

NUROSENE HEALTH INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2022, AND JUNE 30, 2021
(In Canadian Dollars)

Notice to Reader

Management has compiled the Condensed Consolidated Interim Financial Statements of Nurosene Health Inc. (the "Company") consisting of the Statement of Financial Position as at June 30, 2022 and the Statements of Loss and Comprehensive Loss, Changes in Equity and Cash Flows for the three months and nine months then ended. All amounts are stated in Canadian Dollars.

The Company's auditors have not reviewed or audited the Condensed Consolidated Interim Financial Statements.

Nurosene Health Inc.

Condensed Interim Consolidated Statements of Financial Position (UNAUDITED)

(Expressed in Canadian dollars)

	Note	June 30, 2022 \$	September 30, 2021 \$
Assets			
Current Assets			
Cash		115,951	6,286,115
Accounts Receivable		98,655	-
Prepaid Expenses		12,419	146,554
Other Receivables	5	492,760	347,655
Short-Term Investments	6	40,000	40,000
Total Current Assets		759,785	6,820,324
Non-Current Assets			
Intangible Assets	7	1,734,815	1,582,321
Goodwill	4	15,086,309	-
Total Non-Current Assets		16,821,124	1,582,321
Total Assets		17,580,909	8,402,645
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities		776,345	458,864
Deferred Revenue	8	23,029	-
Total Current Liabilities		799,374	458,864
Total Liabilities		799,374	458,864
Shareholders' Equity			
Share Capital	9	25,798,381	11,754,122
Contributed Surplus	9	2,595,719	1,566,466
Accumulated Deficit		(11,612,565)	(5,376,807)
Total Shareholders' Equity		16,781,535	7,943,781
Total Liabilities and Shareholders' Equity		17,580,909	8,402,645

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

Nature and continuance of operations (note 1)

Subsequent events (notes 4, 14)

Approved and authorized for issue by the Board of Directors on August 22, 2022.

"Kevin Taylor"

Director

"Andrew Parks"

Director

Nurosene Health Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (UNAUDITED)

For the Three and Nine Months Ended June 30, 2022 and June 30, 2021

(Expressed in Canadian dollars)

	Note	Three Months Ended		Nine Months Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		\$	\$	\$	\$
Revenue					
Sales Revenue		-	-	74,976	-
Total Revenue		-	-	74,976	-
Expenses:					
Sales, General and Administrative	10	1,174,557	1,066,524	5,248,714	1,961,809
Share-Based Compensation	9	(317,165)	350,638	1,062,020	412,546
Total Expenses		857,392	1,417,162	6,310,734	2,374,355
Net (Loss) and Comprehensive (Loss)		(857,392)	(1,417,162)	(6,235,758)	(2,374,355)
Net (Loss) Per Share – Basic and Diluted		(0.02)	(0.06)	(0.16)	(0.10)
Weighted Average Number of Shares Outstanding – Basic and Diluted		40,649,605	23,257,900	40,022,709	23,257,900

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

Nurosene Health Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (UNAUDITED)

For the Nine Months Ended June 30, 2022 and June 30, 2021

(Expressed in Canadian dollars)

	Number of Shares	Common Shares \$	Shares to be issued \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, September 30, 2020	20,802,975	1,951,762	135,000	32,244	(292,466)	1,826,540
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 Year	-	-	-	-	(2,374,355)	(2,374,355)
Balance, June 30, 2021	33,221,078	10,733,889	-	840,552	(2,666,821)	8,907,620
Issuance of Common Shares, net of expenses	11,809,721	8,597,729	-	-	-	8,597,729
Issuance of Common Shares for Services	970,096	1,292,966	-	-	-	1,292,966
Issuance of Common Shares, Previously Unissued	-	135,000	(135,000)	-	-	-
Issuance of Finders' Warrants	-	(395,762)	-	395,762	-	-
Share-Based Compensation	-	-	-	1,209,162	-	1,209,162
Issuance of Common Shares on Exercise of Finders' Warrants	9	84,819	96,031	(37,906)	-	58,125
Issuance of Common Shares on Exercise of Options	9	104,000	76,396	(32,796)	-	43,600
Net Loss For The Year	-	-	-	-	(5,084,341)	(5,084,341)
Balance, September 30, 2021	33,771,611	11,754,122	-	1,566,466	(5,376,807)	7,943,781
Issuance of Common Shares, Net of Expenses	6,148,325	12,850,000	-	-	-	12,850,000
Issuance of Common Shares for Services	215,311	450,000	-	-	-	450,000
Issuance of Common Shares, Private Placement	1,487,500	595,000	-	-	-	595,000
Share-Based Compensation	-	-	-	1,062,020	-	1,062,020
Issuance of Common Shares on Exercise of Warrants	9	133,602	116,492	-	-	116,492
Issuance of Common Shares on Cashless Option Exercise	9	21,140	32,767	(32,767)	-	-
Net Loss For The Period	-	-	-	-	(6,235,758)	(6,235,758)
Balance, June 30, 2022	41,777,489	25,798,381	-	2,595,719	(11,612,565)	16,781,535

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

Nurosene Health Inc.

Condensed Interim Consolidated Statements of Cash Flow (UNAUDITED)

For the Nine Months Ended June 30, 2022 and June 30, 2021

(Expressed in Canadian dollars)

	Note	Nine Months Ended	
		June 30, 2022	June 30, 2021
		\$	\$
Cash Flow From Operating Activities			
Net Loss and Comprehensive Loss For the Year		(6,235,758)	(2,374,355)
Items Not Affecting Cash:			
Shares Issued For Services	9	450,000	464,000
Share-Based Compensation	9	1,062,020	412,546
Changes in Non-Cash Working Capital Items:			
Decrease In Prepaid Expenses		144,109	69,042
Increase In Accounts Receivable		(98,655)	-
Increase In Other Receivables		(104,391)	(257,120)
Increase In Accounts Payable and Accrued Liabilities		118,949	787,528
Increase In Inventory		-	(61,801)
Deferred Revenue	8	23,029	-
Cash Flow Used In Operating Activities		(4,640,697)	(960,160)
Cash Flow From Investing Activities			
Payment For Netramark Acquisition, Net	4	(2,058,465)	-
Increase In Intangible Assets	7	(152,494)	(1,418,965)
Cash-Out of GIC		20,597	-
Cash Flow Used In Investing Activities		(2,190,362)	(1,418,965)
Cash Flow From Financing Activities			
Proceeds From Issuance of Common Shares, Net	9	595,000	8,578,889
Proceeds From Shares to be Issued	9	-	-
Issuance of Common Shares on Exercise of Warrants		116,492	-
Repayment of Loans		(50,597)	-
Cash Flow From Financing Activities		660,895	8,578,889
Change in Cash and Cash Equivalents		(6,170,164)	6,199,764
Cash, Beginning of Period		6,286,115	1,843,187
Cash, End of Period		115,951	8,042,951

The accompanying notes are an integral part of these condensed interim consolidated 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 500 Burrard Street, Suite 2900, Vancouver, British Columbia V6C 0A3.

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 begun to generate revenues, however, it is expected that additional capital investment will be required to continue to build the revenue pipeline. The Company's ability to generate revenues and potential to become profitable will depend largely on the ability to develop 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 development 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.

(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, restricted share units and warrants

Management uses the Black-Scholes option-pricing model to calculate the fair value of stock options, restricted share units 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.

Intangible Assets

Management regularly assesses the recoverability of intangible assets not ready for use at least annually and identifies the best methodology to reflect the fair value of these intangible assets. Management uses the replacement cost method to evaluate the fair value because the costs of these intangible assets were incurred in the past year and the cost to reperform the work is relatively stable.

Share-Based Payments

In situations where equity instruments are issued to non-employees, shares issued are recognized at the fair value of services or goods received by the entity. In situations where some or all of the goods or services received by the entity as consideration cannot be estimated reliably, they are measured at the fair value of the equity instrument granted. The fair value of the share-based payments is recognized together with a corresponding increase in equity over a period that services are provided, or goods are received.

Nurosene Health Inc.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited, Expressed in Canadian Dollars, unless otherwise stated)
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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. Business Acquisition

On October 15, 2021, the Company acquired all of the issued and outstanding securities of NetraMark Corp., a privately held company, for a purchase price of CAD\$15,000,000 paid as follows to shareholders of NetraMark: (i) 6,148,325 common shares of the Company at a price of approximately \$2.09 ("Purchase Shares") representing an amount of CAD\$12,850,000 and (ii) CAD\$2,150,000 in cash subject to a \$200,000 holdback. The Purchase Shares are subject to a contractual escrow ranging from 12 to 36 months.

The following represents the preliminary allocation of the purchase price and the fair values of the assets acquired and remains subject to change:

Purchase Price allocated to:	\$
Cash and Cash Equivalents	18,153
Other Receivables	40,714
Short-Term Investments	20,597
Prepaid Expenses	9,974
Accounts payable and accrued liabilities	(125,149)
Loans Payable	(50,597)
Goodwill	15,086,309
Total Consideration Paid	15,000,000

5. Other Receivables

As at June 30, 2022, the Company holds \$492,760 (2021 – \$347,635) in other receivables comprised of GST/HST receivables. Subsequent to the quarter-end, GST refund was collected.

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6. Short-Term Investments

On March 11, 2021, the Company purchased a \$40,000 guaranteed investment certificate (“GIC”) to secure its credit cards. The terms of the GIC are for 1 year at a rate of 0.40% per annum. On March 21, 2022, the company renewed the GIC for \$40,160 for 1 year at a rate of 0.80% per annum.

7. Intangible Assets

During the nine months ended June 30, 2022, the Company capitalized a total of \$152,494 (2021 – \$1,367,658) relating to the development of the mobile application.

The Company entered the development stage of the application. 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.

8. Deferred Revenue

As at June 30, 2022 the Company received \$23,029 as a result of signing contracts with customers. These contracts were signed at the end of June 2022 and the total for these contracts are \$90,000 USD.

9. Shareholders’ Equity

Authorized share capital

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

Outstanding share capital

As at June 30, 2022, the Company’s outstanding share capital is entirely composed of common shares.

Nurosene Health Inc.
Notes to the Condensed Interim Consolidated Financial Statements
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9. Shareholders' Equity (continued)

		Number of shares	Amount \$
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
July Exercise of Warrants	(11)	16,424	6,570
Issuance of Common Shares at \$2.10 for services	(12)	385,714	859,406
September Exercise of Warrants and Options	(13)	148,395	83,556
Release from Contributed Surplus for Warrant/Option Exercises		-	70,702
Balance, September 30, 2021		33,771,611	11,754,122
Issuance of Common Shares at \$2.09 for NetraMark purchase	(14)	6,148,325	12,850,000
Issuance of Common Shares at \$2.09 for services	(15)	215,311	450,000
November Exercise of Warrants	(16)	10,000	9,000
November Exercise of Options	(17)	21,140	32,767
December Exercise of Warrants	(18)	116,102	104,492
March Exercise of Warrants	(19)	7,500	3,000
Issuance of common shares at \$0.40	(20)	1,487,500	595,000
Balance, June 30, 2022		41,777,489	25,798,381

- 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 paid for but 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, related to the non-brokered private placement.
- 6) On June 8, 2021, the Company issued 493,827 common shares valued at \$0.81 per share to consultants of the Company for consulting services performed.

Nurosene Health Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollars, unless otherwise stated)

For the three and nine months ended June 30, 2022, and June 30, 2021

9. Shareholders' Equity (continued)

- 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 were \$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.
- 11) During the month of July 2021, 16,424 warrants were exercised at a price of \$0.40, to purchase 16,424 common shares for gross proceeds of \$6,570.
- 12) On August 12, 2021, the Company issued 385,714 common shares valued at \$2.10 per share to consultants of the Company for consulting services performed.
- 13) During the month of September 2021, 100,000 options and 48,395 warrants were exercised at a price of \$0.40 and \$0.90 respectively, to purchase 148,395 common shares for gross proceeds of \$83,556.
- 14) On October 15, 2021, the Company acquired NetraMark (further described in note 13). As part of the consideration paid pursuant to the business acquisition, the Company issued 6,148,325 common shares valued at \$2.09 per share.
- 15) On October 15, 2021, the Company issued 215,311 shares value at \$2.09 per share to consultants of the Company for services performed in relation to the NetraMark acquisition.
- 16) During the month of November, 10,000 warrants were exercised at a price of \$0.90 to purchase 10,000 common shares for gross proceeds of \$9,000.
- 17) During the month of November 2021, 21,140 shares were issued for cashless exercise of options on their forfeiture at a price of \$1.55.
- 18) During the month of December 2021, 116,102 warrants were exercised at a price of \$0.90 to purchase 116,102 common shares for gross process of \$104,492.
- 19) During the month of March 2022, 7,500 warrants were exercised at a price of \$0.40 to purchase 7,500 common shares for gross proceeds of \$3,000.
- 20) On June 8, 2022, the Company issued 1,487,500 shares value \$0.40 per share through a private placement.

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9. Shareholders' Equity (continued)

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 in the aggregate 15% 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.

	Number of options	Weighted average \$
Balance, September 30, 2020	100,000	0.40
Granted	3,015,000	1.10
Exercised	(104,000)	0.42
Forfeited	(180,000)	0.90
Balance, September 30, 2021	2,831,000	1.20
Granted	1,315,000	0.70
Forfeited	(320,000)	0.92
Balance, June 30, 2022	2,491,000	0.89

Grant date	Exercise price (\$)	Weighted average remaining life (years)	Number of options outstanding	Number of options exercisable
June 08, 2021	0.90	3.91	260,000	260,000
June 09, 2021	0.90	3.94	846,000	463,500
July 13, 2021	1.91	4.04	100,000	10,000
August 23, 2021	1.69	9.15	70,000	70,000
September 6, 2021	1.69	9.19	70,000	70,000
April 13, 2022	0.70	4.81	150,000	-
April 22, 2022	0.70	4.81	995,000	-
	1.21	5.69	2,491,000	873,500

On June 8, 2021, the Company issued 260,000 options to consultants of the Company. The options have an exercise price of \$0.90 and expire on June 8, 2026. The options vest immediately upon issuance.

On June 9, 2021, the Company issued 1,780,000 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 July 13, 2021, the Company issued 100,000 options to a consultant of the Company. The options have an exercise price of \$1.91 and expire on July 13, 2026. The options have vesting terms 10% immediately on issuance and the remaining evenly on each anniversary date of the next two years.

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9. Shareholders' Equity (continued)

On August 23, 2021, the Company issued 70,000 options to a consultant of the Company. The options have an exercise price of \$1.69 and expire on August 23, 2031. The options vest immediately upon issuance.

On September 6, 2021, the Company issued 70,000 options to a consultant of the Company. The options have an exercise price of \$1.69 and expire on September 6, 2031. The options vest immediately upon issuance.

On April 13, 2022, the Company issued 150,000 options to a consultant of the Company. The options have an exercise price of \$0.70 and expire on April 13, 2027. The options vest quarterly over a period of two years.

On April 22, 2022, the Company issued 1,780,000 options to various consultants and advisors of the Company. The options have an exercise price of \$0.70 and expire on April 22, 2027. The options vest quarterly over a period of two years.

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

Volatility	100% - 150%
Risk-free interest rate	0.24% - 0.48%
Expected life (years)	2-10 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 months and nine months ended June 30, 2022, was \$338,051 and \$860,873 respectively (2021 – \$350,638 and \$412,546 respectively).

Restricted Share Units

The Company issued the following restricted share units to consultants of the Company as at June 30, 2022 (2021 – 150,000).

Grant date	Number of units issued	Number of units outstanding	Number of units exercisable
June 17, 2021	50,000	50,000	25,000
June 25, 2021	100,000	-	-
November 22, 2021	50,000	50,000	5,000
April 13, 2022	850,000	850,000	-
	1,050,000	950,000	30,000

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9. Shareholders' Equity (continued)

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, September 30, 2020		109,688	-
Issuance of finders' warrants - Tranche 4	(i)	76,100	0.40
Issuance of finders' warrants - Public Offering	(ii)	606,667	0.90
Warrants exercised during the year		(84,819)	
Balance, September 30, 2021		707,636	-
Issuance of private placement warrants	(iii)	743,750	0.60
Balance, June 30, 2022		1,317,784	-

During the year ended September 30, 2021, and nine months ended June 30, 2022, the Company issued:

- a. 76,100 finders' share purchase warrants with an exercise price of \$0.40 per share expiring October 1, 2022.
- b. 606,667 finders' share purchase warrants with an exercise price of \$0.90 per share expiring on June 9, 2023.
- c. 743,750 private placement warrants with an exercise price of \$0.60 per share expiring on June 8, 2024.

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

Volatility	100% - 145%
Risk-free interest rate	0.24% - 0.32%
Expected life (years)	2 years
Dividend yield	Nil
Forfeiture rate	Nil
Share price	\$0.40 - \$0.90

As at June 30, 2022, 1,317,784 warrants were outstanding (2021 – 574,034).

Nurosene Health Inc.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited, Expressed in Canadian Dollars, unless otherwise stated)
For the three and nine months ended June 30, 2022, and June 30, 2021

10. Sales, General and Administrative

Item	Three Months Ended		Nine Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Advertising and promotion	78,715	401,311	1,202,039	727,900
Consulting fees	517,613	311,136	1,992,063	799,434
Professional fees	10,837	59,223	373,541	113,609
Office and miscellaneous	176,969	294,853	493,235	320,866
Payroll	390,424	-	1,187,835	-
Total	1,174,557	1,066,524	5,248,714	1,961,809

Sales, general and administrative expenses consisted primarily of advertising and promotion expenditure and consulting fees and payroll expenses during the nine months ended June 30, 2022, and of consulting fees and payroll expenses during the three months ended June 30, 2022.

11. Related Party Transactions

Key management includes directors and officers of the Company.

During the three and nine months ended June 30, 2022, a total of \$161,083 and \$898,263, respectively, in cash compensation was issued to key management (2021 – \$104,441 and \$220,798, respectively).

12. 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 offerings 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.

13. 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

13. Financial Instruments and Risk Management (continued)

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 and accounts receivable. The Company's cash is held at a major financial institution and lawyer's trust accounts. The Company's receivables are due from the CRA for HST/GST refunds. 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.

14. Subsequent Events

- On July 13, 2022, the Company issued 500,000 options at an exercise price of \$0.40 with expiry on July 13, 2027. The options vest quarterly over a period of two years.
- On July 18, 2022, the Company issued 110,000 options at an exercise price of \$0.70 with expiry on July 18, 2027. The options vest quarterly over a period of two years.
- On July 18, 2022, the Company issued 200,000 options at an exercise price of \$0.52 with expiry on July 18, 2027. The options vest quarterly over a period of two years
- On July 20, 2022, the Company issued 350,000 options at an exercise price of \$0.41 with expiry on July 20, 2027. The options vest quarterly over a period of two years.

On July 26, 2022, GST/HST notice of assessment followed by a refund of \$226,049 was issued to the Company. On July 18, 2022, Short-term investment for GIC was redeemed and deposited in the bank.