ENTHEON BIOMEDICAL CORP.

FINANCIAL STATEMENTS

For the period from incorporation on June 17, 2019 to November 30, 2019

(Expressed in Canadian Dollars)

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3
Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Entheon Biomedical Corp.

Opinion

We have audited the financial statements of Entheon Biomedical Corp. (the "Company") which comprise the statement of financial position as at November 30, 2019, and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on June 17, 2019 to November 30, 2019, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019, and its financial performance and its cash flows for the period from incorporation on June 17, 2019 to November 30, 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 *Auditors' Responsibilities for the Audit of the 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 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 describes matters and conditions that indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the 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 auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
June 16, 2020

ENTHEON BIOMEDICAL CORP.
Statement of Financial Position
As at November 30, 2019
Expressed in Canadian Dollars

	2019
	$
Assets	
Current assets	
Cash	112,655
Other receivables	2,900
Prepaid expenses	21,311
	136,866
Liabilities and shareholders' equity	
Current liabilities	
Accounts payable and accrued liabilities	91,663
Convertible notes (note 4)	3,029
	94,692
Shareholders' equity	
Share capital (note 6)	316,574
Equity component of convertible notes	3,628
Deficit	(278,028)
	42,174
	136,866

The accompanying notes form an integral part of these financial statements.

Nature of Operations and Going Concern (note 1)
Subsequent Events (note 10)

Approved and authorized for issue on behalf of the Board on June 16, 2020:

"Brandon Schwabe ", Director *"Timothy Ko"*, Director

ENTHEON BIOMEDICAL CORP.

Statement of Comprehensive Loss
For the period from incorporation on June 17, 2019 to November 30, 2019
Expressed in Canadian Dollars

	For the period from incorporation on June 17, 2019 to November 30, 2019
	$
Expenses	
Accretion expense (note 4)	3,628
Management fees (note 5)	36,750
Bank charges	691
Consulting fees	95,497
Marketing expense	32,167
Meal and entertainment	1,069
Professional fees	70,770
Office and miscellaneous	1,279
Rent	14,817
Travel	21,360
Net loss and comprehensive loss	278,028
Basic and diluted loss per share	$0.07
Weighted average number of common shares outstanding	4,262,290

The accompanying notes form an integral part of these financial statements.

ENTHEON BIOMEDICAL CORP.
Statement of Changes in Equity
For the period from incorporation on June 17, 2019 to November 30, 2019
Expressed in Canadian Dollars

	Common Shares				
	Number of shares	**Amount**	**Equity component of convertible notes**	**Deficit**	**Total**
		$	**$**	**$**	**$**
Date of incorporation, June 17, 2019	1	1	-	-	1
Shares issued for cash, net of transaction costs	16,820,000	256,823	-	-	256,823
Shares issued for debt settlements	1,800,000	11,250	-	-	11,250
Shares issued for conversion of convertible notes	2,500,000	50,000			50,000
Repurchase of common shares	(300,000)	(1,500)			(1,500)
Equity component of convertible notes (note 4)			3,628		3,628
Comprehensive loss for the period	-	-	-	(278,028)	(278,028)
Balance, November 30, 2019	20,820,001	316,574	3,628	(278,028)	42,174

The accompanying notes form an integral part of these financial statements.

ENTHEON BIOMEDICAL CORP.
Statement of Cash Flow
For the period from incorporation on June 17, 2019 to November 30, 2019
Expressed in Canadian Dollars

	For the period from incorporation on June 17, 2019 to November 30, 2019
	$
Cash provided by (used in):	
Operating activities	
Net loss for the period	(278,028)
Item not affecting cash:	
Accretion expense	3,628
Changes in non-cash working capital balance:	
Other receivables	(2,899)
Prepaid expenses	(21,311)
Accounts payable and accrued liabilities	101,413
Cash used in operating activities	(197,197)
Financing activities	
Proceeds from issuance of convertible notes	60,554
Repayment of convertible notes	(7,525)
Proceeds from issuance of common shares, net	256,823
Cash provided by financing activities	309,852
Increase in cash	112,655
Cash, beginning of period	-
Cash, end of period	112,655
Supplemental disclosure of non-cash financing activities:	
Issuance of common stocks upon conversion of convertible notes	50,000
Issuance of common stocks for debt settlements	9,750
Supplemental cash flow disclosures:	
Income taxes paid	-
Interest paid	-

The accompanying notes form an integral part of these financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN

Entheogen Biomedical Corp. (the "Company") was incorporated on June 17, 2019 under the laws of British Columbia, Canada and maintains its head office at Suite 301, 220 Brew Street, Port Moody, British Columbia, Canada, V3H 0H6 and registered office at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. On December 30, 2019, the Company changed its name to Entheon Biomedical Corp.

The Company's primary business is the research and development of psychedelic compounds with the aim to commercialize a portfolio of entheogen based therapeutic products for the treatment of addictive disorders.

These financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At present, the Company's operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of $287,473 as at November 30, 2019. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Should the Company identify a suitable asset or business acquisition, it would be required to raise additional capital to finance the transaction.

Management is actively pursuing opportunities with a view to identifying and making an acquisition of assets or businesses that will qualify the Company for listing on the Canadian Stock Exchange (CSE). The continuing operations of the Company are dependent upon its ability to complete a qualified transaction to generate net income, managing cash on hand by reducing costs and expenses, and to raise adequate financing. The March 2020 pandemic outbreak of COVID-19 could result in delays in finding and completing a qualifying transaction and continue to have a negative impact on the Company's ability to raise new capital. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include adjustments that would be required if the going concern assumption is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

These financial statements were authorized for issue on June 16, 2020 by the directors of the Company.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE, continued

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Foreign currency transactions

The Company's functional currency is Canadian dollar. Transactions in currencies other than the functional currency of the reporting entity are recorded at rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at rates prevailing at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in the foreign currency are not re-translated.

Significant estimates and assumptions

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

i) The determination of discount rate and effective interest rates on liability and equity components of the convertible notes. Changes in these assumptions could materially affect the recorded amounts.

ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE, continued

Significant judgments

The preparation of these financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty..

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these financial statements, unless otherwise indicated.

Financial instruments

Measurement – initial recognition

All financial assets and financial liabilities are initially recorded on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial asset and liabilities are initially recorded at fair value, net of attributable transaction costs, except for those classified as fair value through profit or loss ("FVTPL"). Subsequent measurement of financial assets and financial liabilities depends on the classifications of such assets and liabilities.

Classification – financial assets

Amortized cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequent to initial recognition at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments, continued

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effect interest method, and is recognized in interest and other income, on the statement of comprehensive loss.

The Company currently has no financial assets measured at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings.

The Company currently has no financial assets designated as FVTOCI.

Fair value through profit or loss ("FVTPL")

By default, all other financial assets are measured subsequently at FVTPL. The Company has classified its cash as FVTPL.

<u>Classification – financial liabilities</u>

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost include accounts payable and convertible notes payable.

Financial liabilities classified FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of loss and comprehensive loss. The Company does not have any financial liabilities at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments, continued

The Company has no hedging arrangements and does not apply hedge accounting.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always 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.

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 statement of 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 the statements of comprehensive loss.

Convertible notes

Convertible notes, where applicable, are separated into their financial liability and equity instrument components and accounted for using the effective interest method. The fair value of the liability component at the time of issue is determined based on an estimated interest rate of the convertible loan 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. Issuance costs of the convertible notes are applied as a reduction of proceeds and allocated pro-rata between the liability and equity components. The issuance costs applied to the liability component are recognized as accretion expense over the term of the convertible notes.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Debt issuance costs

Debt issue costs are recognized in connection with proposed financing transactions which are specifically identified in that the form of debt issuances is known and completion of the financing is probable. When the financing is completed, these costs are recognized and netted against the value of the debt for debt transactions. The debt is subsequently accreted to face value at maturity. The accretion amounts are included in interest and bank charges expense over the life of the debt. Debt issue costs include only those costs which are incremental and directly attributable to the proposed financing transaction. In the event that the transaction is abandoned, previously capitalized debt issue costs are expensed through the statement of comprehensive loss.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that the shares are issued.

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings/loss attributable to common shareholders equals the reported earnings/loss attributable to owners of the Company. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

Lease

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.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Lease, continued

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

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the Company applies the cost model to the right of- use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

During the period from incorporation on June 17, 2019 to November 30, 2019, all of the Company's leases are short-term leases with a term of 12 months or less and recorded as operating leases.

Share-based payments

The Company has adopted the fair value method of accounting for all share-based compensation. The fair value of stock options granted is determined using the Black-Scholes option pricing model. Share-based compensation is expensed over the period of vesting and initially credited to stock options reserve. Any consideration paid on the exercise of stock options is credited to share capital. When options are exercised, previously recorded compensation is transferred from stock options reserve to share capital to fully reflect the consideration for the shares issued.

Options granted under the Company's stock option plan vest as determined by the directors at the time of grant.

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Share-based payments, continued

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless the fair value cannot be estimated reliably, in which case they are recorded at the fair value of the equity instruments granted.

Income taxes

Income tax expense comprises current and deferred tax and is recognized in operations except to the extent that it relates to business combinations, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill.

Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Certain comparative information in these financial statements has been reclassified to conform to the presentation of the current period financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Standards Issued But Not Yet Effective

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these financial statements. There new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. CONVERTIBLE NOTES PAYABLE

On June 17, 2019, the Company entered into a Credit Facility Agreement (the "Hyperbridge Notes") with a related party Hyperbridge Technology Inc. ("Hyperbridge") under which Hyperbridge will advance from time to time to the Company in principal sum of up to $65,000. Hyperbridge will have the right, at the option, to convert all or any portion of the then outstanding amount of the Hyperbridge Notes into fully paid and non-assessable common shares of the at the deemed issuance price of $0.02 per share. The Hyperbridge Notes are non-interest bearing, secured by a promissory note, and will become due on December 31, 2019. In the event of default, the interest is compounded semi-annually at a rate of 8% per annum. During the period ended November 30 2019, the Company received advance in the aggregate principal amount of $60,554 from Hyperbridge.

The fair value of the liability component at the time of issue is determined based on an estimated rate of 20% for loans without the conversion feature. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible notes at an effective interest rate of 20%. The fair value of the equity component is determined as the difference between the face value of the loans and the fair value of the liability component.

On November 29, 2019, $50,000 of the outstanding amounts were converted into 2,500,000 common shares of the company at $0.02 per share (Note 6).

(Expressed in Canadian dollars)

4. CONVERTIBLE NOTES PAYABLE, continued

The following table summarizes accounting for the convertible notes, and the amounts recognized in the liability and equity components during the period ended November 30, 2019:

		Liability Component		Equity Component
Date of incorporation, June 17, 2019	**$**	**-**	**$**	**-**
Convertible notes issued		56,926		3,628
Accretion		3,628		-
Repayment		(7,525)		-
Conversion		(50,000)		-
Balance, November 30, 2019	**$**	**3,029**		**3,628**

5. RELATED PARTY TRANSACTIONS AND BALANCE

Key management personnel comprise the Company's Board of Directors and executive officers. Key management personnel compensation is comprised of the following:

		2019
Management fees	$	34,250

Management fee paid or payable to key management personnel during the period from incorporation on June 17, 2019 to November 30, 2019 as follows:

a) An amount of $17,500 to the Chief Executive Officer of the Company.
b) An amount of $10,500 to the Chief Financial Officer of the Company.
c) An amount of $6,250 to a director of the Company, of which $2,500 was settled by the issuance of 500,000 common shares at $0.005 per share. As of November 30, 2019, $3,854 was owed to a director in respect of these fees and out of pocket expenses.

During the period from incorporation on June 17, 2019 to November 30, 2019, the Company entered into a Credit Facility Agreement with a Company controlled by the CEO (See Note 4).

6. SHARE CAPITAL

Authorized

Unlimited common shares without par value

6. SHARE CAPITAL, continued

Issued

As of November 30, 2019, 20,820,001 common shares were issued and outstanding:

a) On the date of incorporation, June 17, 2019, the Company issued 1 common share at $1.00 per share.
b) On August 12, 2019 and October 8, 2019, the Company issued a total of 3,500,000 founders' common shares at $0.005 per share for gross proceeds of $17,500.
c) During August 2019, the Company issued a total of 1,800,000 common shares with a fair value of $11,250 to settle $11,250 in accounts payable for past services rendered by the consultants.
d) On August 30, 2019, the Company repurchased 300,000 common shares from a consultant at $0.005 per share.
e) In November, 2019, the Company closed a private placement and issued a total of 13,320,000 common shares at $0.02 per share for gross proceeds of $266,400.
f) On November 29, 2019, the Company issued 2,500,000 common shares at $0.02 per share upon conversion of Hyperbridge Notes. (See Note 4)

Stock option

As at November 30, 2019, the Company did not have an option plan.

Share purchase warrants

During the period presented, there was no share purchase warrant activity.

7. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the research and development of psychedelic compounds.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt. The capital of the Company comprises the shareholders' equity.

(Expressed in Canadian dollars)

8. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

		2019
Loss before income taxes	$	(278,028)
Statutory tax rate		27%
Expected income tax recovery at statutory rates	$	(75,068)
Non-deductible and other items		(5,932)
Unrecognized temporary differences		81,000
Deferred income tax recovery	$	-

At November 30, 2019, the amount of deductible temporary differences for which no deferred tax asset is recognized in the statements of financial position is as follows:

	2019			
		Temporary difference		Tax effect
Non-capital loss	$	280,000	$	75,000
Share issuance costs		22,000		6,000
	$	302,000	$	81,000

As at November 30, 2019, the Company has non-capital losses of approximately $280,000 for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. These losses, if not utilized, will expire in 2039.

In assessing the realizability of deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

9. FINANCIAL INSTRUMENTS

Fair Values and Classification

The Company's financial instruments consist of cash and cash equivalents, accounts payable and convertible notes. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2019
Cash	FVTPL	$ 112,655
Accounts payable	Amortized cost	80,542
Convertible notes payable	Amortized cost	3,029

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is recorded at fair value and classified as level 1. The carrying amounts of the Company's accounts payable and convertible notes payable are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

Financial instrument risk exposure
The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at highly rated financial institutions.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the statement of financial position. At November 30, 2019, no amounts were held as collateral.

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS, continued

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash at November 30, 2019, in the amount of $112,655 and working capital of $49,819 in order to meet short-term business requirements. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand and are subject to normal trade terms. The convertible notes will mature on December 31, 2019 and are convertible into common shares at $0.02 per at the lender's option.

The maturity profiles of the Company's contractual obligations and commitments as at November 30, 2019, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	$ 80,542	$ 80,542	$ -	$ -
Convertible notes payable	3,029	3,029	-	-
Total	$ 83,571	$ 83,571	$ -	$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

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 rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk as the risk is primarily on its outstanding GIC which is included in cash and cash equivalents.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not subject to significant foreign exchange risk.

9. FINANCIAL INSTRUMENTS, continued

Financial instrument risk exposure, continued

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed not exposed to any significant price risk.

10. SUBSEQUENT EVENTS

On December 18, 2019, December 23, 2019 and January 30, 2020, the Company completed a non-brokered private placement whereby it issued 3,485,000 units of the Company in 3 tranches at a price of $0.25 per unit for gross proceeds of $871,250. Each unit consists of one Class A voting common share in the capital of the Company and one-half of one Class A voting common share purchase warrant of the Company. Each Warrant has an exercise price of $0.50 per Warrant Share for a period of 24 months from the closing of the offering; provided that the expiry of the Warrants can be accelerated if the closing price of the Class A voting common shares on a stock exchange in Canada or the United States is at least CAD $0.75 for a minimum of 21 consecutive trading days, then the Warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the Warrants.

On January 30, 2020, the Company approved a stock option plan under which it may grant stock options within any 12 month period for up to 10% of the Company’s total number of shares issued. The stock option plan provides for the granting of stock options to directors and officers, and consultants and persons providing investor-relation or consulting services within any 12 month period up to a limit of 5% and 2% respectively of the Company’s total number of Outstanding Issue. In addition, the options granted to consultants and persons providing investor-relation or consulting services must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period. The Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option.

On February 15, 2020, the Company purchased a USD $150,000 convertible note issued by Entheos Science Systems Inc. (“Enthoes”) for $198,000 (the “Convertible Note”). The Convertible Notes bears interest at a rate of 8% per annum, will mature in one year from issuance, and is convertible into Series A Preferred Shares at price equal to the lower of (A) the pre-money price per Preferred Share (on a fully diluted basis) assuming a valuation of $7,000,000 and (B) the last price paid per Preferred Share subsequent to the date of the Convertible Notes, if any, less a 15% discount to the final conversion value.

10. SUBSEQUENT EVENTS, continued

On May 19, 2020, the Company entered into an Asset Purchase Agreement (the “Agreement”) among Entheos and Mindleap Health Inc. (“Mindleap”) regarding the Convertible Note. The terms of the agreement are as follows:

a) Mindleap will assume $100,000.00 of Entheos’ Liability to the Company under the Convertible Note, in exchange for the Company’s representations, warranties, covenants, agreements, and releases.
b) Entheos will transfer available funds payable to the Company in an amount equal to all remaining available cash within the Entheos bank account, following receipt of the payments from Mindleap less outstanding payables of Entheos, along with a reconciliation of the amount paid.
c) Enthoes will transfer 500,000 common shares in the capital of Mindleap to the Company and Mindleap will consent to the transfer.

On June 2, 2020, the Company completed a non-brokered private placement whereby it issued 5,490,804 units of the Company at a price of $0.40 per unit for gross proceeds of $2,196,322. Each unit consists of one Class A voting common share in the capital of the Company and one-half of one Class A voting common share purchase warrant of the Company. Each Warrant has an exercise price of $0.60 per Warrant Share for a period of 24 months from the closing of the offering; provided that the expiry of the Warrants can be accelerated if the closing price of the Class A voting common shares on a stock exchange in Canada or the United States is at least CAD $1.00 for a minimum of 10 consecutive trading days, then the Warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the Warrants.

On March 11, 2020, various authorities declared a pandemic related to COVID 19 resulting in restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These restrictions are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates.

The pandemic could have a negative impact on the capital market and the Company’s ability to complete a qualifying transaction and raise new capital. The Company believes that these potential delays are temporary and it expects to resume its pursuits as restrictions are alleviated. The duration and effects of the restrictions are not currently determinable and no provision has been made in these financial statements for any effects that the Company may experience if the restrictions are other than temporary.