MYND Life Sciences Inc.

Unaudited Condensed Interim Consolidated Financial Statements

For the Six-Month Periods Ended April 30, 2021 and 2020

MYND Life Sciences Inc.
Condensed interim consolidated statements of financial position
(Expressed in Canadian dollars)

	April 30, 2021 (Unaudited)	October 31, 2020 (Audited)
	$	$
ASSETS		
Current		
Cash	**977,479**	-
Amounts receivable (Note 6)	**130,073**	-
Deposits (Note 7)	**147,849**	
	1,255,401	-
Long-term		
Right-of-use assets (Note 14)	**336,336**	-
Advanced deposits (Note 7)	**300,000**	-
Equipment (Note 8)	**16,592**	-
Intangible assets (Note 15)	**20,091**	70
TOTAL ASSETS	**1,928,420**	70
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	**368,070**	53,688
Lease liabilities (Note 14)	**63,642**	-
	431,712	53,688
Long-term		
Lease liabilities (Note 14)	**287,685**	-
TOTAL LIABILITIES	**719,397**	53,688
EQUITY		
Share capital (Note 11)	**2,597,306**	2,848
Contributed surplus	**636,882**	-
Deficit	**(2,025,165)**	(56,466)
TOTAL EQUITY	**1,209,023**	(53,618)
TOTAL LIABILITIES AND EQUITY	**1,928,420**	70

Nature of business and going concern (Note 1)
Commitments (Note 16)

Approved by the Board of Directors:

"Lyle Oberg"
Lyle Oberg, Director and CEO

"Aaron Bowden"
Aaron Bowden, Director

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

MYND Life Sciences Inc.
Condensed interim consolidated statements of operations and comprehensive loss
(Unaudited – expressed in Canadian dollars)

	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020	**Six Months Ended April 30, 2021**	Six Months Ended April 30, 2020
	$	$	**$**	$
EXPENSES				
Depreciation, right-of-use assets (Note 14)	**20,444**	-	**34,226**	-
Insurance	**7,374**	-	**11,926**	-
Interest and accretion (Note 14)	**15,788**	-	**26,260**	-
Office and miscellaneous	**10,171**	-	**15,395**	-
Professional fees	**344,812**	-	**513,675**	-
Rent	-	-	**10,001**	-
Research and development	**101,552**	-	**367,522**	-
Share-based compensation (Note 5, 10,11)	**148,877**	-	**742,927**	-
Travel and entertainment	**907**	-	**11,798**	-
Wages	**128,285**	-	**234,969**	-
Net and comprehensive loss for the period	**(778,210)**	-	**(1,968,699)**	-
Loss per share (basic and diluted)	**(0.02)**	-	**(0.04)**	-
Weighted average number of common shares outstanding	**45,933,382**	-	**44,531,160**	-

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

MYND Life Sciences Inc.
Condensed interim consolidated statements of changes in shareholders' equity
(Unaudited – expressed in Canadian dollars)

	Common Shares				
	Number	Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance as at October 31, 2019 and April 30, 2020	-	-	-	-	-
Balance as at October 31, 2020	28,483,382	2,848	-	(56,466)	(53,618)
Shares deemed to be issued on Acquisition (Note 5)	7,075,000	708	-	-	708
Shares deemed to be issued on Amalgamation (Note 5)	8,300,000	2,490,000	-	-	2,490,000
Issuance of common shares	2,075,000	103,750	-	-	103,750
Share-based compensation	-	-	636,882	-	636,882
Comprehensive loss for the period	-	-	-	(1,968,699)	(1,968,699)
Balance as at April 30, 2021	**45,933,382**	**2,597,306**	**636,882**	**(2,025,165)**	**1,209,023**

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

MYND Life Sciences Inc.
Condensed interim consolidated statements of cash flows
(Unaudited – expressed in Canadian dollars

	Six months ended April 30, 2021	Six months ended April 30, 2020
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	**(1,968,699)**	-
Items not affecting cash		
Share-based compensation	**742,927**	-
Depreciation, right-of-use assets	**34,226**	-
Interest and accretion	**26,260**	-
Changes in non-cash working capital balances:		
Amounts receivable	**(130,073)**	-
Deposits	**(147,849)**	-
Accounts payable and accrued liabilities	**288,550**	-
Cash used in operating activities	**(1,154,658)**	-
INVESTING ACTIVITIES		
Cash obtained on amalgamation with MYND	**2,415,000**	-
Deposits	**(300,000)**	-
Lease payments	**(50,000)**	-
Intangible assets	**(20,021)**	-
Purchase of equipment	**(16,592)**	-
Cash provided in investing activities	**2,028,387**	-
FINANCING ACTIVITY		
Proceeds from private placements	**103,750**	-
Cash provided by financing activities	**103,750**	-
CHANGE IN CASH DURING THE PERIOD	**977,479**	-
CASH, BEGINNING OF PERIOD	**-**	-
CASH, END OF PERIOD	**977,479**	-
Non-cash investing and financing activities		
Common shares deemed issued on PMB acquisition	**708**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

MYND Life Sciences Inc. (the “Company”) was incorporated in the Province of British Columbia on July 6, 2018, under the Business Corporations Act of British Columbia. The Company’s head office is located at 733 Finns Road, Kelowna, British Columbia, V1X 5B7 and its registered and records office is located at 666 Burrard St, Vancouver, BC V6C 2Z7.

These unaudited condensed interim consolidated financial statements comprise the financial statements of the Company and its legal subsidiary, Pacific Myco Bioscience Ltd. (“PMB”). On November 26, 2020, the Company completed an amalgamation with Mystique Capital Corp. (“Mystique”) (“Amalgamation”). Pursuant to the Amalgamation, the shareholders of the Company and Mystique received shares of the new amalgamated entity named MYND Life Sciences Inc. on a basis of one post-amalgamation common share for one pre-amalgamation common share (Note 5).

On November 5, 2020, Mystique entered into an agreement to acquire 100% of the issued shares of PMB (the “Acquisition”). Consideration for the Acquisition included the issuance of 28,483,382 common shares of the Company to shareholders of PMB and contingent share consideration totaling 8,410,872 common shares conditional on PMB achieving certain research and development milestones. The Amalgamation and Acquisition are reverse takeovers whereby, the legal subsidiary, PMB has been determined to have acquired control of Mystique, and subsequently, the Company and to be the acquirer for accounting purposes. In accordance with the principles of reverse takeover accounting, the Company will report the operations of PMB and its related historical comparatives as its continuing business, except for the legal capital shown in the condensed interim consolidated statements of changes in shareholders’ equity and in Note 11, which have been adjusted to reflect the share capital of the Company.

PMB was incorporated in the Province of British Columbia on May 14, 2020, under the Business Corporations Act of British Columbia. PMB is a life science based, neuro-pharmaceutical drug development company, advancing medicines based on neuro-anti-inflammatory substances through rigorous science and clinical trials with an initial focus on major depressive disorder.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. The Company does not have any working capital and has not earned income from inception. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities, when due, is dependent upon the Company’s ability to execute its business plan which will require additional financing. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future.

These unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these unaudited condensed interim consolidated financial statements, then adjustments would be necessary to reflect these unaudited condensed interim consolidated financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern.

In March 2020, the World Health Organization declared coronavirus 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. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. BASIS OF PREPARATION

a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. In preparation of these unaudited condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies disclosed in the Company's audited annual financial statements for the year ended October 31, 2020, with the exception of the new accounting standards adopted in the current year, as described below.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on June 30, 2021.

b) Basis of measurement

These unaudited condensed interim consolidated financial statements are a continuation of the consolidated financial statement of PMB and have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as disclosed in Note 3. The functional and presentation currency of the Company is the Canadian dollar.

The preparation of these unaudited condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 3.

c) Basis of consolidation

These unaudited condensed interim consolidated financial statements comprise the financial statements of the Company and its legal subsidiaries. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All intercompany transactions and balances have been eliminated.

	Percentage ownership interest	
	2021	2020
PMB	**100%**	0%

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. the measurement of deferred income tax assets and liabilities; and
ii. inputs used in impairment calculations;

Significant accounting judgment

i. the evaluation of the Company's ability to continue as a going concern;
ii. the evaluation on whether or not an acquisition of a business is considered a business combination or an asset acquisition;
iii. assessment of indications of impairment; and
iv. the determination of categories of financial assets and financial liabilities

b) Income taxes

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Financial instruments

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit and loss ("FVTPL") transaction costs.

Financial assets are subsequently measured at either:

i. amortized cost;
ii. fair value through other comprehensive income ("FVTOCI"); or
iii. at fair value through profit or loss ("FVTPL").

Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

	IFRS 9 Classification
Financial assets	
Cash	FVTPL
Amounts receivable	Amortized cost
Financial liabilities	
Accounts payable	Amortized cost
Lease liabilities	Amortized cost

IFRS 9 uses an expected credit loss impairment model. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date.

d) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

The Company has adopted the relative fair value method with respect to the measurement of common shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair value of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from reserve for warrants to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

f) Impairment of long-lived assets

Long-lived assets, including intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

g) Intangible assets

Intangible assets consist mainly of trademarks, pending patents and prototype development costs, including certain intellectual property. Acquired trademarks, patents and development costs are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are tested annually for impairment. Any impairment of intangible assets is recognized in the statement of operation and comprehensive loss but increases in intangible asset values are not recognized.

Estimated useful lives of intangible assets are shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

h) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

j) Business acquisitions

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3 Business Combinations. This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

k) Leases

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option. Lease payments for short-term leases with a term of 12 months or less and leases of low-value assets are treated as operating leases, with rent expense recognized in cost of sales or selling, general and administrative expenses on a straight-line or other systematic basis.

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there are changes to the lease payments, a change in lease term, a change in the assessment of an option to purchase the underlying asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) Leases (continued)

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease.

Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

4. ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

New accounting standards adopted in the current year

On November 1, 2020, the Company adopted amendments to IFRS 2, "Share-based Payment". The amendments provide clarification on how to account for certain types of share-based transactions. The adoption of this amendment did not have any impact on the Company's unaudited condensed interim consolidated financial statements.

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

(Unaudited – expressed in Canadian dollars)

5. REVERSE TAKEOVER AND AMALGAMATION TRANSACTIONS

On November 5, 2020 (the "Agreement Date"), Mystique entered into an agreement to acquire 100% of the issued and outstanding shares of PMB (the "Acquisition").

The aggregate consideration for the PMB Acquisition was comprised of:

(i) 28,483,382 common shares of the Company to shareholders of PMB; and
(ii) Contingent share consideration totaling 8 million shares conditional on PMB achieving certain research and development targets.

Management has determined that the PMB Acquisition is a reverse takeover of a non-operating company whereby PMB, the legal subsidiary, has been determined to have acquired control of Mystique and is the acquirer for accounting purposes. The transaction does not constitute a business combination under IFRS 3 *Business Combinations* as Mystique, prior to the Acquisition, did not meet the definition of a business. Accordingly, the Acquisition has been accounted for as an acquisition by PMB of Mystique. In accordance with the principles of reverse takeover accounting, the Company will report the operations of PMB, and its related historical comparatives as its continuing business, except for the legal capital shown in the condensed interim consolidated statements of changes in equity and in Note 11, which have been adjusted to reflect the share capital of Mystique.

The acquisition date fair value of the deemed consideration was estimated based on the net asset value of Mystique, as follows:

	$
Consideration paid	
Common shares deemed to be issued (7,075,000 common shares)	708
Assets (liabilities) acquired	
Right-of-use asset	170,708
Lease liability	(175,213)
Accounts payable and accrued liabilities	(22,520)
Net liabilities	(27,025)
RTO expense – Share based compensation	27,733

On November 26, 2020, the Company completed an amalgamation with Mystique. Shareholders received shares of the new amalgamated entity named MYND Life Sciences Inc. on a basis of one post-amalgamation common share for one pre-amalgamation common share.

The transaction does not constitute a business combination under IFRS 3 *Business Combinations* as the former company, prior to the amalgamation, did not meet the definition of a business. Accordingly, the Acquisition has been accounted for as an acquisition by Mystique of the company's net assets. In accordance with the principles of reverse takeover accounting, Mystique. will report the operations and its related historical comparatives as its continuing business.

(Unaudited – expressed in Canadian dollars)

5. REVERSE TAKEOVER AND AMALGAMATION TRANSACTIONS (cont'd)

The acquisition date fair value of the deemed consideration was estimated based on the net asset value of the Company as follows:

	$
Consideration paid	
Common shares deemed to be issued (8,300,000 common shares)	2,490,000
Assets (liabilities) acquired	
Cash	2,415,000
Accounts payable and accrued liabilities	(3,313)
Net assets acquired	2,411,687
Amalgamation expense – Share based compensation	78,313

6. AMOUNTS RECEIVABLE

	April 30, 2021	October 31, 2020
	$	$
Amounts receivable	**105,439**	-
GST and taxes recoverable	**24,634**	-
	130,073	-

7. DEPOSITS

On July 15, 2020, the Company entered into an agreement with an arm's length party to acquire a patent ("Acquired Assets"). As part of the agreement, the Company shall pay the arm's length party an annual perpetual royalty equal to the greater of $600,000 or 4% of net sales of any product or service which directly or indirectly incorporates the Acquired Assets to any third party during the respective preceding calendar quarter. The royalty commences upon the Company achieving a public listing and raising an aggregate of $5,000,000 through debt or equity financing. The Company paid $300,000 as an instalment towards this commitment which has been included as advanced deposits on the condensed interim consolidated statement of financial position as at April 30, 2021.

On December 21, 2020, the Company entered into a collaborative research agreement with the University of British Columbia. Pursuant to the agreement, the Company paid $199,990 which is being amortized as a research and development expense over the term of the agreement ending March 2022. As at April 30, 2021, $142,850 was included in deposits as current portion of the unamortized balance.

(Unaudited – expressed in Canadian dollars)

8. EQUIPMENT

	Total
	$
Cost	
Balance, October 31, 2020	–
Additions	16,592
Balance, April 30, 2021	16,592
Balance, October 31, 2020	–
Depreciation	–
Balance, April 30, 2021	–
Balance, October 31, 2020	–
Balance, April 30, 2021	**16,592**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2021	October 31, 2020
	$	$
Trade accounts payable	242,709	-
Other payables	50,500	-
Accrued liabilities	62,818	-
Payroll liabilities	12,043	53,688
	368,070	53,688

10. RELATED PARTY TRANSACTIONS AND BALANCES

For the six-month period ended April 30, 2021, the Company was charged $72,333 in management fees by the Chairman and CEO of the Company.

For the six-month period ended April 30, 2021, the Company was charged $103,333 in management fees by the CMO of the Company.

For the six-month period ended April 30, 2021, the Company was charged $9,667 in management fees by the CFO of the Company.

Key management personnel compensation

Key management is comprised of the Company's directors and executive officers. The Company incurred the following key management compensation charges during the six-month period ended April 30, 2021 and 2020:

	2021	2020
	$	$
Salaries, bonuses, fees, and benefits	**185,333**	-
Share-based compensation	**420,858**	-
	606,191	-

11. SHARE CAPITAL

Authorized Share Capital

The Company has an unlimited number of common shares without par value authorized for issuance. As at April 30, 2021, the Company had 45,933,382 common shares issued and outstanding

Share Transactions

On November 9, 2020, the Company issued 2,075,000 common shares at a price of $0.05 per share for proceeds of $103,750.

As discussed in Note 5, the Company issued 15,375,000 common shares in relation to the Acquisition and Amalgamation.

Stock option plan

The Company has adopted a rolling incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to Directors, officers, employees or consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

(Unaudited – expressed in Canadian dollars)

11. SHARE CAPITAL (cont'd)

Options

On November 26, 2020, the Company granted a total of 3,430,000 incentive stock options to certain officers, directors, and other eligible persons of the Company. The options are exercisable, subject to vesting provisions, over a period of five years at a price of $0.30 per share.

The fair value of the options granted during the period using the Black Scholes option pricing model was $636,882 using the following assumptions: exercise price of $0.30, estimated volatility of 100%, expected life of 5 years and a risk-free rate of 0.43%.

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted average exercise price $
Outstanding, October 31, 2020	-	-
Granted	3,430,000	0.30
Expired	-	-
Outstanding, April 30, 2021	3,430,000	0.30

The following summarizes information about the outstanding stock options exercisable to acquire common shares of the Company as at April 30, 2021:

Outstanding			Exercisable		
Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
3,430,000	4.6	0.30	2,610,000	4.6	0.30

12. FINANCIAL INSTRUMENTS AND RISKS

Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's condensed interim consolidated statement of financial position as at April 30, 2021, as follows:

		April 30, 2021		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	977,479	977,479	-	-

The fair values of other financial instruments, which include amounts receivable, deposits, amounts payable and lease liabilities approximate, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure on any outstanding accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The Company has minimal financial assets and liabilities held in foreign currencies.

Interest rate risk

Interest rate risk consists of two components:

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

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity. The Company's amounts due to related parties are non-interest bearing.

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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(Unaudited – expressed in Canadian dollars)

13. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of all components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities, as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the period ended April 30, 2021.

14. RIGHT OF USE ASSET AND LEASE LIABILITY

Right-of-use assets

The following is the continuity of the cost and accumulated depreciation of the Company's right-of-use assets which consist of premise leases, for the six-month period ended April 30, 2021:

	April 30, 2021
	$
Opening balance, October 31, 2020	-
Obtained upon Acquisition (Note 5)	170,708
Additions	199,854
Depreciation expense for the period	(34,226)
	336,336

Lease liabilities

The following is the continuity of lease liabilities, for the six-month period ended April 30, 2021:

	April 30, 2021
	$
Opening balance, October 31, 2020	-
Assumed up Acquisition (Note 5)	175,213
Additions	199,854
Lease payments	(50,000)
Interest expense on lease liabilities	26,260
	351,327
Current portion	**63,642**
Long-term portion	**287,685**

(Unaudited – expressed in Canadian dollars)

14. RIGHT OF USE ASSET AND LEASE LIABILITY (cont'd)

As at April 30, 2021, the minimum lease payments for the lease liabilities are as follows:

Year ending:	$
2021	60,000
2022	120,000
2023	120,000
2024	120,000
2025	65,000
2026	10,000
	495,000
Less: Interest expense on lease liabilities	(143,673)
Total present value of minimum lease payments	**351,327**

As a result of the transaction described in Note 5, the Company recognized a right-of-use asset of $170,708 and assumed a lease liability of $175,213. When measuring lease liability, the Company's incremental borrowing rate applied was estimated to be 18% per annum.

15. INTANGIBLE ASSETS

	Total
	$
Cost	
Balance, October 31, 2020	–
Additions	20,091
Balance, April 30, 2021	20,091

16. COMMITMENTS

On July 15, 2020, the Company entered into an agreement with an arm's length party to acquire patents ("Acquired Assets"). As part of the agreement, the Company shall pay the arm's length party an annual perpetual royalty equal to the greater of $600,000 or 4% of net sales of any product or service which directly or indirectly incorporates the Acquired Assets to any third party during the respective preceding calendar quarter. The royalty commences upon the company listing its common shares for trading on a public exchange and upon raising $5,000,000 in debt or equity financing ("Royalty Benchmark"). On January 5, 2021, the Company amended the terms of this agreement and paid $300,000 as an instalment towards the royalty commitment which has been included in advanced deposits (Note 7). The original agreement provided that the Acquired Assets would be returned to the seller in the event the Royalty Benchmark was not achieved by July 15, 2022 and the amendment extended this date to January 15, 2023.

On November 26, 2020, the Company entered into an agreement with the Chief Executive Officer ("CEO") of the Company to provide advisory services at the rate of $14,000 per month which will increase to $20,000 per month after the Company has raised $3 million and is listed on a public stock exchange. The Company will pay the Director any market capitalization bonuses once thresholds are met for a period of 12 months after the termination of the agreement. The thresholds are as follows:

a. $250,000 if the market capitalization reaches an average of $100 million of a minimum period of 30 consecutive trading days based on the daily closing price.
b. $250,000 if the market capitalization reaches an average of $200 million of a minimum period of 30 consecutive trading days based on the daily closing price.
c. $250,000 if the market capitalization reaches an average of $300 million of a minimum period of 30 consecutive trading days based on the daily closing price.
d. $250,000 if the market capitalization reaches an average of $400 million of a minimum period of 30 consecutive trading days based on the daily closing price.
e. $500,000 if the market capitalization reaches an average of $500 million of a minimum period of 30 consecutive trading days based on the daily closing price.

The Company will also issue common shares to the CEO if the following milestones are met:

a. 500,000 common shares if the market capitalization reaches an average of $100 million of a minimum period of 30 consecutive trading days based on the daily closing price.
b. 500,000 common shares if the Company is listed on the NASDAQ or New York stock exchange or is acquired by a NASDAQ or New York Stock Exchange listed company.

On March 1, 2021, the Company entered into an agreement with the Chief Financial Officer of the Company to provide consulting services at the rate of $3,000 per month.

16. COMMITMENTS (cont'd)

On November 26, 2020, the Company entered into an agreement with the Chief Scientific Officer of the Company to provide consulting services at the rate of $20,000 per month. The Company shall pay the Director $100,000 market capitalization bonus if the market capitalization of the Company reaches $100 million for a minimum period of 30 consecutive trading days based on the daily closing price. The Director is also entitled to performance bonuses once certain milestones are achieved, as listed below:

a. $1,000,000 upon the issuance by the Government of Canada of a manufacturing license for psilocybins or extracts containing psilocybins or compounds related to psilocybins.
b. $2,000,000 upon the issuance by the Government of Canada of a commercial license for production and commercial sale of psilocybins or extracts containing psilocybins or compounds related to psilocybins.
c. $1,000,000 upon the submission of an Investigational New Drug Application any compound or mixture submitted where MYND possesses a commercial interest.
d. $2,000,000 upon the submission of the issuance of a Federal Drug administration of approval for any compound or mixture submitted where MYND possesses a commercial interest.
e. $1,000,000 upon the initiation of a Phase 1 clinical trial for any compound or mixture submitted where MYND possesses a commercial interest.
f. $2,000,000 upon the initiation of a Phase 2 clinical trial for any compound or mixture submitted where MYND possesses a commercial interest.
g. $2,000,000 upon the initiation of a Phase 3 clinical trial for any compound or mixture submitted where MYND possesses a commercial interest.

On December 21, 2020, the Company entered into a collaborative research agreement with the University of British Columbia to provide research services. The agreement is for a period of 12 months and the Company paid $199,990 (Note 7). On January 25, 2021, the agreement term was amended and extended to March 21, 2022.