-	222,500
Losses from joint venture	14,724	-
Share-based compensation	294,758	2,775,660
Listing expense	-	77,793,883
Net change in non-cash working capital items	(141,279)	(12,740)
	(891,408)	(1,978,948)
Financing activities		
Issuance of shares/units for cash, net	-	13,920,259
Proceeds from the exercise of warrants	72,991	145,909
Proceeds from the exercise of stock options	-	33,000
Lease payments made	(3,981)	(5,116)
Share subscriptions received	-	275,000
	69,010	14,369,052
Investing activities		
Cash acquired on acquisition of CRTCE	-	33,076
Net cash advanced to joint venture	(19,375)	-
Equipment acquired from CRTCE	(1,482)	-
Cash paid on acquisition of CRTCE	-	(1,500,000)
Cash acquired on reverse acquisition	-	182,535
	(20,857)	1,284,389
Change in cash	(843,255)	11,105,715
Cash, beginning of year	11,101,005	3,051,566
Cash, end of period	10,257,750	14,157,281

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

1. Nature of operations and going concern

Braxia Scientific Corp. (formerly, Champignon Brands Inc.) (the “Company”) was incorporated on March 26, 2019, under the laws of the province of British Columbia, Canada. The Company is primarily focused on (i) owning and operating multidisciplinary clinics, providing treatment for mental health disorders, and (ii) research activities related to discovering and commercializing novel drugs and delivery methods. Braxia seeks to develop ketamine and derivatives and other psychedelic products from its IP development platform.. On April 29, 2021, the Company changed its name from Champignon Brands Inc.(“Champignon”) to Braxia Scientific Corp. The shares of the Company are traded on the Canadian Securities Exchange (“CSE”) (CSE:BRAX), United States OTC stock market (OTCQB:BRAXF) and on the Frankfurt Stock Exchange (FWB:496). The Company’s primary office (head office and records office) is located at 1430 Hurontario St., Mississauga, Ontario L5G 3H4.Altmed Capital Corp. (“Altmed”) was incorporated under the Canada Business Corporations Act on September 9, 2019. Altmed’s registered office is located at 1430 Hurontario St., Mississauga, Ontario L5G 3H4. Altmed is in the start-up stage and is involved in the psychedelic industry.

On April 10, 2020 (and as completed on April 30, 2020), Champignon entered into an Amalgamation Agreement (the “Amalgamation Agreement”) with Altmed (Note 4). Pursuant to the Amalgamation Agreement, Champignon acquired all of the issued and outstanding securities in the capital of Altmed in exchange for the issuance of an aggregate of 75,674,000 (2,000 Champignon common shares for every 1 Altmed share held) common shares in the capital of Champignon to the shareholders of Altmed (collectively, the “Transaction”). Lastly, the Company issued 2,000,000 common shares as finders’ shares (the “Finders’ Shares”) in connection with the Transaction. The Transaction constitutes a reverse acquisition (“RTO”) of Champignon by Altmed, with Altmed being the acquirer for accounting purposes. Accordingly, these consolidated financial statements (the “financial statements”) are a continuation of Altmed, with the net assets (liabilities) of Champignon being consolidated from April 30, 2020, as well as Champignon’s operating results from that date forward. The comparative figures are those of Altmed.

These condensed interim consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As a company in the startup stage, the Company does not have significant revenues, and historically has relied on share capital financing to cover its research, development and other operating expenditures.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at June 30, 2021, the Company had working capital of $8,121,156 (March 31, 2021 - $8,844,047), however, the Company has yet to achieve profitable operations, has accumulated losses of $91,844,871 (March 31, 2021 - $90,753,303) since inception and expects to incur further losses in the development of its business. Although the historical losses cast significant doubt about the Company’s ability to continue as a going concern, management has assessed that its overall working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these condensed interim financial statements, it could be necessary to restate the Company’s assets and liabilities on a liquidation basis.

In March 2020, the World Health Organization declared coronavirus, specifically identified as “COVID-19” a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s ability to raise capital or conduct development activities. There are travel restrictions and health and safety concerns in all areas in which the Company operates that may prohibit or delay certain operating activities from proceeding.

2. Significant accounting policies

Basis of presentation

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited financial statements for the year ended March 31, 2021, and do not include all the information required for full annual financial statements 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"). These financial statements should be read in conjunction with the annual audited financial statements.

These condensed interim consolidated financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL").

All amounts in the condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

These condensed interim consolidated financial statements were approved by the board of directors on August 27, 2021.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned, Canadian subsidiaries, as follows:

Braxia Scientific Corp. ("Braxia")	Legal parent company
Altmed	Psychedelic and health company
Tassili Life Science Corp. ("TLS")	Research and development company
Artisan Growers Ltd. ("AGL")	Mushroom cultivation company
Novo Formulations Ltd. ("NOVO")	Research and development company
Canadian Rapid Treatment Centre of Excellence ("CRTCE")	Ketamine clinic company

A subsidiary is an entity controlled by the Company and is included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of a subsidiary are changed where necessary to align them with the policies adopted by the Company.

These condensed interim consolidated financial statements account for Braxia as a controlled entity requiring consolidation from the date of the RTO (Notes 1 and 4), effective April 30, 2020.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in the preparation of these condensed interim consolidated financial statements.

Significant accounting policies

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended March 31, 2021, with exception to the new accounting policies adopted by the Company discussed below.

Equity accounted investments

Equity accounted investments are those entities in which the Company has significant influence but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial, and operating decisions. Joint ventures are joint arrangements whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

2. Significant accounting policies (Continued)

Equity accounted investments (Continued)

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to $nil and additional losses are not provided for unless the Company is committed to provide other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary adjustments are made to bring the accounting policies of associates in line with those of the Company.

The Company uses the equity method to account for CRTCE’s Montreal Joint Venture, in which the Company controls a 50% interest (Note 8).

3. Business combination

On April 10, 2020 (and as amended and completed on April 29, 2020), Altmed entered into a Share Purchase Agreement (the “Share Purchase Agreement”) with Canadian Rapid Treatment Center of Excellence Inc. (“CRTCE”), a ketamine clinic licensed by the College of Physicians and Surgeons in Ontario, Canada. Pursuant to the terms of the Share Purchase Agreement, Altmed paid $1,500,000 in cash consideration and issued a total of 10,455 common shares with an aggregate fair value of $5,227,500 ($500 per share. This acquisition has been accounted for as a business combination as CRTCE met the definition of a business under IFRS 3, *Business Combinations* (“IFRS 3”).

In accordance with IFRS 3, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained.

The table below summarizes the estimated fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

Net assets of CRTCE acquired:	April 29, 2020 $
Cash	33,076
Receivables	507
Right-of-use asset	21,194
Intangible asset – License (Note 7)	1,156,000
Equipment (Note 6)	20,911
Accounts payable and accrued liabilities	(84,903)
Deferred income tax liability	(285,356)
Lease liability	(21,666)
Net assets acquired	839,763
Consideration paid on business combination:	
Common shares (fair value of 10,455 common shares $500 per share)	5,227,500
Cash consideration	1,500,000
Total consideration paid	6,727,500
Allocation of excess consideration over the fair value of net assets acquired:	
Goodwill (Note 7)	5,887,737

The business objectives of CRTCE were synergistic with the Company’s business plans and objectives. Goodwill consists of an assembled workforce, cost synergies and future economic potential of CRTCE.

4. Reverse acquisition

As described in Note 1, on April 30, 2020, Champignon and Altmed completed the Transaction which constituted a RTO.

The Transaction resulted in the shareholders of Altmed obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entities.

The Transaction constitutes an RTO of Champignon by Altmed and has been accounted for as a RTO. Champignon qualified as a business under the definitions of IFRS 3, and the Transaction was treated as an issuance of common shares by Altmed for the net assets of Champignon as well as Champignon's public listing, with Altmed as the continuing entity. Goodwill was recorded with respect to the Transaction, reflecting management's estimate of the fair value of Champignon's artisanal mushroom infused beverage business. The excess of consideration over the fair value of net assets acquired has been recorded as a listing expense, consistent with the guidance of IFRS 2.

For accounting purposes, Altmed is treated as the accounting parent company (legal subsidiary) and Champignon as the accounting subsidiary (legal parent) in these consolidated financial statements. As Altmed was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values. Champignon's results of operations have been included from April 30, 2020 onwards.

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

Net assets of Champignon Brands Inc. acquired:	April 30, 2020 $
Cash	182,535
Receivables	207,922
Inventory	107,891
Prepaid expenses	839,154
Equipment (Note 6)	6,853
Intangible assets – Website (Note 7)	108,929
Accounts payable and accrued liabilities	(465,619)
Lease liability	(7,541)
Net assets acquired	980,124
Consideration paid on RTO:	
Common shares (fair value of 81,299,030 common shares $0.85 per share)	69,104,176
Options and warrants assumed at RTO	8,229,831
Finder's common shares (fair value of 2,000,000 common shares at $0.85 per share)	1,700,000
Total consideration paid	79,034,007
Goodwill (Note 7)	260,000
Allocation of excess consideration over the fair value of net assets acquired: Listing expense	77,793,883

The Transaction was measured at the fair value of the shares options and warrants that Altmed would have had to issue to the shareholders of Champignon, to give the shareholders of Champignon the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Altmed acquiring Champignon.

A shareholder and contracted consultant to Champignon was also a shareholder of Altmed and was issued 6,018,000 common shares of Champignon on the closing of the RTO.

37,837 shares of Altmed were acquired by Champignon as part of the RTO.

5. Prepaid expenses

Prepaid expenses consist of the following:

	June 30, 2021 $	March 31, 2021 $
Insurance and others	18,785	98,197
Marketing services	45,102	83,257
Total	63,887	181,454

6. Property and equipment

Cost	Right-of-use assets $	Equipment $	Total $
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Additions (Notes 3 and 4)	28,047	42,118	70,165
March 31, 2021	28,047	42,118	70,165
Additions	-	1,482	1,482
June 30, 2021	28,047	43,600	71,647
Accumulated depreciation			
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Depreciation	(19,075)	(721)	(19,796)
March 31, 2021	(19,075)	(721)	(19,796)
Depreciation	(3,532)	(2,847)	(6,379)
June 30, 2021	(22,607)	(3,568)	(26,175)
Net book value			
March 31, 2021	8,972	41,397	50,369
June 30, 2021	5,440	40,032	45,742

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities as at June 30, 2021 and March 31, 2021 and for the period then ended is as follows:

	Total $
September 9, 2019 (date of incorporation) and March 31, 2020	-
Additions (Note 3 and 4)	29,207
Accretion	2,037
Lease payments	(22,272)
March 31, 2021	8,972
Accretion	224
Lease payments	(3,981)
June 30, 2021	5,215

As at June 30, 2021, there were no extension options that were reasonably certain to be exercised included in the measurement of the lease liabilities, and there were no leases with residual value guarantees.

7. Intangible assets and goodwill

Intangible assets:

	Website $	License $	Total $
Cost			
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Additions (Note 3 and 4)	108,929	1,156,000	1,264,929
Discontinued operations (Note 17)	(108,929)	-	(108,929)
March 31, 2021 and June 30, 2021	-	1,156,000	1,156,000
Accumulated amortization			
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Additions	6,000	-	-
Discontinued operations	(6,000)	-	-
March 31, 2021 and June 30, 2021	-	-	-
Net book value			
As at March 31, 2020	-	-	-
As at March 31, 2021 and June 30, 2021	-	1,156,000	1,156,000

As at June 30, 2021 and March 31, 2021, intangible assets consist of the Company's fully licensed health care facility in Mississauga, Canada. The intangible asset is an indefinite life asset. As at June 30, 2021 and March 31, 2021, the Company recorded impairment of $Nil on the Company's license.

Goodwill:

Management has identified one CGU which represents the lowest level within the Company at which goodwill is monitored for internal management purposes, Braxia Scientific Corp. For the purpose of the goodwill impairment testing, goodwill arising on the acquisition of CRTCE has been allocated to the Braxia Scientific Corp. CGU.

	Total $
Goodwill:	
September 9, 2019 (date of incorporation) and March 31, 2020	-
Addition (Note 3)	5,887,737
March 31, 2021 and June 30, 2021	5,887,737

For the purposes of testing impairment, the recoverable amount of each CGU comprising goodwill was based on the fair values less cost of disposal. As at June 30, 2021 and March 31, 2021, the Company recorded impairment of $Nil.

8. Joint Venture

Subject to a term sheet dated January 12, 2021, in the first quarter of fiscal 2022, the Company began operating a clinic in Montreal to offer rapid onset treatments, such as Intravenous Ketamine Therapy, to treat depression and other mental disorders. The agreement is a 50/50 joint venture with the Montreal Neurotherapie Center. Subsequent to year end and as part of the agreed terms, the Company contributed $25,000 to fund start up costs and first year working capital.

Among other items, the Company will also contribute a referral network, marketing support services, medical professionals to assist in patient intake and follow-up as well as protocol implementation. The parties have not yet finalized a definitive joint venture agreement which shall provide, among other things, the terms and conditions outlined in the term sheet of January 12, 2021.

Based on the terms of the Term Sheet, management has determined that the transaction meets the definition of a joint venture. Accordingly, the investment is accounted for using the equity method in these condensed interim consolidated financial statements.

8. Joint Venture (Continued)

	$
Opening balance, March 31, 2021	-
Cash advanced	25,500
Cash repaid	(6,125)
Share of losses from investment in Joint Venture	(14,724)
Ending balance, June 30, 2021	4,651

The following table summarizes the relevant financial information of the Joint Venture.

	June 30, 2021 $
Cash and cash equivalents	24,729
Current financial liabilities	(10,353)
Non-current financial liabilities	-
Depreciation and amortisation	-
Interest expense	-

9. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Transactions for the issue of share capital during the period ended June 30, 2021:

During the period ended June 30, 2021, the Company issued 468,302 common shares pursuant to warrant exercises for gross proceeds of $72,991. The Company re-allocated $1,819 from reserve to share capital.

During the period ended June 30, 2021, the Company issued 150,000 common shares pursuant to option exercises for gross proceeds of $33,000. The Company reclassified $33,000 from obligation to issue shares to share capital and $17,364 from reserve to share capital.

The Company issued 250,000 common shares pursuant to services rendered with a fair value of $222,500. The Company reclassified $222,500 from obligation to issue shares to share capital.

In March 2021, certain of the Company's shareholders agreed to voluntarily surrender 9,780,000 Shares to the Company for cancellation which was completed on April 12, 2021. The shareholders agreed to surrender these Shares to facilitate the resumption in the trading of the Shares on the CSE, which followed the revocation of cease trade orders issued by the British Columbia Securities Commission and Ontario Securities Commission on April 22, 2021.

Transactions for the issue of share capital during the period ended June 30, 2020:

On April 3, 2020, Altmed issued 4,000 common shares pursuant to warrant exercises for gross proceeds of $4. In connection with the warrants exercised, the original fair value of $1,199,996 was reversed from reserves and credited to share capital.

On April 6, 2020, Altmed issued 290 common shares for gross proceeds of $145,000 ($500 per share). Of the total proceeds, $60,000 received as at March 31, 2020 was applied towards the private placement completed.

On April 29, 2020, Altmed issued a total of 10,455 common shares pursuant to the Share Purchase Agreement with CRTCE (Note 3) with a total fair value of $5,227,500 ($500 per share).

On April 30, 2020, Altmed completed the RTO with Champignon and 75,674,000 Champignon's common shares with a fair value of $69,104,176 were issued to the Altmed shareholders and 2,000,000 Champignon's common shares were issued as finder's fees at the fair value of $1,700,000 (Notes 1 and 4).

9. Share capital (Continued)

Transactions for the issue of share capital during the period ended June 30, 2020 (Continued):

On June 11, 2020, the Company completed a private placement whereby a total of 17,647,500 units (the "Units") were issued at a price of $0.85 per Unit for gross proceeds of $15,000,375. Each Unit consists of one common share and one half of one warrant (total warrants attached 8,823,750), with each whole warrant being exercisable at a price of $1.15 for a period expiring on June 11, 2022. No value was allocated to the warrant component of the Units. In connection with the Unit offering completed, the Company paid finders' fees of $1,165,116 and issued a total of 1,235,326 finders' warrants (the "Unit Finders' Warrants") for a fair value of $642,301. The Unit Finders' Warrants are exercisable into Units of the Company at an exercise price of $0.85 and an expiration date of June 11, 2022. The fair value of the Unit Finders' Warrants was estimated at $642,301 using the Black-Scholes option pricing model with the following assumptions: expected life – 1.7 years; expected volatility – 100%; dividend yield – $0; and risk-free rate – 0.25%.

During the year ended March 31, 2021, the Company issued 169,682 common shares on the exercise of finders' warrants for gross proceeds of $50,905. In connection with the finders' warrants exercised, the original fair value of $16,863 was reversed from reserves and credited to share capital.

During the year ended March 31, 2021, the Company issued 500,000 common shares on the exercise of warrants for gross proceeds of $95,000.

As at March 31, 2021, the Company has recorded an obligation to issue shares in an amount of $255,500 pursuant to proceeds received on the exercise of 150,000 stock options ($33,000) and a consulting agreement ($222,500) (Note 15).

Escrowed shares

As at June 30, 2021 and March 31, 2021, there are 15,915,001 shares and 1,800,000 warrants in escrow.

Stock options

The Directors of the Company adopted a Stock Option Plan on October 15, 2019 (the "Plan") that allows it to grant options, subject to regulatory terms and approval, to its Officers, Directors, employees and certain consultants. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of up to 10% of the Company's outstanding common shares, calculated from time to time.

A summary of the Company's options as at June 30, 2021 and March 31, 2021, and changes during the periods then ended is as follows:

	Period ended June 30, 2021		Year ended March 31, 2021	
	Options #	Weighted average exercise price $	Options #	Weighted average exercise price $
Outstanding options, beginning of year	8,400,000	0.62	-	-
Assumed on RTO (Note 4)	-	-	7,800,000	0.32
Granted	9,750,000	0.40	3,900,000	1.02
Exercised	(150,000)	0.22	(150,000)	0.22
Forfeited	(3,900,000)	0.35	(3,150,000)	0.38
Options outstanding, end of year	14,100,000	0.55	8,400,000	0.62

As at June 30, 2021 the Company had options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
600,000	600,000	0.22	0.67	March 2, 2022
3,750,000	3,750,000	0.99	3.87	May 11, 2025
9,750,000	3,250,000	0.395	4.91	May 28, 2026
14,100,000	7,600,000	0.55		

9. Share capital (Continued)

Stock options (Continued)

Granted during the period ended June 30, 2021:

On May 28,2021, the Company granted stock options to officers, directors and consultant to purchase an aggregate of 9,750,000 common shares at an exercise price of $0.395 per common share for up to five years. The options vested as follows: 1/3, 6 months from the date of issuance, 1/3, 12 months from the date of issuance and 1/3, 18 months from the date of issuance. The total grant date fair value of the options was measured at $2,680,684 using the Black-Scholes option pricing model using the following assumptions: share price of $0.395, exercise price of $0.395, risk-free rate of 0.75%, expected volatility of 91%, and expected life of 5 years. During the period ended June 30, 2021, the Company recognized $294,758 as share-based compensation.

Granted during the period ended June 30, 2020:

The options assumed in connection with the RTO (Note 4) were outstanding and exercisable in Champignon immediately prior to completion of the Transaction. The fair valued of $4,868,532 assigned to the options assumed was determined using the Black-Scholes option pricing model with the following assumptions: share price of $0.85, exercise price of $0.22 to $0.50, risk-free rate of 0.29%, expected volatility of 100%, and expected life of 1.84 to 1.92 years.

On May 18, 2020, the Company granted stock options to an Officer and a consultant to purchase an aggregate of 3,750,000 common shares at an exercise price of $0.99 per common share for up to five years. The options vested upon grant. The grant date fair value of the options was measured at $2,742,595 using the Black-Scholes option pricing model.

On June 1, 2020, the Company granted stock options to a consultant to purchase an aggregate of 150,000 common shares at an exercise price of $1.69 per common share for up to two years. 75,000 options vested upon grant and 75,000 options will vest on December 1, 2020. The grant date fair value of the 75,000 options vested was measured at $66,131 using the Black-Scholes option pricing model.

For the period ended June 30, 2020, the assumptions for estimating the fair value of the options were as follows:

	Weighted average assumptions
Exercise price	$1.02
Stock price	$1.02
Expected volatility	100%
Risk-free rate	0.33
Expected life	4.89

Warrants

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements. The Company may also issue standalone compensatory warrants, which are valued using the Black-Scholes option pricing model.

9. Share capital (Continued)

Warrants (Continued)

A summary of the status of the Company's warrants as at June 30, 2021 and March 31, 2021, and changes during the periods then ended is as follows:

	Period Ended June 30, 2021		Year ended March 31, 2021	
	Warrants #	Weighted average exercise price #	Warrants #	Weighted average exercise price $
Outstanding warrants, beginning of year	15,705,866	0.75	5,050	104
Issued	-	-	-	
Exercised	(468,302)	0.16	(4,000)	0.001
Cancelled	-	-	(1,050)	500
Assumed on RTO (Note 4)	-	-	4,216,472	0.06
Issued – replacement warrants	-	-	2,100,000	0.25
Issued – unit warrants	-	-	8,823,750	1.15
Issued – Finders' Unit Warrants	-	-	1,235,326	0.85
Exercised	-	-	(669,682)	0.22
Warrants outstanding, end of year	15,237,564	0.77	15,705,866	0.75

As at June 30, 2021 the Company had warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price $	Weighted average remaining life (years)
3,000,000	3,000,000	0.005	2.86
278,488	278,488	0.30	0.64
1,235,326	1,235,326	0.85	0.64
8,823,750	8,823,750	1.15	0.64
1,900,000	1,900,000	0.25	0.64
15,237,564	15,237,564	0.77	

Reserves

Reserves includes the accumulated fair value of stock options recognized as share-based compensation, the fair value of finders' warrants issued in connection with private placements, and the fair value of other standalone compensatory warrants issued. Reserves is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants are exercised.

Loss per share

The calculation of basic and diluted loss per share for the period ended June 30, 2021 was based on the loss of $1,091,568 and a weighted average number of common shares outstanding of 169,035,491. All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

10. Related party transactions and balances

The Company's related parties include key management personnel, including Officers and Directors, and companies in which they have control or significant influence over the financial or operating policies of those entities.

The stock based compensation related to the 4,950,000 stock options granted to Officers and Directors of the Company which vested during the period ended June 30, 2021 was $149,646.

The aggregate value of other transactions with related parties during the period ended June 30, 2021 and 2020 is as follows:

	June 30, 2021 $	June 30, 2020 $
Consulting fees	-	104,068
Salaries	206,250	-
Professional fees	3,938	54,067
Rent	5,085	-
Products purchased from a pharmacy owned by the Vice President of Operations of the Company's subsidiary	48,480	-
	263,753	158,135

The Company has also identified a significant shareholder and contracted consultant of the Company (the "Consultant") as a related party for reporting purposes as the Consultant exerted significant influence over the Company. The Consultant was also a shareholder of Altmed and was issued common shares of Champignon on the closing of the RTO (Note 4). In addition, the consultant was paid consulting fees of $Nil (June 30, 2020 - $60,000) during the period ended June 30, 2021.

For the period ended June 30, 2021, $3,994 (March 31, 2021 - $109,327) was owed to related parties of the Company which is included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

11. Financial risk management

Capital management

The Company's objective in managing capital is to ensure sufficient liquidity to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through private placements of common shares or units.

The Company is not subject to externally imposed capital requirements and does not present utilize any quantitative measures to monitor its capital.

There were no changes in the Company's management of capital during the period ended June 30, 2021.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured using Level 1 inputs. The carrying value of promissory note payable and accounts payable approximates the fair values due to their short-term term to maturity or guaranteed cash value at maturity.

The fair value of the CEBA loan payable approximates to its face value (Note 12).

11. Financial risk management (Continued)

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and currency risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low.

The Company has minimal credit risk exposure in respect of receivables, as they primarily consist of refundable credits are due from Canadian Government and revenue to be collected from services provided through its ketamine clinics.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2021, the Company did not have any financial instruments subject to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of June 30, 2021, the Company had current assets of $10,453,232 to cover short term obligations of $2,322,076.

Historically, the Company's sole source of funding has been through share and unit offerings. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

12. CEBA Loans

During the year ended March 31, 2021, the Company received an aggregate $60,000 from Canada Emergency Business Account ("CEBA") which were interest free loans from the Government of Canada. If the Government of Canada is repaid by December 31, 2022, $20,000 will be forgiven. If the Company is not able to repay, the loan will convert into a regular loan with a three-year term at 5% per annum. Upon initial recognition, the Company recorded a gain on government loan of $12,612.

	Total $
Balance, March 31, 2020	-
CEBA loan addition	60,000
Gain on government debt	(12,612)
Accretion	1,228
Balance, March 31, 2021	48,616
Accretion	952
Balance, June 30, 2021	49,568
Less current portion	-
Non-current portion of loan payable	49,568

13. Promissory note payable

On September 11, 2019, Altmed entered into a Promissory Note Agreement with an arm's length party for gross proceeds of $50,000 (the "Loan"), net of $33 in bank fees. The Loan is non-interest bearing, due on demand and unsecured.

14. Segmented information

Operating segment information:

As at June 30, 2021 June 30, 2020 and March 31, 2021, the Company operates in one reportable segment, the Health segment, and in one geographic region, being Canada.

15. Commitment

On May 15, 2020, Altmed entered into an Independent Contractor Agreement (the "IC Agreement") with an arm's length consultant that carries a term of 2 years, expiring on May 15, 2022. The IC Agreement can be terminated for any reason, by either party, on six months' prior written notice.

Pursuant to the terms of the IC Agreement, the consultant will be paid $15,000 per month (plus sales tax) plus be reimbursed for any disbursements incurred. Further, the IC Agreement requires the Company to issue a total of 250,000 common shares on or after June 11, 2020 for services previously provided (the "Share Commitment"). As at March 31, 2021, the Company has recorded the value of the Share Commitment at $222,500 ($0.89 per share). During the period ended June 30, 2021, the Company issued 250,000 common shares to settle this commitment.

16. Contingency

On May 3, 2021, the Company was served with a notice of civil claim in a proposed class proceeding in British Columbia against the Company, its CEO, certain of its former officers, a shareholder, and underwriters which were engaged in connection with a private placement financing for the Company in June 2020. The claim is based on allegations relating the Company's disclosure documents regarding the value of three acquisitions made by the Company in 2020 and related matters. The plaintiff is seeking an unspecified monetary amount of damages for the proposed class. The Company intends to vigorously defend the claim. The likelihood of outcome of the case or any monetary considerations is not known at this time.

On August 26, 2021, the Company was served with a class action complaint in the United States District Court for the Central District of California against the Company, its former CEO and director, and its former President and director. The complaint alleges that the Company and the individual defendants violated ss. 10(b) and 20(a) of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The complaint is based on allegations relating the Company's disclosure documents regarding four acquisitions made by the Company in 2020 and related matters. The plaintiff is seeking an unspecified amount of damages for the proposed class. The Company intends to vigorously defend the complaint. The likely outcome of the case or any monetary impact on the Company is not known at this time.

17. Subsequent Event

Subsequent to the period ending June 30, 2021, the Company issued 200,000 common shares to settle $62,000 owed to an independent contractor.