

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: Albert Labs International Corp. (the "Issuer").

Trading Symbol: ABRT

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

***See Attached as Schedule A the Interim Financial Statements for period ending June 30, 2022***

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

***All related party transactions have been disclosed in the Issuer's financial statements and MD&A for the interim period ended June 30, 2022.***

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

**See Attached as Schedule A the Interim Financial Statements for period ending June 30, 2022**

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
N/A						

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,  
**Authorized share capital: An unlimited number of common shares without par value**
- (b) number and recorded value for shares issued and outstanding,  
**As of June 30, 2022, there were 68,163,267 Common Shares issued and outstanding as fully paid and non-assessable shares.**

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and  
**N/A**
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other re
- (e) striction on transfer.  
**Nil**

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

<b>Name</b>	<b>Position</b>
Michael Raymont	CEO and Director
Chand Jagpal	CEO and Director
Rob Kang	Director
Mike Thompson	Director
Katie Shelton-Innes	Director

**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

***See attached as Schedule C the Interim MD&A for the period ended June 30, 2022***

**Certificate Of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated July 6, 2023.

Chand Jagpal

Name of Director or Senior Officer

  
Signature

CFO

Official Capacity

<b>Issuer Details</b> Name of Issuer  Albert Labs International Corp.	For Quarter Ended  June 30, 2022	Date of Report YY/MM/D  23/07/06
Issuer Address #201- 6996 Merritt Avenue		
City/Province/Postal Code  Burnaby, British Columbia, V5J 4R6	Issuer Fax No. (   )	Issuer Telephone No. (   ) +44 7828 008237
Contact Name Chand Jagpal	Contact Position CFO	Contact Telephone No. +44 7828 008237
Contact Email Address  chand@albertlabs.com	Web Site Address www.albertlabs.com	

# **Albert Labs International Corp. (Formerly ME Resources Corp.)**

## **Condensed Consolidated Interim Financial Statements**

**Three and Six months ended June 30, 2022, and 2021**

**(Unaudited - Expressed in Canadian Dollars)**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

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

**Albert Labs International Corp. (Formerly ME Resources Corp.)**  
**Condensed Consolidated Interim Statements of Financial Position**  
**(Unaudited - Expressed in Canadian Dollars)**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	369,817	76,697
Amounts receivable (Note 3)	2,696	131,017
Prepaid (Note 4)	559,396	10,000
	931,909	217,714
Non-current assets		
Prepayment (Note 6)	142,679	128,666
Equipment and furniture (Note 6)	77,100	11,410
<b>Total assets</b>	<b>1,151,688</b>	<b>357,790</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	418,128	706,117
Due to related parties (Note 8)	4,199	154,199
	422,237	860,316
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 4)	7,859,030	1,791,575
Subscription received	-	18,037
Accumulated other comprehensive loss	(40,855)	-
Deficit	(7,088,814)	(2,312,138)
	729,361	(502,526)
<b>Total shareholders' equity and liabilities</b>	<b>1,151,688</b>	<b>357,790</b>

*Note 1: Nature and operation and going concern*

Authorized for issuance by the Board of Directors on August 29, 2022

/s/ Rob Kang  
Director

/s/Chand Jagpal  
Director

*See accompanying notes to the condensed consolidated interim financial statements*



**Albert Labs International Corp. (Formerly ME Resources Corp.)**  
**Condensed consolidated interim Statements of Loss and Comprehensive Loss**  
**(Unaudited - Expressed in Canadian Dollars)**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$
Expenses				
Amortization	3,787	1,014	4,643	1,014
Consulting and management	414,717	48,553	695,538	122,197
General and administration	17,256	24,839	76,057	26,869
Listing expenditures	(96,777)	-	2,930,277	-
Promotion and advertisement	86,928	26,638	110,516	37,322
Professional fees	92,499	29,944	142,272	44,028
Research	366,683	27,359	695,791	98,305
Salaries and wages	43,796	19,542	91,558	19,542
Travel	28,752	-	30,024	-
Net loss	(957,641)	(177,889)	(4,776,676)	(349,277)
Other comprehensive loss	(40,855)	-	(40,855)	-
Comprehensive loss	(998,496)	(177,889)	(4,817,531)	(349,277)
loss per share – basic and diluted	(0.01)	(0.00)	(0.08)	(0.01)
Weighted average number of outstanding common shares, basic and diluted	67,856,444	40,424,872	58,335,025	40,424,872

*See accompanying notes to the condensed consolidated interim financial statements*

**Albert Labs International Corp. (Formerly ME Resources Corp.)**  
**Condensed consolidated Interim Statements of Changes in Equity (Deficiency)**  
(Unaudited - Expressed in Canadian Dollars)

	<b>Share capital</b>			<b>Accumulated</b>		
	<b>Number of</b>	<b>Amount</b>	<b>Subscription</b>	<b>other</b>	<b>Deficit</b>	<b>Total</b>
	<b>shares</b>	<b>\$</b>	<b>received</b>	<b>comprehensive</b>	<b>\$</b>	<b>\$</b>
				<b>loss</b>		
				<b>\$</b>		
Balance, December 31, 2020	38,663,800	693,675	-	-	(433,177)	260,498
Shares issued for cash	1,761,072	440,268	-	-	-	440,268
Loss for the period	-	-	-	-	(349,277)	(349,277)
Balance, June 30, 2021	40,424,872	1,133,943	-	-	(782,454)	351,489
Balance, December 31, 2021	43,055,398	1,791,575	18,037	-	(2,312,138)	(502,526)
Shares issued for cash, net of finder's fees of \$209,512	6,595,363	1,439,329	(18,037)	-	-	1,421,292
Shares issued for debt	6,606,192	1,651,547	-	-	-	1,651,547
Shares issued for prepayment of services	2,237,580	559,395	-	-	-	559,395
Share issuance to shareholders of MEC	9,668,734	2,417,184	-	-	-	2,417,184
Translation of subsidiary	-	-	-	(40,855)	-	(40,855)
Loss for the period	-	-	-	-	(4,776,676)	(4,776,676)
Balance, June 30, 2022	68,163,267	7,859,030	-	(40,855)	(7,088,814)	729,361

*See accompanying notes to the condensed consolidated interim financial statements*

**Albert Labs International Corp. (Formerly ME Resources Corp.)**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**(Unaudited - Expressed in Canadian Dollars)**

<b>Six months ended June 30,</b>	<b>2022</b>	<b>2021</b>
		\$
Operating activities:		
Loss for the period	(4,776,676)	(349,277)
Items not involve cash		
Amortization	4,643	1,014
Fees paid by issuance of shares	1,501,547	-
non-cash listing expenses	2,545,505	-
Changes in non-cash working capital items:		
- accounts payable and accrued liabilities	(287,989)	(6,824)
- prepaid	10,000	(18,435)
- Receivable	-	(126,074)
Cash used in operating activities	(1,002,970)	(499,596)
Financing activities		
Proceeds from shares subscription received	-	280,400
Proceeds from shares issuance	1,421,292	440,268
Cash provided by financing activities	1,421,292	720,668
Investing activities		
Acquisition of equipment	(70,333)	(13,524)
Prepayment for leasehold improvement	(14,013)	(100,000)
Cash used in investing activities	(84,346)	(113,524)
Effect of foreign exchange on translation of subsidiary	(40,856)	-
Net cash inflow	293,120	107,548
Cash, beginning of period	76,697	10,811
Cash, end of period	369,817	118,359

*See accompanying notes to the condensed consolidated interim financial statements*

## Albert Labs International Corp. (Formerly ME Resources Corp.)

### Notes to the Condensed Consolidated Interim Financial Statements

Three and Six Months ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

### 3. NATURE AND CONTINUANCE OF OPERATIONS

#### Business Combination

The accompanying condensed consolidated financial statements have been prepared after giving effect to the reverse takeover ("RTO") of ME Resources Corp. ("MEC") by Albert Labs Inc. ("AL") which was completed on March 10, 2022, whereby MEC has acquired AL as its wholly owned subsidiary. As the shareholders of AL acquired control of the combined entity, AL is considered the accounting acquirer of the RTO and AL is considered the accounting parent of MEC.

MEC was incorporated under the Business Corporation Act (British Columbia) on October 16, 2009. Before the Completion of the RTO, MEC's shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol MEC.

Albert Labs Inc., ("AL") was incorporated under the Business Corporation Act (British Columbia) on September 16, 2020. The Company's head and registered office address is 201-6996 Merritt Avenue, Burnaby, BC, V5J 4R6.

MEC has changed its name to Albert Labs International Corp. ("AL Intl" or the "Company") upon the completion of the RTO. The Company's shares commenced trading on the CSE under the name ABRT commencing March 10, 2022.

At the date of acquisition, MEC did not meet the definition of a business and, accordingly, the transaction has been accounted for as an acquisition of assets by AL. The acquisition is accounted for in accordance with IFRS 2 *Share Based Payments* and IFRS 3 *Business Combination* ("IFRS 3"). MEC did not qualify as a business as defined in IFRS 3 as there were no substantive processes in place. The net assets and liabilities of MEC have been measured at their fair value on the acquisition date with the allocation of proceeds as follow:

Proceeds of acquisition	\$
Fair value of 9,668,734 common shares of AL issued to MEC's shareholders	2,417,184
Assumption of accounts payable and due to related parties of MEC	481,549
	2,898,733

As the fair value of tangible and intangible assets held by MEC was \$Nil when the RTO was completed, the whole amount of proceeds of acquisition has been expensed as listing expenditures for the Company to list its common shares on the CSE.

The Company's principal line of business is to research and develop drugs to ensure accelerated access to safe and effective psychedelic-assisted therapy for patients with urgent, unmet needs.

#### Going Concern

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assume 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 operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent whether the Company can develop an economically viable business, and generate funds there from and/or raise equity capital to meet current and future obligations. The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as going concern, the net realizable value of its assets may be materially less than the amounts on its statements of financial position.

# **Albert Labs International Corp. (Formerly ME Resources Corp.)**

## **Notes to the Condensed Consolidated Interim Financial Statements**

Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS(CONTINUED)**

#### Covid

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's product and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

### **2. BASIS OF PRESENTATION**

#### **Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* and should be read in conjunction with AL's annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These amended condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 29, 2022.

#### **Basis of Preparation**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements incorporate the accounts of the Company and its wholly owned subsidiaries, Albert Labs UK Ltd., a company incorporated in the United Kingdom. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. 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. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recognition and measurement of deferred tax assets.

*The comparative figures of 2021 presented in these condensed consolidated financial statements belong to AL, which is the accounting parent of the RTO.*

### **4. SIGNIFICANT ACCOUNTING POLICIES**

#### **Adoption of new accounting policies**

The Company has not adopted new accounting policies since its recent year ended December 31, 2021

## **Albert Labs International Corp. (Formerly ME Resources Corp.)**

### **Notes to the Condensed Consolidated Interim Financial Statements**

Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Significant judgments**

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

- the classification of financial instruments;
- the assessment of the Company's ability to continue as a going concern; and
- the determination of the recoverability of the Company's deferred tax assets

#### **Financial Instruments**

##### Financial assets

##### **(a) Recognition and measurement of financial assets**

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

##### **(b) Classification of financial assets**

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL").

- (i) Financial assets measured at amortized cost – A financial assets that meets both of the following conditions is classified as a financial asset measured at amortized cost:
  - The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value less transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary. The Company's cash and amounts receivable are financial asset measured at amortized cost.

- (ii) Financial assets measured at FVTP - A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises. The Company does not have financial assets measured at FVTPL.
- (iii) Financial assets measured at FVTOCI - A financial asset measured at fair value through other comprehensive income is recognized initially at fair value less transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. The Company does not have financial assets measured at FVTOCI.

##### **(c) Derecognition of financial assets**

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

**Albert Labs International Corp. (Formerly ME Resources Corp.)**  
Notes to the Condensed Consolidated Interim Financial Statements  
Three and Six Months Ended June 30, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Instruments (continued)**

Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(d) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities measured at amortized cost or measured at fair value through profit or loss.

- (i) Financial liabilities measured at amortized cost - A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at The Company's accounts payable and accrued liabilities, and due to related parties are financial liabilities measured at amortized cost.
- (ii) Financial liabilities measured at FVTPL- A financial liability measured at FVTPL is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any financial liabilities measured at FVTPL.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is 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 statement of comprehensive loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

**Albert Labs International Corp. (Formerly ME Resources Corp.)**

## Notes to the Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Loss per share**

The Company presents the basic and diluted loss per share data for its common shares by dividing the loss by the weighted average number of common shares outstanding during the year. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

**Foreign currency translation**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of Albert Labs UK Ltd. is the British PounC ("GBP").

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's functional currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's other comprehensive loss.

**Property and equipment**

Property and equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Amortization is calculated using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

<b>Class of property and equipment</b>	<b>Depreciation rate</b>
Equipment	30 % declining balance



## **Albert Labs International Corp. (Formerly ME Resources Corp.)**

### **Notes to the Condensed Consolidated Interim Financial Statements**

Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Income taxes**

##### Current income tax:

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

As the fair value of tangible and intangible assets held by MEC was \$Nil when the RTO was completed, the whole amount of proceeds of acquisition has been expensed as listing expenditures for the Company to list its common shares on the CSE.

**Albert Labs International Corp. (Formerly ME Resources Corp.)**

## Notes to the Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

**4. SHARE CAPITAL**

Authorized share capital: An unlimited number of common shares without par value.

Issued and outstanding:

Six months ended June 30, 2022

Following common shares of the Company were issued:

- Issuance of 6,606,192 common shares at \$0.25 per shares to settle accounts payable and for services rendered.
- Issuance of 2,237,580 common shares at \$0.25 per shares to officers and consultants for their services to be rendered from the period July 1 to December 31, 2022. An amount of \$559,396 has been included to the Company's prepayment as at June 30, 2022.
- Issuance of 6,595,363 common shares at \$0.25 per share for cash with \$209,512 finder's fees paid.
- Issuance of 9,668,734 common shares to shareholders of MEC at \$0.25 per share for the RTO.

Fiscal 2021

The Company issued 4,391,598 common shares through private placement at \$0.25 per share for proceeds of \$1,097,900. The Company also received \$18,037 share subscription at \$0.25 per share.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	June 30, 2022	December 31, 2021
	\$	\$
Trade payables	353,128	668,660
Accrued liabilities	65,000	37,457
	418,128	706,117

**6. PROPERTY AND EQUIPMENT**

As of June 30, 2022 December 31, 2021, the Company had equipment of \$83,757 (12/31/2021 - \$13,424) with accumulated amortization of \$6,657 (12/31/2021- \$2,014) with a net carrying value of \$77,100 (2021/12-31 - \$11,410).

As of June 30, 2022 and December 31, 2021, the Company maintained an office and laboratory in Burnaby, BC, Canada. The landlord offers free rents to the Company throughout 2021 and there was not a rental agreement with this landlord. As at June 30, 2022, the Company's non-current prepayment included an amount of \$142,679 payment made to the landlord to renovate this premises (12/31/2021 - \$128,666). The Company is in the process of negotiating a lease agreement with the landlord.

**Albert Labs International Corp. (Formerly ME Resources Corp.)**

## Notes to the Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

**7. RELATED PARTY TRANSACTIONS**

a) Transactions with key management personnel and directors were as follows:

<b>Six months ended June 30,</b>	<b>2022</b>	<b>2021</b>
	\$	\$
Consulting fees	285,000	113,750

During six months ended June 30, 2022, all the consulting fees charged by related parties have been settled by Company's common shares at \$0.25 per share (Note 4).

b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

<b>Due to Related parties</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Former directors	4,199	154,199

On March 10, 2022, the Company issued 600,000 common shares to settle the amount of \$150,000 due to related parties carried forward from 2021 (Note 4)

**8. FINANCIAL INSTRUMENTS****Fair value**

The fair value of the Company's financial assets and liabilities approximate their carrying amount due to their short terms to maturity.

**Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held. The Company's cash is deposited in two banks with high creditworthy.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company's liquidity risk as assessed as high.

*Interest Rate Risk*

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

**Albert Labs International Corp. (Formerly ME Resources Corp.)**

## Notes to the Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

**8. FINANCIAL INSTRUMENTS (CONTINUED)***Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at June 30, 2022 and December 31, 2021, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Cash	GBP	23,000	GBP	20,139
Canadian dollar equivalent	\$	36,400	\$	35,000

A 10% change in the British Pound against the Canadian dollar at June 30, 2022 would have an impact of \$3,640 to the Company's comprehensive loss.

**ALBERT LABS INTERNATIONAL CORP. (FORMERLY ALBERT LABS INC.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SIX MONTHS ENDED JUNE 30, 2022**

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**DATE AND SUBJECT OF REPORT**

The following is management's discussion and analysis ("MD&A") in respect of the results of operations and financial position of Albert Labs International Corp., Formerly Albert Labs Inc., (the "Company" or "Albert Lab") for the six months ended June 30, 2022. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the same period which are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS").

The date of this MD&A is August 29, 2022

**FORWARD LOOKING STATEMENTS**

*This MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are usually preceded by, followed by or include the words 'believes', 'expects', 'anticipates', 'estimates', 'intends', 'plans', 'forecasts', 'may', 'will', or similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are not guaranteeing of future performance.*

*These forward-looking statements are based on management's current expectations and involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks & Uncertainties section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and while many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company reviews its forward looking statements on an ongoing basis and updates this information when circumstances require it.*

**COMPANY OVERVIEW & OVERALL PERFORMANCE**

Albert Labs Inc., ("AL") was incorporated under the Business Corporation Act (British Columbia) on September 16, 2020. The Company's head and registered office address is 201-6996 Merritt Avenue, Burnaby, BC, V5J 4R6.

MEC was incorporated under the Business Corporation Act (British Columbia) on October 16, 2009. Before the Completion of the RTO, MEC's shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol MEC. MEC's head office is #201 - 6996 Merritt Avenue, Burnaby, BC V5J 4R6, Canada.

On March 10, 2022, AL and MEC completed an share exchange agreement (the "Transaction") whereby AL has become the wholly owned subsidiary of MEC, However, for accounting purposes, the Transaction is considered a reserve-take-over ("RTO") as the shareholders of AL acquired control of MEC. Consequently, AL is considered the accounting acquirer for the RTO.

MEC changed its name to Albert Labs International Corp. ("AL Intl" or the "Company") upon the completion of the RTO. The Company's shares commenced trading on the CSE under the name ABRT commencing March 10, 2022.

The Company's principal line of business is to research and develop drugs to ensure accelerated access to safe and effective psychedelic-assisted therapy for patients with urgent, unmet needs.

At the date of acquisition, MEC did not meet the definition of a business and, accordingly, the transaction has been accounted for as an acquisition of assets. The acquisition is accounted for in accordance with IFRS 2 Share Based Payments and IFRS 3

**ALBERT LABS INTERNATIONAL CORP. (FORMERLY ALBERT LABS INC.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SIX MONTHS ENDED JUNE 30, 2022**

Business Combination ("IFRS 3"). MEC did not qualify as a business as defined in IFRS 3 as there were no substantive processes in place. As a result, the RTO is considered as an acquisition of assets. Given the fair value of tangible and intangible assets held by MEC was \$Nil at the acquisition date, the whole amount of proceeds of acquisition has been expensed as listing expenditures for the Company to list its common shares on the CSE. A breakdown of the acquisition proceeds is as follow:

Fair value of 9,668,734 common shares issued to MEC's shareholders	\$ 2,417,184
Assumption of accounts payable and due to related parties	481,549
	<u>\$ 2,898,733</u>

**SELECTED QUARTERLY INFORMATION**

The Company was incorporated on September 16, 2020, and had no significant activities during the period September 16 to September 30, 2020. Thus the Company reported information of the following seven interim periods:

	<b>Three months ended September 30, 2021</b>	<b>Three months ended June 30, 2021</b>	<b>Three months ended March 31, 2021</b>	<b>From September 16, to December 31, 2020</b>
		\$	\$	\$
Total Assets	294,938	375,378	613,494	291,211
Revenue	Nil	Nil	Nil	Nil
Net Loss	(293,986)	(177,889)	(171,388)	(433,177)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.00)	(0.08)

  

	<b>Three months ended June 30, 2022</b>	<b>Three months ended March 31, 2022</b>	<b>Three months ended December 31, 2021</b>
		\$	\$
Total Assets	1,151,688	1,045,566	217,714
Revenue	Nil	Nil	Nil
Net Loss	(957,641)	(3,830,491)	(417,038)
Loss per share, basic and diluted	(0.01)	(0.08)	(0.01)

The Company's businesses are not subject to seasonal variations.

**ALBERT LABS INTERNATIONAL CORP. (FORMERLY ALBERT LABS INC.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SIX MONTHS ENDED JUNE 30, 2022**

**RESULTS OF OPERATIONS**

<b>Six months ended June 30,</b>	<b>2022</b>	<b>2021</b>
Expenses		
Amortization	\$ 4,643	\$ 1,014
Consulting and management (ii)	695,538	122,197
General and administration	76,057	26,869
Listing expenditures (i)	2,930,277	-
Promotion and advertisement	110,516	37,322
Professional fees (ii)	142,272	44,028
Research (iii)	695,791	98,305
Salaries and wages (iii)	91,558	19,542
Travel	30,024	-
Net loss	\$ (4,776,676)	\$ (349,277)

(i) The listing expenses incurred during the six months ended June 30, 2022 included non-cash expenditure of \$2,898,733 arising from the RTO.

(ii) During the six months ended June 30, 2022, the Company engaged additional consultants to enhance the business combination between MEC and AL, and to develop the Company's business. As a result, consulting fees, professional fees increased.

(iii) During the six months ended June 30, 2022, the Company engaged additional consultants and acquired laboratory supplies to conduct research for psychedelic-assisted therapy. As a result, research expenditures and salaries increased. As at June 30, 2022 and the date of this report, the Company had three employees.

During the six months ended June 30, 2022, the Company's main assets and liabilities movements are as follows:

- Cash increased by \$293,120 (2022/6/30:\$369,817; 2021/12/31: \$76,697)
- Amounts receivable decreased by \$128,321 (2022/6/30:\$2,696; 2021/12/31: \$131,017) which was mainly a result of eliminating a receivable due from MEC after the RTO.

The Company received cash of 1.42 million from issuance of shares which was partially offset by the use of \$1.0 million to finance the Company's operations. As December 31, 2021, AL's amounts receivable comprised of mainly a receivable of \$0.13 million due from MEC.

<b>Three months ended June 30,</b>	<b>2022</b>	<b>2021</b>
Expenses		
Amortization	\$ 3,787	\$ 1,014
Consulting and management (i)	414,717	48,553
General and administration	17,256	24,839
Listing expenditures (ii)	(96,777)	-
Promotion and advertisement	86,928	26,638
Professional fees (i)	92,499	29,944
Research (i)	366,683	27,359
Salaries and wages (i)	43,796	19,542
Travel	28,752	-
Net loss	\$ (957,641)	\$ (177,889)

**ALBERT LABS INTERNATIONAL CORP. (FORMERLY ALBERT LABS INC.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SIX MONTHS ENDED JUNE 30, 2022**

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(i) The increase of consulting, professional, research expenditures and salaries have been discussed in the section above.

(ii) The Company is in the process of finalizing the accounting in connection with the RTO. As a result, the listing expenses arising from the RTO decreased by \$128,321 from the previous estimation made as at March 31, 2022. As a result, there is a recovery of listing expenses recorded as at June 30, 2022.

#### **LIQUIDITY & CAPITAL RESOURCES**

As at June 30, 2022, the Company had a working capital deficiency of \$49,814. The Company realizes that the current resources are not adequate for the Company to achieve its long- term objectives. The Company considers different financing options, including, but not limited to, further debt or equity financing, or share for debt settlement, to secure addition financing to provide adequate capital resource for the Company to meet its long-term business objective.

Readers should be cautioned that the Company's continuation as a going concern is dependent whether the Company can develop an economically viable business and generate funds there from and/or raise equity capital to meet current and future obligations. The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company is a newly incorporated business and there is no guarantee the Company is able to secure financing as needed.

As of the date of this MD&A, the Company does not have commitments for capital expenditures and the Company is not subject to external requirement in using its capital resources or maintenance of its capital structure.

#### **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have off balance sheet arrangements.

#### **PROPOSED TRANSACTIONS**

The Company does not have proposed transactions that are material to the Company for disclosure.

#### **TRANSACTIONS WITH RELATED PARTIES**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

a) Transaction with related parties

<u>Six months ended June 30,</u>	<u>2022</u>	<u>2021</u>
	\$	\$
Consulting fees	285,000	113,750

b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

<u>Due to Related parties</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	\$	\$
Former directors	4,199	154,199



**ALBERT LABS INTERNATIONAL CORP. (FORMERLY ALBERT LABS INC.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SIX MONTHS ENDED JUNE 30, 2022**

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**OUTSTANDING SHARE DATA**

As of the date of this MD&A, the Company has 68,163,267 common shares

**SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES, AND CHANGES**

Refer to Note 3 to the Company's interim financial statements for the same period.

**FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT**

**Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held. The Company's cash is deposited in two banks with high creditworthy.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's liquidity risk as assessed as high.

*Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at June 30, 2022 and December 31, 2021, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	June 30, 2022		December 31, 2021	
Cash	GBP	23,000	GBP	20,139
Canadian dollar equivalent	\$	36,400	\$	35,000

A 10% change in the British Pound against the Canadian dollar at June 30 2022 would have an impact of \$3,640 to the Company's comprehensive loss.

**ALBERT LABS INTERNATIONAL CORP. (FORMERLY ALBERT LABS INC.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SIX MONTHS ENDED JUNE 30, 2022**

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*Interest Rate Risk*

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

**Classification of financial instruments**

Financial instruments included in the statement of financial position are as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Amortized cost:		
Cash	369,817	76,697
Amounts receivable	2,696	131,017
Accounts payable accrued liabilities	(418,128)	(37,457)
Due to related parties	(4,199)	(4,199)

**Fair value**

The Company does not have financial instruments that are measured at their fair values. The financial instruments that are not measured at their fair value have their carrying values approximate their fair values due to their short-term nature.

**RISKS AND UNCERTAINTIES**

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive.

**Capitalization Risk**

It is anticipated that the Company will require additional capital to fully execute its long-term business objectives. There can be no assurance that it will be able to obtain any capital in the future or that attempts to obtain capital in the future will result in terms beneficial to existing investors.

**Dilution to the Existing Shareholders**

The Company has no other capital resources other than the ability to use its common stock to raise additional capital. The issuance of additional equity securities by the Company could result in a significant dilution in the equity interests of existing shareholders.

**Management Risk**

The Company's success will largely depend on the capability of its management; management has limited experience in managing the growth of a developing business.

**Reliance on Management's Expertise**

The Company strongly depends on the business acumen and expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of the team could have a material adverse effect on the Company. The Company does not have any key person insurance in place for management.

**Profitability Risk**

Although the Company will work to become profitable, there can be no assurance that factors beyond its control, such as, but not limited to, successful development of its technology into commercial viable products to the oil and gas industry. No assurances can be provided that the Company can do so.

**ALBERT LABS INTERNATIONAL CORP. (FORMERLY ALBERT LABS INC.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SIX MONTHS ENDED JUNE 30, 2022**

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**Key Personnel Risk**

The Company is highly dependent upon the services from external consultants. Loss of these external consultants would adversely affect the achievement of the Company's objectives.

**Risks Inherent in the Nature of the Psychopharmacological Industry**

Changes in operating costs (including costs for maintenance, insurance), inability to obtain permits required to conduct the Company's business, changes in health care laws and governmental regulations, and various other factors may significantly impact the ability of the Company to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs and related charges, must be made to operate the business, regardless of whether the Company is generating revenue. Government Regulations, Permits and Licenses The Company's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in the imposition of fines and penalties. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all governmental laws and regulations. The physicians that recommend psychedelic therapy to the Company's patients will be subject to various federal, provincial and municipal laws in each jurisdiction. If any permits are required for the Company's operations and activities in the future, there can be no assurance that such permits will be obtainable on reasonable terms or on a timely basis, or that applicable laws and regulations will not have an adverse effect on the Company's business. Psilocybin is currently a controlled substance with no medicinal approved use in Canada or the United Kingdom. If a medical use for psilocybin is not developed or if developed, is not approved for use in Canada, the United Kingdom and other jurisdictions, the commercial opportunity that the Resulting Issuer is pursuing may be highly limited. The current and future operations of the Resulting Issuer are and will be governed by laws and regulations governing the health care industry, labour standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing operations and activities of patient therapies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or costs, or reduction in levels of its business operations.