



MYND LIFE SCIENCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of MYND Life Sciences Inc.:

Opinion

We have audited the consolidated financial statements of MYND Life Sciences Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at October 31, 2022, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred losses since inception and the ability of the Company to continue as a going concern depends on its ability to develop profitable operations and to continue to raise adequate funding. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statement for the year ended October 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on February 28, 2022.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jenny Lee.

Vancouver, British Columbia
April 28, 2023

MNP LLP
Chartered Professional Accountants

MYND LIFE SCIENCES INC.
Consolidated Statements of Financial Position
For the years ended October 31, 2022 and 2021
(Expressed in Canadian dollars)



	2022	2021
	\$	\$
ASSETS		
<u>Current Assets</u>		
Cash	412	1,899,867
Accounts Receivable (Note 6)	128,411	97,664
Prepaid and Deposits (Note 7)	110,000	44,544
Total Current Assets	238,823	2,042,075
<u>Long-Term</u>		
Right of Use Assets (Note 14)	87,095	295,447
Advanced Deposits (Note 7)	300,000	300,000
Property and Equipment (Note 8)	28,201	32,897
TOTAL ASSETS	654,119	2,670,419
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Liabilities (Note 9)	1,600,016	285,219
Lease Liabilities (Note 14)	45,614	69,589
Convertible Note (Note 15)	2,481,131	-
Total Current Liabilities	4,126,761	354,808
<u>Long-Term</u>		
Lease Liabilities (Note 14)	59,537	251,337
Deferred Tax Liability (Note 16)	-	129,946
Convertible Note (Note 15)	-	2,002,296
Total Liabilities	4,186,298	2,738,387
<u>Shareholders' Deficiency</u>		
Share capital (Note 11)	3,134,804	2,597,307
Contributed Surplus	1,192,048	1,243,934
Shares issuable (Note 7, 11)	-	382,500
Equity portion of convertible note (Note 15)	131,955	131,955
Deficit	(7,990,986)	(4,423,664)
Total Shareholders' Deficiency	(3,532,179)	(67,968)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	654,119	2,670,419

Nature of operations and going concern (Note 1)
 Commitments (Note 17)
 Subsequent events (Note 18)

On behalf of the Board of Directors:

Signed: "Lyle Oberg"
 Lyle Oberg, Director and CEO

Signed: "Scott Nicoll"
 Scott Nicoll, Director

Approved and authorized by the Board on April 28, 2023

The accompany notes form an integral part of these consolidated financial statements.

MYND LIFE SCIENCES INC.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended October 31, 2022 and 2021
(Expressed in Canadian dollars)



	2022	2021
	\$	\$
Operating Expenses		
Advertising and Marketing	136,162	409,459
Consulting fees	-	332,913
Depreciation, right-of-use assets (Note 14)	55,130	75,115
Depreciation (Note 8)	4,696	11,003
Insurance	10,425	11,926
Interest and accretion (Note 14,15)	662,905	134,882
Management fees	-	196,000
Office and miscellaneous	74,933	41,973
Professional fees	1,109,077	374,667
Rent	15,551	84,490
Research and development	1,182,537	1,078,963
Royalty	180,000	-
Share-based compensation (Notes 5, 11)	103,111	1,162,723
Trademark and patent expenses	45,181	-
Travel and entertainment	6,145	13,189
Wages	140,344	499,158
Operating Loss	(3,726,197)	(4,426,461)
Other items		
Other Income	14,381	-
Leasehold improvements and other write offs	-	(109,045)
Gain on lease termination (Note 14)	14,548	-
Loss Before Taxes	(3,697,268)	(4,535,506)
Deferred income tax recovery	129,946	168,308
Net and Comprehensive Loss for the year	(3,567,322)	(4,367,198)
Basic and diluted loss per common share	(0.08)	(0.10)
Weighed average number of common shares outstanding – basic and diluted	46,677,778	44,957,177

The accompany notes form an integral part of these consolidated financial statements.

MYND LIFE SCIENCES INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended October 31, 2022 and 2021
(Expressed in Canadian dollars)



	Number of shares outstanding	Amount	Contributed surplus	Shares issuable	Equity portion of convertible debt	Deficit	Shareholders' equity (deficiency)
Balance 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	2,490,001	-	-	-	-	2,490,001
Issuance of common shares	2,075,000	103,750	-	-	-	-	103,750
Shares issuable (Note 7, 11)	-	-	-	382,500	-	-	382,500
Share-based compensation	-	-	921,480	-	-	-	921,480
Convertible note (Note 15)	-	-	322,454	-	131,955	-	454,409
Comprehensive loss for the year	-	-	-	-	-	(4,367,198)	(4,367,198)
Balance at October 31, 2021	45,933,382	2,597,307	1,243,934	382,500	131,955	(4,423,664)	(67,968)
Share issuance – Restricted Share Units (Note 10)	119,904	107,913	(107,913)	-	-	-	-
Share Issuance (Note 7, 11)	450,000	382,500	-	(382,500)	-	-	-
Share Issuance – Restricted Share Units (Note 10)	313,896	47,084	(47,084)	-	-	-	-
Share-based compensation (Note 10)	-	-	103,111	-	-	-	103,111
Comprehensive loss for the year	-	-	-	-	-	(3,567,322)	(3,567,322)
Balance at October 31, 2022	46,817,182	3,134,804	1,192,048	-	131,955	(7,990,986)	(3,532,179)

The accompany notes form an integral part of these consolidated financial statements

MYND LIFE SCIENCES INC.
Consolidated Statements of Cash Flows
For the years ended October 31, 2022 and 2021
(Expressed in Canadian dollars)



	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	(3,567,322)	(4,367,198)
Items not affecting cash		
Share-based compensation (Note 11)	103,111	1,162,723
Depreciation, right-of-use assets (Note 14)	55,130	75,115
Deferred income tax recovery	(129,946)	(168,308)
Shares issuable	-	382,500
Depreciation (Note 8)	4,696	11,003
Accretion expenses (Note 14, 15)	510,820	134,881
Gain on lease termination (Note 14)	(14,538)	-
Changes in non-cash working capital items		
Accounts receivable	(30,747)	(97,664)
Deposits	(65,456)	(44,544)
Royalty deposit	-	(300,000)
Accounts payable and accrued liabilities	1,314,797	229,179
Cash used in operating activities	(1,819,455)	(2,982,313)
INVESTING ACTIVITIES		
Cash obtained on amalgamation	-	2,279,804
Lease payments (Note 14)	(80,000)	(105,494)
Purchase of equipment	-	(43,900)
Cash (used in) provided by investing activities	(80,000)	2,130,410
FINANCING ACTIVITIES		
Proceeds from private placement	-	103,750
Proceeds from convertible note	-	2,648,020
Cash provided by financing activities	-	2,751,770
Change in cash during the year	(1,899,455)	1,899,867
Cash, beginning of year	1,899,867	-
Cash, end of year	412	1,899,867
Non-cash investing and financing activities		
Common shares issued on PMB acquisition (Note 5)	-	708
Common shares issued on Mystique (Note 5)	-	2,490,000

The accompany notes form an integral part of these 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 consolidated financial statements comprise the financial statements of the Company and its subsidiaries, 1253486 B.C. Ltd. (“1253486”) and 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 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”). 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 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.

1253486 was incorporated in the Province of British Columbia on June 16, 2020, under the Business Corporations Act of British Columbia. 1253486 is a holding company and holds a cannabis license on behalf of PMB. The value of the license is nil. Subsequent to the year end, 1253486 was disposed (Note 18).

These 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 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 consolidated financial statements, then adjustments would be necessary to reflect these 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.

2) BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards" ("IFRS") issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on April 28, 2023.

b) Basis of measurement

These consolidated financial statements 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 and its subsidiary is the Canadian dollar.

The preparation of these 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 consolidated financial statements are disclosed in Note 3.

c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. The parent company controls a subsidiary if it has power over the investee, is exposed, or has rights, to variable return, from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intercompany transactions and balances have been eliminated.

1253486 B.C. Ltd. has a fiscal year end of December 31. For consolidation purposes, the financial information for 1253486 is presented as of the same date as the Company. All other subsidiaries have a reporting date identical to that of the Company. The Company has 100% ownership interest and voting power on all of its subsidiaries.

3) SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting estimates and judgements

The preparation of these 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 consolidated financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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

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 is considered a business combination or an asset acquisition;
- iii. assessment of indications of impairment; and
- iv. the determination on whether R&D expenditures should be capitalized or expensed
- v. the determination on control assessment for subsidiaries not controlled through legal ownership

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.

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:

	Classification
<u>Financial assets</u>	
Cash	FVTPL
Accounts receivable (excluding taxes)	Amortized cost
<u>Financial liabilities</u>	
Accounts payable and accrued liabilities	Amortized cost
Lease liabilities	Amortized cost
Convertible note	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.

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 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 capitalized only if the costs can be measured reliably and future economic benefits is expected to generate. They 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.

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 restricted share units are measured initially based on the fair market value of the Company's common stock as of the date of issuance. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in contributed surplus.

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 re-measured 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.

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 re-measurements 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.

l) Convertible debt

Convertible debentures, where applicable, are separated into their liability and equity components, net of transaction costs. The liability portion is accounted for using the effective interest method. The fair value of the liability component at the time of the issue is determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component.

4) ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

No new accounting standards were applicable to be adopted in the current year. None of the newly issued amendments and future amendments are expected to have a significant impact on the Company's consolidated financial statements.

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 "PMB 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 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 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.

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	2,279,803
Accounts payable and accrued liabilities	(3,313)
Net assets acquired	2,276,490
Amalgamation expense – Share based compensation	213,510

These common shares were valued at fair market value based on the recent equity financing.

6) ACCOUNTS RECEIVABLE

	October 31 2022	October 31 2021
	\$	\$
Amounts receivable	-	23,953
GST and taxes recoverable	128,411	73,711
	128,411	97,664

7) DEPOSITS AND IP AGREEMENT

On July 15, 2020, the Company entered into an agreement with an arm's length party to acquire a patent ("First 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 First Acquired Assets will be returned to the counter party in the event that the Royalty Benchmark is not achieved by January 15, 2023. The Company paid a non-refundable installment of \$300,000 towards this commitment which has been included as advanced deposits on the consolidated statement of financial position as at October 31, 2022 and October 31, 2021. The Company is under negotiation with counter party to extend the Royalty Benchmark Deadline.

On October 26, 2021, the Company entered into an asset purchase agreement with the same arm's length party to acquire the right, title, and interest in and to the intellectual property rights for the use of psychedelics to treat Dementia ("Second Acquired Assets") from the arm's length party.

On December 15, 2021, the Company issued 450,000 common shares to the arm's length party at a deemed price of \$0.85 per share and made a cash payment of \$120,000 prior to year-end as consideration for the Acquired Assets. In addition, the Company shall pay to the party an annual royalty equal to the greater of: (i) \$240,000; or (ii) 4% of the net sales of any product or service which directly or indirectly incorporates the Acquired Assets to any third party. The total consideration As of October 31, 2022, \$180,000 expenses for three quarters were recognized as royalty expenses.

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 December 20, 2021. As at October 31, 2021, \$27,944 was included in deposits as the current portion of the unamortized balance. This balance was fully amortized during the year ended October 31, 2022.

On December 3, 2021, the Company entered into a collaborative research agreement with the University of British Columbia. Pursuant to the agreement, the Company paid \$1,200,000 which is being amortized as a research and development expense over the term of the agreement ending December 2, 2022. \$1,100,000 has been amortized as at October 31, 2022 with the balance of \$100,000 included in deposits.

8) EQUIPMENT

	Total
Cost	\$
Balance, October 31, 2021	43,900
Additions	-
Balance, October 31, 2022	43,900
Depreciation Balance, October 31, 2021	(11,003)
Depreciation for the year	(4,696)
Depreciation Balance, October 31, 2022	(15,699)
Net Book Value, October 31, 2021	32,897
Net Book Value, October 31, 2022	28,201

9) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
	\$	\$
Trade accounts payable	710,667	212,077
Other payables	674,089	2,372
Interest payable (Note 15)	174,166	22,083
Payroll liabilities	41,094	48,687
	1,600,016	285,219

10) RELATED PARTY TRANSACTIONS AND BALANCES

For the year ended October 31, 2022, the Company was charged \$240,000 (2021 - \$168,333) in management fees by the Chairman and Chief Executive Office (“CEO”) of the Company. During the year, the CEO loaned \$218,000 to the Company. The loan bears no interest and is payable on demand. At October 31, 2022 there is a balance of \$407,000 (2021 - \$13,090) included in accounts payable and accrued liabilities.

For the year ended October 31, 2022, the Company was charged \$240,000 (2021 - \$223,333) in consulting fees by the Chief Medical Officer (“CMO”) of the Company. At October 31, 2022 there is a balance of \$189,000 (2021 - \$10,500) included in accounts payable and accrued liabilities.

For the year ended October 31, 2022, the Company was charged \$82,080 (2021 - \$27,667) in management fees by the Chief Financial Officer (“CFO”) of the Company. At October 31, 2022 there is a balance of \$43,842 (2021 - \$Nil) included in accounts payable and accrued liabilities.

For the year ended October 31, 2022, the Company was charged \$83,333 (2021 - \$nil) in management fees by the VP of Corporation Development of the Company. At October 31, 2022 there is a balance of \$31,875 (2021 - \$Nil) included in accounts payable and accrued liabilities.

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 year ended October 31 2022 and 2021:

	2022	2021
	\$	\$
Salaries, bonuses, fees, and benefits	645,413	419,333
Share-based compensation	16,746	377,662
	662,159	796,995

11) SHARE CAPITAL

Authorized Share Capital

The Company has an unlimited number of common shares without par value authorized for issuance. As at October 31 2022, the Company had 46,817,182 (October 31, 2021 - 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, where 7,075,000 common shares were issued at a price of \$0.0001, and 8,300,000 common shares were issued at a price of \$0.30.

On November 22, 2021, the Company issued 216,580 common shares at the amount of \$107,914 for RSU rewards vested, valued at RSU grant date.

On December 15, 2021, associated with the \$382,500 shares issuable, the Company issued 450,000 common shares to the arm's length party as consideration for the Second Acquired Assets.

On January 31, 2022, the Company issued 313,896 common shares at a fair value of \$47,084 for RSU rewards vested. These RSU were also granted on January 31, 2022.

On July 21, 2022, 96,676 common shares were returned to the Company and canceled.

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.

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. Each option entitles the holder to purchase one share at a price of \$0.30 per share and will expire 5 years from the date of the grant. 2,200,000 of the options will vest immediately. For the remaining 1,230,000 options, one-third of them will vest immediately, one-third of them will vest on the first anniversary of the date of grant, and one-third of them will vest on the second anniversary of the date of grant.

The fair value of the options granted in 2021 using the Black Scholes option pricing model was \$705,652 using the following assumptions: exercise price of \$0.30, share price of \$0.30, estimated volatility of 100%, expected life of 5 years and a risk-free rate of 0.43%.

On August 9, 2022, the Company's Board of Directors approved a stock options grant, exercisable to purchase an aggregate 250,000 shares of the Company, to its independent directors. One-third of these options will vest immediately, one-third of these options will vest on the first anniversary of the date of grant, and one-third of these options will vest on the second anniversary of the date of grant. The options have an exercise price of \$0.12, being the 5-day volume-weighted average price and will expire five years from the grant date.

The fair value of the options granted during the year using the Black Scholes option price model was \$29,343 using the following assumptions: exercise price of \$0.12, share price of \$0.15, estimated volatility of 100%, expected life of 5 years and a risk-free rate of 2.91%

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
Outstanding, October 31, 2021	3,430,000	0.30
Granted	250,000	0.12
Outstanding, October 31, 2022	3,680,000	0.29

The following summarizes information about the outstanding stock options exercisable to acquire common shares of the Company as at October 31, 2022:

Number of options	Outstanding		Number of options	Exercisable	
	Weighted average remaining contractual life (years)	Weighted average exercise price \$		Weighted average remaining contractual life (years)	Weighted average exercise price \$
3,680,000	3.19	0.29	3,020,000	3.07	0.30

Restricted share units

On September 1, 2021, the Company granted a total of 239,808 RSU to certain consultants of the Company. The RSUs are exercisable, vesting immediately, over a period of five years. Fair value per RSUs was \$0.90, based on the market price of the Company share on the date the RSUs were granted. The total fair value recorded was \$215,828. On July 21, 2022, 119,904 RSU were cancelled.

On January 31, 2022, the Company granted a total of 313,896 RSU to certain consultants of the Company. The RSUs are exercisable, vesting immediately. Fair value per RSUs was \$0.15, based on the market price of the Company share on the date the RSUs were granted. These RSUs were exercised on the same date on January 31, 2022 and 313,896 common shares were issued.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price \$
Balance October 31, 2020	-	-
Issued	3,000,000	1.00
Balance October 31, 2022 and 2021	3,000,000	1.00

The fair value of the warrants granted in 2021 using the Black Scholes pricing model was \$322,455, using the following assumptions: exercise price of \$1.00, share price of \$0.30, estimated volatility of 120%, expected life of 2 years and a risk-free rate of 0.43%.

The following warrants are outstanding at October 31, 2022:

Number of warrants	Exercise price per warrant	Expiry date
3,000,000	\$1.00	September 8, 2023

As at October 31, 2022, the weighted average outstanding life of the Company's outstanding warrants is 0.9 years.

12) FINANCIAL INSTRUMENTS AND RISKS

Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at October 31, 2022, as follows:

	October 31, 2022			
	Carrying value \$	Level 1 \$	Level 2 \$	Level 3 \$
Cash	412	412	-	-

The fair values of other financial instruments, which include accounts receivable (excluding tax receivable), accounts payable and accrued liabilities and short-term lease liabilities 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.

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 for the year ended October 31, 2022.

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 years ended October 31, 2022 and 2021:

	\$
Balance, October 31, 2020	-
Obtained upon Acquisition (Note 5)	170,708
Additions	199,854
Depreciation expense for the year	(75,115)
Balance, October 31, 2021	295,447
Depreciation expense for the year	(55,130)
Write down on termination of lease	(153,222)
Balance, October 31, 2022	87,095

Lease liabilities

The following is the continuity of lease liabilities, for the years ended October 31, 2022 and 2021:

	\$
Balance, October 31, 2020	-
Assumed - Acquisition (Note 5)	175,213
Additions	199,854
Lease payments	(109,999)
Interest expense on lease liabilities	55,858
Balance, October 31, 2021	320,926
Lease payments for the year	(80,000)
Interest expense on lease liabilities for the year	31,985
Reduction in liability on lease cancellation	(167,760)
Balance, October 31, 2022	105,151
Current portion	45,614
Long-term portion	59,537

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. During the year ended October 31, 2022, one lease was terminated, and a gain on lease termination at the amount of \$14,538 was recognized. The remaining lease has been transferred subsequent to year end (Note 17).

15) CONVERTIBLE NOTE

On September 9, 2021, the Company announced the closing of its non-brokered private placement offering under which it sold \$3,000,000 aggregate principal amount of convertible debenture units for gross proceeds of approximately \$2,700,000, representing an initial issue discount equal to 10% of the aggregate principal amount of the Debentures.

Each Debenture Unit consists of (i) \$1,000 principal amount of senior unsecured convertible debentures; and (ii) common share purchase warrants (the "Warrants") exercisable for 1,000 common shares in the Company. The Debentures will mature on the date that is 24 months from the date of issuance and shall bear interest at a rate of 5% per annum, payable on the Maturity Date. The principal sum of the Debentures, or any portion thereof, may be converted into common shares of the Company at a conversion price of \$0.75 per share. Each Warrant shall entitle the holder to acquire one additional common share in the capital of the Company at a price of \$1.00 per Warrant Share for a period of 24 months from the date of issuance. The total fair value of the Warrants recorded was \$322,455. Transaction costs of \$674,435 were allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

The Company may force the conversion of all of the principal amount of the then outstanding Debentures at the Conversion Price prior to the Maturity Date, if the daily volume weighted average trading price of the Shares on the Canadian Securities Exchange is greater than a 50% premium to the Conversion Price for any 15 trading days during any period of 30 consecutive trading days.

All Debentures and Warrants issued pursuant to the Offering, including any securities into which they may be converted or exercised, are subject to a statutory hold period of four months and one day from the date of issuance thereof. The Company will use the proceeds of the Offering to advance its novel drug discovery platform, commercialize its diagnostic business unit and for general working capital.

Using a risk adjusted discount rate of 16%, the equity portion was determined to be \$131,955 and was recognized as the equity portion of convertible debenture on the Consolidated Statements of Financial Position. Accretion expense of \$478,835 was expensed to the Consolidated Statements of Operations and Comprehensive Loss during the year ended October 31, 2022 (2021 - \$56,940). Accumulated accretion as at October 31, 2022 is \$535,775. The Company accrued \$174,166 as interest payable (2021 - \$22,083).

16) INCOME TAX

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the years ended October 31, 2022 and 2021:

	2022	2021
	\$	\$
Net loss for the year	(3,697,268)	(4,535,506)
Nominal Tax Rate	27%	27%
Expected income tax (recovery) at the statutory rate	(998,262)	(1,224,587)
Non-deductible items	27,875	268,211
Change in estimate	(58,822)	-
Change in deferred tax assets not recognized	889,263	788,068
Income tax expense (recovery) per financial statements	(129,946)	(168,308)
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	(129,946)	(163,308)
Total income tax expense (recovery)	(129,946)	(163,308)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Movements in deferred tax assets (liabilities) at October 31, 2022 and 2021 are comprised of the following:

	2022	2021
	\$	\$
Non capital loss carryforwards	47,214	44,399
Convertible debt	(45,060)	(174,345)
Lease Liabilities	23,516	-
Right of Use Assets	(23,516)	-
Property and Equipment	(2,154)	-
	-	(129,946)

The unrecognized deductible temporary differences as at October 31, 2022 and 2021 are comprised of the followings:

	2022	2021
	\$	\$
Non capital loss carryforwards	6,270,129	3,125,000
Lease Liabilities	18,056	-
Total unrecognized deductible temporary differences and tax losses	6,288,185	3,125,000

As at October 31, 2022, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of \$6,270,129 (2021 - \$3,125,000) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

EXPIRY	
2041	3,146,938
2042	3,123,191
TOTAL	6,270,129

Tax attributes are subject to review and potential adjustment by tax authorities.

17) 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 installment 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. The Company is currently under negotiation with counterparty to extend the Royalty Benchmark Deadline.

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 CEO 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 November 26, 2020, the Company entered into an agreement with the Chief Scientific Officer (“CSO”) of the Company to provide consulting services at the rate of \$20,000 per month. The Company shall pay the CSO \$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 CSO 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.

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.

Pursuant to an asset purchase agreement, dated October 26, 2021, the Company acquired the rights, title and interest to patent 63/167,897 which describes specific methodologies in the use of psychedelics to treat dementia. 450,000 common shares were issued in addition to \$120,000 paid in pursuant to the agreement. In addition, the Company shall pay to the party an annual royalty equal to the greater of: (i) \$240,000; or (ii) 4% of the net sales of any product or service which directly or indirectly incorporates the Acquired Assets to any third party.

18) SUBSEQUENT EVENTS

On December 13, 2022, the lease of production facility located at 733 Finns Road, Kelowna, BC was transferred to 1253486 B.C. Ltd. On February 1, 2023, the Company's CEO, also the sole director on 1253486, entered into a Share Purchase Agreement to sell 100% of 1253486's shares to an arm's length party ("Buyer"). The transaction was closed on March 31, 2023. The sale of the Health Canada License and production facility was completed for a total proceeds of \$1 million where \$100,000 was received in advance and the remainder payable in monthly instalments of the greater of \$50,000 or 10% of Buyer's gross sales, before tax, of all Dymond Concentrates Branded product sales to the provincial boards.

Also see note 17.