

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2021 AND JUNE 30, 2020
(In Canadian Dollars)

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Condensed Interim Statement of Financial Position (UNAUDITED)

As at

(Expressed in Canadian dollars)

	Note	June 30, 2021 \$	September 30, 2020 \$
Assets			
Current Assets			
Cash and Cash Equivalents		8,042,951	1,843,187
Prepaid Expenses		27,326	96,368
Other receivables		287,098	29,978
Inventory	10	61,801	-
Non-Current Assets			
Intangible Assets	9	1,418,965	-
Total Assets		9,838,141	1,969,533
Liabilities			
Accounts payable and accrued liabilities		930,520	142,992
Total Liabilities		930,520	142,992
Shareholders' Equity			
Share capital	4	10,733,889	1,951,762
Shares to be issued	4	-	135,000
Contributed surplus	4	840,552	32,244
Accumulated deficit		(2,666,820)	(292,465)
Total Shareholders' Equity		8,907,621	1,826,541
Total Liabilities and Shareholders' Equity		9,838,141	1,969,533

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

Nature and continuance of operations *(note 1)*

Subsequent events *(note 11)*

Approved and authorized for issue by the Board of Directors on August 25, 2021

"Mark Smithyes"
 Director

"Andrew Parks"
 Director

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Condensed Interim Statement of Loss and Comprehensive Loss (UNAUDITED)
For the three months and nine months ended June 30, 2021 and June 30, 2020
(Expressed in Canadian dollars)

	Note	Three months ended		Nine Months Ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30 2020
		\$	\$	\$	\$
Expenses:					
Sales, general and administrative		1,066,524	1	1,961,809	1
Share based compensation	4	350,638	-	412,546	-
		1,417,162	1	2,374,355	1
Net (loss) and comprehensive (loss)		(1,417,162)	(1)	(2,374,355)	(1)
Net (loss) per share – basic and diluted	5	(0.06)	(0.01)	(0.10)	(0.01)
Weighted average number of shares outstanding – basic and diluted	5	23,257,900	100	23,257,900	100

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

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Condensed Interim Statement of Changes in Shareholders' Equity (UNAUDITED)
For the nine months ended June 30, 2021 and June 30, 2020
(Expressed in Canadian dollars)

	Number of Shares	Common Shares \$	Shares to be issued \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, September 30, 2019	100	1	-	-	(1)	-
Issuance of common shares, net of expenses	17,900,750	1,858,570	-	-	-	1,858,570
Issuance of common shares for services	2,902,125	116,085	-	-	-	116,085
Issuance of finders' warrants	-	(22,894)	-	22,894	-	-
Share based compensation	-	-	-	9,350	-	9,350
Shares to be issued	-	-	135,000	-	-	135,000
Net loss for the period	-	-	-	-	(292,464)	(292,464)
	20,802,975	1,951,762	135,000	32,244	(292,465)	1,826,541
Balance June 30, 2020	100	1	-	-	(1)	-
Balance, September 30, 2020	20,802,975	1,951,762	135,000	32,244	(292,465)	1,826,541
Issuance of common shares, net of expenses	11,889,276	8,578,889	-	-	-	8,578,889
Issuance of common shares for services	528,827	464,000	-	-	-	464,000
Issuance of common shares previously unissued	-	135,000	(135,000)	-	-	-
Issuance of finders' warrants	-	(395,762)	-	395,762	-	-
Share based compensation	-	-	-	412,546	-	412,546
Net loss for the period	-	-	-	-	(2,374,355)	(2,374,355)
Balance, June 30, 2021	33,221,078	10,733,889	-	840,552	(2,666,820)	8,907,621

Please refer to Note 4 regarding the transactions effecting Shareholder's Equity.

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

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Condensed Interim Statement of Cash Flows (UNAUDITED)
For the nine months ended June 30, 2021 and June 30, 2020
(Expressed in Canadian dollars)

	Note	Nine months ended	
		June 30, 2021	June 30, 2020
		\$	\$
Cash flow from operating activities			
Net loss and comprehensive loss for the period		(2,374,355)	(1)
Items not affecting cash:			
Shares issued for services	4	464,000	-
Share based compensation	4	412,546	-
Changes in non-cash working capital items:			
Decrease in prepayment		69,042	-
Increase in other receivables		(257,120)	-
Increase in accounts payable and accrued liabilities		787,528	-
Increase in Inventory		(61,801)	
Increase in intangible assets	9	(1,418,965)	
Cash flow used in operating activities		(2,379,125)	(1)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net	4	8,578,889	1
Cash flow from financing activities		8,578,889	1
Decrease in cash		6,199,764	-
Cash, beginning of period		1,843,187	-
Cash, end of period		8,042,951	-

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

1. Nature and Continuance of Operations

Nurosene Health Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on May 8, 2019 under the name "2695174 Ontario Inc." On June 19, 2020, the Company changed its name from "2695174 Ontario Inc." to "Nurosene Inc.". On March 26, 2021, the Company completed a continuance from the Business Corporations Act (Ontario) to the Business Corporations Act (British Columbia). In connection with the continuance, the Company changed its name to "Nurosene Health Inc."

The Company's head office is located at 1655 Dupont Street, Suite 101, Toronto, Ontario M6P 3T1 and its registered office is located at 2800 Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7.

Negative Operating Cash Flow

The company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated any revenues and it is expected that significant capital investment will be required to begin earning revenue. The Company's ability to generate revenues and potential to become profitable will depend largely on the ability to manufacture and market products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable.

Additional Financing

To date, the Company has no significant source of revenue to fund all of its operational needs and will require significant additional financing to continue its operations. There can be no assurance that such financing will be available at all or on favourable terms. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company's deployment of its products. Additional financing may dilute the ownership interest of the Company's shareholders at the time of the financing, and may dilute the value of their investment.

Uncertainty of Additional Capital

The Company anticipates expending substantial funds to carry out the development, distribution and manufacture of its products. The Company has been successful in raising funds from the issuance of shares (note 4). Therefore, the Company's ability to obtain additional financing is enough to assume that the Company will continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time.

2. Basis of Presentation

(a) Statement of compliance

These annual financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below have been applied consistently to all periods presented.

The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The condensed consolidated interim financial statements do not include all the information required for annual consolidated financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended September 30, 2020. These condensed consolidated interim financial statements were, at the recommendation of the audit committee, approved and authorized for issuance by the Company’s Board of Directors on August 25, 2021. These condensed consolidated interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the year ended September 30, 2020.

(b) Basis of presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, as detailed in the Company’s accounting policies.

(c) Functional and presentation currency

The Company’s functional currency, as determined by management, is the Canadian dollar. These financial statements are presented in Canadian dollars.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Management has applied significant estimates and assumptions related to the following:

Fair value of stock options and warrants

Management uses the Black-Scholes option-pricing model to calculate the fair value of stock options and warrants. Use of this method requires management to make assumptions and estimates about the expected life of options, the risk free rate, and the volatility of the Company’s share price. In making these assumptions and estimates, management relies on historical market data.

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Notes to the Financial Statements (UNAUDITED)
For the three and nine months ended June 30, 2021 and June 30, 2020

3. Significant Accounting Policies

A summary of the significant accounting policies, which have been applied consistently to all periods presented in the accompanying financial statements are set out below:

Standards issued and effective for the year ended September 30, 2021:

Conceptual Framework

The Company adopted the revised Conceptual Framework for Financial Reporting ("revised conceptual framework"). The revised conceptual framework does not constitute a substantial revision from the previously effective guidance, but does provide additional guidance on topics not previously covered such as presentation and disclosure. The adoption of the revised conceptual framework did not have a material impact on the consolidated financial statements.

Definition of a Business

The Company adopted the IASB amendment regarding the definition of a business under IFRS 3 Business Combinations. This amendment narrowed and clarified the definition of a business, as well as permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The adoption of the amendment to IFRS 3 did not have a material impact on the consolidated financial statements.

4. Shareholders' Equity

Authorized share capital

The Company is authorized to issue an unlimited number of common shares.

Outstanding share capital

As at June 30, 2021, there were no shares issued and outstanding other than common shares.

		Number of shares	Amount \$
Balance, September 30, 2019		-	-
Issuance upon incorporation		100	1
Balance, June 30, 2020		100	1
Balance, September 30, 2020		20,802,975	1,951,762
Issuance of Common Shares at \$0.40	(1)	1,587,500	635,000
Less share issuance cost	(2)	-	(165,440)
Issuance of Common Shares at \$0.40 for services	(3)	35,000	14,000
Issuance of common shares previously unissued	(4)	-	135,000
Issuance of finders' warrants	(5)	-	(15,879)
Issuance of Common Shares at \$0.81 for services	(6)	493,827	400,000
Issuance of Common Shares at \$0.90	(7)	10,222,221	8,097,729
Issuance of Common Shares at \$0.90 for services	(8)	55,555	50,000
Issuance of finders' warrants	(9)	-	(379,883)
June Exercise of Warrants and Options	(10)	24,000	11,600
Balance, June 30, 2021		33,221,078	10,733,889

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Notes to the Financial Statements (UNAUDITED)
For the three and nine months ended June 30, 2021 and June 30, 2020

4. Shareholders' Equity (continued)

- 1) On October 1, 2020, the Company completed a non-brokered private placement through the issuance of 1,587,500 common shares valued at \$0.40 per share for gross proceeds of \$635,000.
- 2) The Company incurred share issuance costs totalling \$165,440 in connection to the October 1, 2020 non-brokered private placement at \$0.40 per share.
- 3) On October 1, 2020, the Company issued 35,000 common shares valued at \$0.40 per share to consultants of the Company for consulting services performed. The shares were valued with reference to the October 1, 2020 private placements.
- 4) On October 1, 2020, common shares of the Company that were not issued at September 30, 2020, were issued.
- 5) On October 1, 2020, 76,100 Finders' Warrants of the Company were issued with an exercise price of \$0.40 per share expiring October 1, 2022.
- 6) On June 8, 2021, the Company issued 493,827 common shares valued at \$0.81 per share to Tribal Scale, consultants of the Company for consulting services performed. These shares were valued with reference to the Consulting Agreement Statement of Work.
- 7) On June 9, 2021, the Company issued 10,222,221 common shares valued at \$0.90 per share as part of the Company's Initial Public Offering. Gross proceeds of the offering was \$9,200,000 with \$1,102,270 of transactions costs for net proceeds of \$8,097,729. Transaction costs related to the Initial Public Offering consisted largely of legal fees and agent fees.
- 8) On June 9, 2021, the Company issued 55,555 common shares valued at \$0.90 per share for services performed. These shares were valued with reference to the June 9, 2021 Initial Public Offering.
- 9) On June 9, 2021, 606,667 Finders' Warrants of the Company were issued with an exercise price of \$0.90 per share expiring on June 8, 2023.
- 10) During the month of June, 2021, 4,000 options and 20,000 warrants were exercised at a price of \$0.90 and \$0.40 respectively, to purchase 24,000 common shares for gross proceeds of \$11,600.

Stock options

Under the Company's stock option plan (the "Plan"), the Company's Board of Directors is authorized to grant stock options to directors, senior officers, employees, consultants, consultant company or management company employees of the Company and its subsidiaries not to exceed 10% of the issued and outstanding common shares of the Company from time to time. Stock options granted under the Plan are exercisable over a period not exceeding 10 years from the date granted. Exercise prices may not be less than the market price of the common shares at the time of the grant. An option shall vest in the manner imposed by the Board of Directors as a condition at the grant date.

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Notes to the Financial Statements (UNAUDITED)
For the three and nine months ended June 30, 2021 and June 30, 2020

	Number of options	Weighted average exercise price
		\$
Balance, May 8, 2019, September 30, 2019	-	-
Granted	100,000	0.40
Balance, September 30, 2020	100,000	0.40
Granted	2,406,000	1.10
Balance, June 30, 2021	2,506,000	1.07

Grant date	Exercise price (\$)	Weighted average remaining life (years)	Number of options outstanding	Number of options exercisable
September 14, 2020	0.40	4.21	100,000	100,000
December 4, 2020	0.40	1.25	200,000	200,000
May 28, 2021	0.90	4.91	260,000	260,000
June 9, 2021	0.90	4.94	1,796,000	103,600
June 25, 2021	2.60	4.99	150,000	10,000
	0.40	4.21	2,506,000	300,000

On September 14, 2020, the Company issued 100,000 options to a consultant. The options have an exercise price of \$0.40 and expire on September 14, 2025. 25% of the options vest immediately upon issuance and remaining 75% will vest six months after the grant date.

On December 4, 2020 the Company issued 200,000 options to a consultant. The options have an exercise price of \$0.40 and expire on December 4, 2022. The options vest immediately upon issuance.

On May 28, 2021 the Company issued 260,000 options to consultants of the Company. The options have an exercise price of \$0.90 and expire on May 28, 2026. The options vest immediately upon issuance.

On June 9, 2021 the Company issued 1,796,000 options to various consultants and advisors of the Company. The options have an exercise price of \$0.90 and expire on June 9, 2026. The options have various vesting terms ranging from immediately to over three years.

On June 25, 2021, the Company issued 150,000 options to consultants of the Company. The options have an exercise price of \$2.60 and expire on June 25, 2026. The options have various vesting terms ranging from immediately to over three years.

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Notes to the Financial Statements (UNAUDITED)
For the three and nine months ended June 30, 2021 and June 30, 2020

4. Shareholders' Equity (continued)

The fair value of the Company's stock options was estimated using the Black-Scholes option pricing model using the following assumption:

Volatility	145% to 150%
Risk-free interest rate	0.24% to 0.44%
Expected life (years)	2-5 years
Dividend yield	Nil
Forfeiture rate	Nil
Share price	\$0.40 - 2.60

The compensation expense and charge to contributed surplus relating to the vesting of stock options for the three and nine months ended June 30, 2021 was \$350,638 and \$412,546 respectively (three and nine months ended June 30, 2020: nil and nil respectively).

Share purchase warrants

Each warrant entitles the holder to purchase one common share at a set price, at the option of the holder for a set period of time. The following table sets out information regarding warrants issued by the Company:

		Number of warrants	Weighted average exercise price \$
Balance, May 8, 2019, September 30, 2019		-	-
Issuance of finders' warrants - Tranche 1	(i)	75,938	0.40
Issuance of finders' warrants - Tranche 2	(ii)	5,000	0.40
Issuance of finders' warrants - Tranche 3	(iii)	28,750	0.40
Balance, September 30, 2020		109,688	-
Issuance of finders' warrants - Tranche 4	(iv)	76,100	0.40
Issuance of finders' warrants	(v)	606,667	0.90
Warrants Exercised during the quarter	(vi)	(20,000)	
Balance, June 30, 2021		772,455	-

(i) 75,938 finders' share purchase warrants with exercise price of \$0.40 per share, expiring in August 20, 2022;

(ii) 5,000 finders' share purchase warrants with exercise price of \$0.40 per share, expiring in September 8, 2022;

(iii) 28,750 finders' share purchase warrants with exercise price of \$0.40 per share, expiring in September 23, 2020, as part of the non-brokered private placement that took place on in August and September, 2020. Share issuance cost of \$22,894 has been recognized as a result of these issuances.

(iv) 76,100 finders' share purchase warrants with an exercise price of \$0.40 per share expiring October 1, 2022.

(v) 606,667 finders' share purchase warrants with an exercise price of \$0.90 per share expiring on June 9, 2023.

(vi) 20,000 finders' share purchase warrants were exercised at a price of \$0.4 during the quarter ended June 30, 2021.

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Notes to the Financial Statements (UNAUDITED)
For the three and nine months ended June 30, 2021 and June 30, 2020

4. Shareholders' Equity (continued)

The fair value of the Company's finders' warrants was estimated using the Black-Scholes option pricing model using the following assumptions:

Volatility	145%
Risk-free interest rate	0.24% to 0.32%
Expected life (years)	2 years
Dividend yield	Nil
Forfeiture rate	Nil
Share price	\$0.40 - 0.90

As at June 30, 2021, 792,455 (2020: Nil) warrants were outstanding.

Shares to be issued

The Company received cash proceeds of \$135,000 for 337,500 shares subscribed as at September 30, 2020 (2020: Nil). The shares were issued on October 1, 2020.

5. Loss Per Share

	Three months ended		Nine Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30 2020
	\$	\$	\$	\$
Net loss for the year/period	(1,417,162)	(1)	(2,374,355)	(1)
Weighted average number of shares for basic loss per shar	23,257,900	100	23,257,900	1
Basic and diluted loss per share	(0.06)	(0.01)	(0.10)	(1.00)

The basic and dilutive loss per share are the same as the share purchase warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

6. Related Party Transactions

Key management includes directors and officers of the Company. A total of \$nil (for the year ended September 30, 2020, 1,717,000 common shares valued at \$0.40) common shares were issued to key management during the six months ended June 30, 2021 (2020: Nil).

During the three and six month periods ended June 30, 2021, the compensation of key management of the Company totaled \$104,441 and \$220,798 respectively (March 31, 2020: \$nil), and consisted of consulting fees.

7. Capital Management

The Company's objective in managing capital is to ensure a sufficient liquidity position 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, comprised of issued common shares, contributed surplus and accumulated deficit. 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 administrative expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through private placements of common shares.

There have been no changes to the Company's objectives and what it manages as capital since inception. The Company is not subject to externally imposed capital requirements.

8. Financial Instruments and Risk Management

Financial Instruments

The Company has classified its cash as fair value through profit and loss (“FVTPL”). Other receivables have been classified as loans and receivables. Accounts payable and accrued liabilities have been classified as other financial liabilities.

The carrying values of cash, other receivables and accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity.

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data

Level 3 – inputs for assets and liabilities not based upon observable market data

Financial Risk Factors

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below:

(a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash. The Company’s cash are held at major financial institution and lawyer’s trust accounts. The Company regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

(b) Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. All of the Company’s financial liabilities are due within one year.

9. Intangible Assets

The Company entered the development stage of the application. Costs incurred in the amount of \$1,418,965 were capitalized during the nine months ended June 30, 2021 (2020: nil). These costs have been capitalized and recognized as an internally developed intangible asset. No costs previously incurred have been capitalized regarding development of intangible assets. Costs are capitalized on the basis of IAS 38.

10. Inventory

NUROSENE HEALTH INC. (FORMERLY NUROSENE INC.)
Notes to the Financial Statements (UNAUDITED)
For the three and nine months ended June 30, 2021 and June 30, 2020

Inventory on hand consists of Raw Materials in the amount of \$39,161 and Finished Goods of \$22,640. Raw Materials include ingredients that are a key component of the Company's Finished Goods. Finished Goods Inventory was manufactured by a third party contract manufacturer.

11. Subsequent Events

On August 9, 2021, the Company announced that it had entered into an arm's length non-binding term sheet ("Term Sheet") with NetraMark Corp. ("NetraMark"), a private Ontario corporation, to acquire all of its issued and outstanding shares ("Transaction"). The Company will not be assuming any long-term debt, and no finder's and/or other fees are payable, in conjunction with the Transaction. The non-binding Term Sheet was executed on July 9, 2021 and both parties completed their mutual due diligence investigations, and waived all remaining due diligence conditions, on August 6, 2021. It is currently contemplated that all of the required parties will enter into a definitive agreement on or before September 15, 2021 (subject to extension by mutual agreement between the parties) which will contain customary terms and conditions for transactions of this nature.