Doseology Sciences Inc.

Condensed Interim Consolidated Financial Statements
For the three months ended September 30, 2021
(Unaudited)
(Expressed in Canadian dollars)

Notice of No Auditor Review

In accordance with National Instrument 51-102, the Company discloses that the accompanying condensed interim financial statements have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Professional Accountants of Canada.

Doseology Sciences Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - expressed in Canadian dollars)

As at	Note	September 30, 2021 $	June 30, 2021 $
Assets			
Current assets			
Cash		3,127,756	3,733,524
Receivables	4	38,031	28,489
Due from related parties	11	-	15,096
Prepaid expenses and deposits	5	1,111,515	1,095,330
Inventories	6	139,410	129,238
		4,416,712	**5,001,677**
Property and equipment	7	883,259	907,452
Intangible assets	8	66,739	81,072
Total assets		**5,366,710**	**5,990,201**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9, 11	89,100	416,595
Subscription receipts liability	12	2,308,023	2,309,494
Lease liability - current portion	10	35,299	28,529
		2,432,422	**2,754,618**
Lease liability - long term portion	10	645,377	659,015
Total liabilities		**3,077,799**	**3,413,633**
Shareholders' Equity			
Share capital	12	4,526,309	4,526,309
Reserves	13	131,470	108,448
Deficit		(2,368,868)	(2,058,189)
Total shareholders' equity		**2,288,911**	**2,576,568**
Total liabilities and shareholders' equity		**5,366,710**	**5,990,201**
Nature of operations and going concern	1		
Subsequent event	16		

Approved by the Board of Directors on November 29, 2021:

"Scott Reeves" Director *"Gordon Jang"* Director

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

Doseology Sciences Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended September 30, 2021 and 2020
((Unaudited - expressed in Canadian dollars)

		For the three months ended September 30,	
		2021	**2020**
	Note	**$**	**$**
Expenses			
Marketing		32,781	5,021
Product development and other costs		26,543	35,140
Leasehold operating costs		18,029	16,275
Management fees	11	24,000	65,500
Professional fees	11	26,537	8,188
Listing expenses		13,343	5,250
Office		11,406	2,355
Salaries and benefits		90,529	-
Share-based compensation	12	23,022	-
Depreciation and amortization	7, 8	30,772	17,878
		(296,962)	(155,607)
Other income (expenses)			
Interest income		3,415	-
Interest accretion	10	(17,132)	(16,998)
Loss and comprehensive loss for the period		**(310,679)**	**(172,605)**
Loss per share - basic and diluted		(0.01)	(0.01)
Weighted average number of shares outstanding - basic and diluted		**35,057,500**	**19,168,181**

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

Doseology Sciences Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the three months ended September 30, 2021 and 2020
(Unaudited - expressed in Canadian dollars)

	Numeber of shares	Share capital $	Reserves $	Deficit $	Total shareholders' equity $
Balance - June 30, 2020	18,500,001	1,502,600	-	(431,632)	1,070,968
Share issued for acquisition of Pendulum Craft Corp. ("Pendulum")	4,400,779	376,884	-	-	376,884
Loss for the period	-	-	-	(172,605)	(172,605)
Balance - September 30, 2020	22,900,780	1,879,484	-	(604,237)	1,275,247
Balance - June 30, 2021	35,057,500	4,526,309	108,448	(2,058,189)	2,576,568
Share-based compensation	-	-	23,022	-	23,022
Loss for the period	-	-	-	(310,679)	(310,679)
Balance - September 30, 2021	35,057,500	4,526,309	131,470	(2,368,868)	2,288,911

* The numbers of shares have been restated to retroactively reflect the one-for-two share consolidation taking effect on April 26, 2021 (Note 12).

Doseology Sciences Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended September 30, 2021 and 2020

(Unaudited - expressed in Canadian dollars)

	For the three months ended September 30	
	2021	2020
	$	$
Operating activities		
Loss for the period	(310,679)	(172,605)
Items not involving cash:		
Depreciation and amortization	30,772	17,878
Share-based compensation	23,022	-
Interest accretion	17,132	16,998
	(239,753)	(137,729)
Changes in non-cash working capital items		
Receivables	(9,542)	-
Prepaid expenses and deposits	(16,185)	-
Inventories	(10,172)	(51,268)
Accounts payable and accrued liabilities	(318,078)	(67,039)
Cash used in operating activities	(593,730)	(256,036)
Investing activities		
Cash acquired in acquisition of Pendulm Craft	-	109,082
Acquisition of property and equipment	(1,663)	(135,723)
Acquisition of intangible assets	-	(15,114)
Cash used in investing activities	(1,663)	(41,755)
Financing activities		
Proceeds from share issuances	-	810,000
Payments for share issuance costs	(1,471)	-
Payments from related parties	15,096	-
Repayment of lease liability	(24,000)	(15,000)
Cash provided by (used in) financing activities	(10,375)	795,000
Increase (decrease) in cash during the period	(605,768)	497,209
Cash - beginning of the period	3,733,524	340,896
Cash - end of the period	3,127,756	838,105
Non-cash transaction:		
Acquisition of Pendulm Craft Corp.	-	(376,884)

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

1. Nature of operations and going concern

Doseology Sciences Inc. (the "Company"), formerly known as Pcybin Therapeutic Inc., was incorporated on July 25, 2019 under the Business Corporations Act (British Columbia). The Company's registered and records office is located at #800 – 885 West Georgia Street, Vancouver, BC V6C 3H1. The Company's primary business is to improve mental health through establishing psychedelic assisted therapy clinics, building a library of intellectual property through research on psychedelic compounds, and the development and sale of its branded functional mushroom products.

On October 29, 2021, the Company obtained a receipt for its final non-offering, long form prospectus from the British Columbia Securities Commission. Concurrent with its prospectus filing, the Company also received approval from the Canadian Securities Exchange (the "CSE") to list the Company's common shares on their Exchange. The common shares of the Company have commenced trading on the CSE on November 15, 2021 under the symbol "MOOD".

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2021, the Company had an accumulated deficit of $2,368,868 (June 30, 2021 - $2,058,189) and working capital of $1,984,290 (June 30, 2021 - $2,247,059). In the course of developing its business, the Company will continue to incur losses. Management intends to finance its operations with equity financings. There is a risk that additional financing may not be available on a timely basis or on terms acceptable to the Company. These uncertainties may cast significant doubt regarding the Company's ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. These adjustments could be material.

COVID-19

The outbreak of COVID-19 has spread across the globe and continues impacting worldwide economic activities. Conditions surrounding the pandemic continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

2. Significant accounting policies

Basis of presentation and measurement

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the International Financial Reporting Issues Committee ("IFRIC") for the periods presented. These financial statements comply with International Accounting Standards 31, *Interim Financial Reporting.*

2. Significant accounting policies (continued)

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments measured at fair value. In addition, these financial statements are prepared on an accrual basis, except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Principles of consolidation

These financial statements include the financial statements of the Company and entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial operating policies of an entity so as to obtain benefits from its activities.

The financial statements include the accounts of Doseology Sciences Inc. and its wholly owned subsidiary, Dose Labs Inc. (formerly Pendulm Craft Corp.) (Note 3), collectively referred to as the "Company". Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing these financial statements.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are as follows:

Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

Useful lives of property and equipment

Property and equipment are depreciated over its useful lives. Useful lives are based on management's estimate of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

Impairment

Long-lived assets, including equipment and intangibles, are reviewed for indicators of 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 CGU). Judgments and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

2. Significant accounting policies (continued)

Cash and cash equivalent

Cash and cash equivalents Cash and cash equivalents comprise cash on deposit with banks and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

Inventories

Inventories of finished goods, work-in-process, raw materials and supplies and consumables are valued initially at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written down to net realizable value.

Property and equipment

Property and equipment are stated at historical cost net of accumulated depreciation and any impairment losses. Depreciation is recorded over the useful lives of the assets on a straight-line basis at the following annual rates:

Leasehold improvement	10 years
Furniture and equipment	10 years
Farm equipment	5 years
Computer equipment	3 years

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

Intangible assets

Intangible assets are stated at historical cost, net of accumulated amortization and impairment losses. Amortization is recorded on a straight-line basis over the useful lives of the assets on a straight-line basis at the following annual rate:

Cannabis license	3 years
Trademark	20 years

Costs incurred to obtain a cannabis license are classified as intangible assets and are amortized over the license period.

The Company conducts an annual assessment of the residual balances and useful lives for the purpose of impairment purposes and any changes arising from the assessment are applied by the Company prospectively.

2. Significant accounting policies (continued)

Research and development costs

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
ii. its intention to complete the intangible asset and use or sell it;
iii. its ability to use or sell the intangible asset;
iv. how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

Financial instruments

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 *Financial Instruments* contains three primary measurement categories for financial instruments: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit and loss ("FVTPL"). Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially at fair value on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified after their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its receivables and due from related parties as financial assets and accounts payable and accrued liabilities as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The effective interest method recognizes interest revenue or interest expense in profit and loss over the relevant period.

(Unaudited - expressed in Canadian dollars, except share and per share amounts)

2. Significant accounting policies (continued)

Financial instruments carried at FVTPL are recognized at their fair value at acquisition with any directly attributable transaction costs expensed as they are incurred. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in profit and loss as they arise. Instruments classified as FVTPL during the three months ended September 30, 2021 and 2020 include cash.

Financial instruments carried at FVTOCI are recognized at their fair value at acquisition inclusive of any directly attributable transactions costs. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in other comprehensive income. The Company has no instruments classified as FVTOCI during the three months ended September 30, 2021 and 2020.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Basis of fair value

Financial instruments that are measured after initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2021, the carrying values of the Company's financial instruments approximate their fair values due to their short-term maturities.

The following table sets forth the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at September 30, 2021 and June 30, 2021:

		Level 1	Level 2	Level 3
Cash	September 30, 2021	$3,127,756	$ -	$ -
Cash	June 30, 2021	$3,733,524	$ -	$ -

The Company recognizes expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

2. Significant accounting policies (continued)

Impairment of financial assets

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of loss and comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

Right of Use Assets and lease liabilities

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

2. Significant accounting policies (continued)

Accounting standards issued but not yet effective

The Company has reviewed the following new accounting pronouncements that have been issued but are not yet effective.

IAS 1 Classification of Liabilities as Current or Non-Current

In January 2021, the International Accounting Standards Board ("IASB") issued a narrow scope amendment to IAS 1 – Classification of Liabilities ad Current or Non-Current, which affects only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued an amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment introduces the definition of an accounting estimate and sets criteria to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. Management is currently assessing the impact of this amendment.

3. Acquisition

On July 24, 2020, the Company entered into an agreement with Pendulm Craft Corp. ("Pendulm") whereby the Company agreed to purchase all of the outstanding common shares of Pendulm on a basis of one-half share of the Company for each outstanding Pendulm share (the "Transaction"). On September 23, 2020, Pendulm changed its name to Dose Labs Inc. ("Dose Labs").

On September 15, 2020, the Company issued 4,098,170 common shares to the Pendulm shareholders, representing 93% of Pendulm shares tendered. On December 10, 2020, the Company issued 302,609 common shares to the Pendulm shareholders for the remaining 7% Pendulm shares that were tendered subsequent to September 15, 2020 acquisition date. The Transaction was valued at $376,884.

The Transaction is considered a related party transaction as Shane Gordon, a major shareholder, the sole director, and officer of Pendulm Craft as at the September 15, 2020 date of acquisition is also a shareholder and a former director and officer of the Company.

The acquisition of Pendulm has been accounted for as an asset acquisition in accordance with the guidance provided in IFRS 2, *Share-based Payments,* as Pendulm does not qualify as a business according to the definition in IFRS 3, *Business Combinations*. Accordingly, the acquisition does not constitute a business combination; rather it is treated as equity-settled share-based payment by the Company issuing common shares to purchase the net assets of Pendulm.

(Unaudited - expressed in Canadian dollars, except share and per share amounts)

3. Acquisition (continued)

Net assets acquired	**$**
Cash	109,082
Due from related party	9,000
Equipment	27,974
Investment (1)	35,000
Leasehold improvements	145,000
Cannabis license costs (Note 8)	59,000
Trade accounts payable and accrued liabilities	(8,172)
	376,884

Consideration paid as purchase price	
Common shares (4,400,779 shares at $0.08 {rounded} per share)	**376,884**

(1) Dose Labs sold mining equipment to Plexus Technology Corp. ("Plexus") on April 27, 2019 in exchange for 100,000 shares of Plexus valued at $35,000. On December 22, 2020, the Company sold the Plexus shares back to Plexus for the same value at $35,000.

4. Receivables

	September 30, 2021 $	**June 30, 2021 $**
Goods and services tax credit	38,031	26,489
Other	-	2,000
	38,031	28,489

5. Prepaid expenses and deposits

	September 30, 2021 $	**June 30, 2021 $**
Deposit on rent	5,000	5,000
Marketing and consulting	1,033,750	1,033,750
Insurance	3,079	5,032
Deposit on inventory purchases	34,806	34,806
Deposit on equipment	27,517	16,742
Deposits - others	7,363	-
	1,111,515	1,095,330

(Unaudited - expressed in Canadian dollars, except share and per share amounts)

6. Inventories

	September 30, 2021 $	June 30, 2021 $
Finished products	117,992	117,992
Supplies	21,418	11,246
	139,410	129,238

7. Property and equipment

	Leasehold improvement	Furniture and equipment	Farm equipment	Computer equipment	Right of use assets	Total
Cost						
Balance - June 30, 2021	268,320	29,398	15,250	5,615	679,246	997,829
Additions	-	1,663	-	-	-	1,663
Balance - September 30, 2021	**268,320**	**31,061**	**15,250**	**5,615**	**679,246**	**999,492**
Accumulated depreciation						
Balance - June 30, 2021	(18,700)	(2,327)	(961)	(464)	(67,925)	(90,377)
Depreciation during the period	(6,859)	(782)	(765)	(469)	(16,981)	(25,856)
Balance - September 30, 2021	**(25,559)**	**(3,109)**	**(1,726)**	**(933)**	**(84,906)**	**(116,233)**
Carrying amounts						
Balance - June 30, 2021	249,620	27,071	14,289	5,151	611,321	907,452
Balance - September 30, 2021	**242,761**	**27,952**	**13,524**	**4,682**	**594,340**	**883,259**

8. Intangible assets

	Cannabis license costs	Trademark application costs	Total
Cost			
Balance - June 30, 2021	59,000	24,530	83,530
Expensed during the period	-	(9,417)	(9,417)
Balance - September 30, 2021	**59,000**	**15,113**	**74,113**
Accumulated amortization			
Balance - June 30, 2021	(2,458)	-	(2,458)
Amortization during the period	(4,916)	-	(4,916)
Balance - September 30, 2021	**(7,374)**	-	**(7,374)**
Carrying amounts			
Balance - June 30, 2021	56,542	24,530	81,072
Balance - September 30, 2021	**51,626**	**15,113**	**66,739**

The Company received a cannabis license issued by Health Canada on May 14, 2021, which expires on May 14, 2024 (Note 3).

(Unaudited - expressed in Canadian dollars, except share and per share amounts)

9. Accounts payable and accrued liabilities

	September 30, 2021 $	June 30, 2021 $
Accounts payable	33,324	60,837
Accrued liabilities	20,000	20,000
Due to related parties (Note 10, 11)	35,776	335,758
	89,100	416,595

10. Lease

The Company's lease liability relates to lease of a farm property which commenced on July 1, 2020 for an initial 5-year term expiring on June 30, 2025 and with an option to renew for an additional 5 years. The Lease liability has been calculated using an incremental borrowing rate of 10% per annum.

Lease liability	September 30, 2021 $	June 30, 2021 $
Balance, beginning	687,544	-
Addition	-	679,246
Less: lease payments	(24,000)	(60,000)
Interest accretion	17,132	68,298
Balance, ending	680,676	687,544
Less: Lease liability, current portion	(35,299)	(28,529)
Lease liability, long-term portion	645,377	659,015

The Company is committed to the minimum lease payments as follows:

Maturity analysis	September 30, 2021 $	June 30, 2021 $
Less than one year	102,000	96,000
One year to five years	480,000	480,000
More than five years	450,000	480,000
Total undiscounted lease liability	1,032,000	1,056,000

(Unaudited - expressed in Canadian dollars, except share and per share amounts)

11. Transactions with related parties

Key management personnel include directors and officers who have the authority and responsibility for the planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the three months ended September 30, 2021 and 2020 is as below:

	Three months ended	
	September 30, 2021	September 30, 2020
	$	$
Management fees	24,000	65,500
Stock-based compensation	15,474	-
Lease payments	24,000	15,000
Total	63,474	80,500

During the three months ended September 30, 2021, the Company paid $24,000 (September 30, 2020 - $15,000) to Sungrown Organics Inc., for the rental of the Vernon facility, a company which is 50% controlled by Shane Gordon, a former officer and director of the Company. A balance of $1,200 was outstanding as at September 30, 2021 (June 30, 2021 - $nil).

During the three months ended September 30, 2021, the Company incurred $14,934 (September 30, 2020 - $nil) in legal fees to a law firm where Scott Reeves, a director and corporate secretary of the Company, is a partner. Included in accounts payable and accrued liabilities as at September 30, 2021 was $7,460 (June 30, 2021 - $90,292) owed to the law firm.

In addition, included in accounts payable and accrued liabilities as at September 30, 2021 was a balance of $4,616 (June 30, 2021 - $42,087) due to key management personnel relating to compensation and reimbursement of expenses (Note 9).

12. Share capital

On April 27, 2021, the directors and shareholders of the Company approved the consolidation of its common shares on the basis of one (1) post-consolidation share for every two (2) pre-consolidation shares held. All references to shares and per share amounts have been retroactively restated to reflect the share consolidation.

As at September 30, 2021, the Company has 26,700,780 common shares in escrow which will be released over the following periods:

Number of shares	Escrow release period
9,495,025	10% on listing, 15% every six months
9,600,000	25% on listing, 10% every three months and 25% at month 18
7,605,755	15% on listing, 10% every three months and 15% at month 24
26,700,780	

Authorized

Unlimited number of voting common shares without par value.

No shares issued for the three months ended September 30, 2021

(Unaudited - expressed in Canadian dollars, except share and per share amounts)

Share issued for the year ended June 30, 2021

On July 15, 2020, the Company entered into an agreement with Pendulm to acquire all of the outstanding common shares of Pendulm (Note 3). 4,098,170 and 302,609 common shares were issued on September 15, 2020 and December 10, 2020, respectively. These shares had a fair value of $376,884.

On November 10, 2020, the Company issued 20,000 shares pursuant to a debt settlement agreement for an amount payable of $8,000. The shares had a fair value of $2,000, as a result, a gain on debt settlement of $6,000 was recognized.

On December 18, 2020, the Company issued 6,600,000 shares in a non-brokered private placement at $0.10 per share for proceeds of $660,000.

On December 22, 2020, the Company issued 500,000 units in a non-brokered private placement at $0.40 per unit for proceeds of $200,000. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at $0.80 per share until December 21, 2022. The estimated fair value of the warrants of $7,500 was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.10; expected life, 2 years; expected volatility, 110%; risk free rate, 0.2%; and expected dividends, 0%. The residual amount of $192,500 was attributed to the shares.

On January 1, 2021, the Company issued 3,000,000 shares in a non-brokered private placement for proceeds of $300,000.

On February 1, 2021, the Company repurchased 2,750,000 shares for total cost of $275,000.

On February 8, 2021, the Company issued 4,686,420 units in a brokered private placement at $0.40 per unit for proceeds of $1,874,568. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at $0.80 per share until February 8, 2023. The estimated fair value of the warrants of $70,296 was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.10; expected life, 2 years; expected volatility, 110%; risk free rate, 0.2%; and expected dividends, 0%. The residual amount of $1,804,272 was attributed to the shares.

The Company incurred share issue costs of $36,947 during the year ended June 30, 2021.

13. Reserves

Reserves includes the accumulated fair values of stock options recognized as share-based compensation and the fair value of warrants. Reserves is increased by the fair values of these items on vesting.

	Warrant reserve $	Stock option reserve $	Total $
Balance - June 30, 2020	-	-	-
Fair value of share purchase warrants	77,796	-	77,796
Fair value of broker warrants	10,822	-	10,822
Fair value of stock options	-	19,830	19,830
Balance - June 30, 2021	88,618	19,830	108,448
Fair value of stock options	-	23,022	23,022
Balance - September 30, 2021	**88,618**	**42,852**	**131,470**

(Unaudited - expressed in Canadian dollars, except share and per share amounts)

13. Reserves (continued)

Stock options

On April 16, 2021, a total of 3,050,000 stock options were granted to directors, officers, and employees with an exercise price of $0.40 per share and an expiry date of April 16, 2026. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of $0.10, expected life of 3.5 years, expected volatility of 110%, dividend yield of 0%, risk-free interest rate of 0.61%. The Company estimates the volatility based on historical share prices of comparable companies. During the three months ended September 30, 2021, the Company recognized share-based compensation of $23,022 (September 30, 2020 - $nil).

	Number of options	Weighted average exercise price ($)
Balance - June 30, 2020	-	-
Issued	3,050,000	0.40
Balance - June 30, 2021 and September 30, 2021	**3,050,000**	**0.40**

On October 25, 2021, the Company cancelled 100,000 options exercisable at $0.40 per share and issued 400,000 incentive stock options to an officer with an exercise price of $0.40 per share, which vested immediately.

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price ($)
Balance - July 25, 2019	-	-
Issued during the year	5,000,000	0.16
Balance - June 30, 2020	5,000,000	0.16
Issued during the year	5,390,220	0.80
Balance - June 30, 2021 and September 30, 2021	**10,390,220**	**0.49**

As at September 30, 2021, the Company's outstanding warrants were as follows:

Number of warrants	Exercise price ($ per share)	Expiry date	Weighted average remaining life (years)
5,000,000	0.16	June 1, 2025	3.67
30,000	0.80	March 31, 2023	1.50
173,800	0.80	March 26, 2023	1.48
4,686,420	0.80	February 8, 2023	1.36
500,000	0.80	December 22, 2022	1.23
10,390,220	**0.49**		**2.47**

14. Financial instruments

Fair value

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).
Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable market data.

The following table summarizes the carrying and fair value of the Company's financial instruments. The fair values of these financial instruments approximate their carrying values because of their current nature.

	September 30, 2021 $	**June 30, 2021 $**
Cash	3,127,756	3,733,524
Receivables	38,031	28,489
Due from related parties	-	15,096
Inventory	139,410	129,238
Accounts payable and accrued liabilities	89,100	416,595

Interest income, interest expense, and gains and losses from financial assets and financial liabilities classified at amortized cost are recognized in the statement of loss and comprehensive loss.

Risks arising from financial instruments and risk management

a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

b) Foreign exchange risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is not subject to foreign exchange rate risk as predominately all its transactions occur in Canadian dollars.

14. Financial instruments (continued)

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in profit or loss from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates and accordingly is not exposed to cash flow risk.

d) Liquidity and funding 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 debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2021, the Company had cash balance of $ 3,127,756 to settle the current liabilities of $ 89,100 which are due on demand or within 30 days.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

15. 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 (Note 1). The capital structure of the Company consists of equity comprising issued share capital, reserves, and deficit.

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

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the three months ended September 30, 2021.

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 debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

16. Subsequent event

On October 29, 2021, the Company obtained a receipt for its final non-offering, long form prospectus from the British Columbia Securities Commission. Concurrent with its prospectus filing, the Company also received approval from the Canadian Securities Exchange (the "CSE") to list the Company's common shares on the CSE. The approval results in the Company's previously issued 11,885,000 Subscription Receipts (aggregate gross proceeds of $2,377,000) to be automatically converted, without further payment, into 5,942,500 units.

The common shares of the Company commenced trading on the CSE on November 15, 2021 under the symbol "MOOD".