



**MIND CURE HEALTH INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)

**For the three months ended August 31, 2020**

### **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) the accompanying unaudited condensed consolidated interim financial statements of Mind Cure Health Inc. for the three months ended August 31, 2020 have been prepared by and are the responsibility of management in accordance with International Financial Reporting Standards applicable to unaudited condensed consolidated interim financial reporting.

The Company's independent auditor has not audited or performed a review of these unaudited condensed consolidated interim financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountant for a review of unaudited condensed interim financial statements by an entity's auditor.

**MIND CURE HEALTH INC.****Condensed Consolidated Interim Statement of Financial Position****As at August 31, 2020 and May 31, 2020**

(Unaudited - Expressed in Canadian dollars)

	Notes	August 31, 2020	May 31, 2020
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		\$ 466,421	\$ 609,634
Taxes receivable		9,404	1,696
Prepaid expenses and deposits		150,608	63,330
		626,433	674,660
<b>NON-CURRENT ASSETS</b>			
Intangible assets	2, 4	111,829	111,829
<b>TOTAL ASSETS</b>		<b>\$ 738,262</b>	<b>\$ 786,489</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	5, 9	\$ 158,773	\$ 36,564
<b>TOTAL LIABILITIES</b>		<b>158,773</b>	<b>36,564</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	1, 7, 9	745,204	827,129
Contributed surplus	7	236,800	1,699
Deficit		(402,515)	(78,903)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>579,489</b>	<b>749,925</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>\$ 738,262</b>	<b>\$ 786,489</b>

**Nature and continuance of operations (note 1); Subsequent events (note 10)***The accompanying notes are an integral part of these condensed and consolidated interim financial statements***Approved on behalf of the Board:***"Philip Tapley"***Director***"Stephen D Inouye"***Director**

**MIND CURE HEALTH INC.****Condensed Consolidated Interim Statement of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars)

	Notes	For the three months ended August 31, 2020
<b>EXPENSES</b>		
Advertising and promotion		\$ 601
Consulting fees		16,039
Filing Fees		14,582
Management fees	6	8,500
Marketing		2,969
Office and general		3,321
Professional fees		40,457
Research expenses		225
Share-based payments	7	236,800
<b>Total expenses</b>		<b>323,494</b>
<b>LOSS BEFORE TAXES</b>		
		\$ (323,494)
Foreign exchange loss		(118)
<b>LOSS AND COMPREHENSIVE LOSS, for the period</b>		
		\$ (323,612)
<b>Loss per share, basic and diluted</b>		
		\$ (0.010)
<b>Weighted average number of shares outstanding</b>		
		30,270,000

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

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**MIND CURE HEALTH INC.****Condensed Consolidated Interim Statement of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars)

	Notes	Share Capital				Total Shareholders' Equity
		Shares	Amount	Contributed Surplus	Deficit	
Balance, March 6, 2020		1	\$ 1	\$ -	\$ -	1
Repurchase of issued share	7	(1)	(1)	-	-	(1)
Issuance of shares	7	1,750,000	17,500	-	-	17,500
Issuance of shares	7	20,250,000	405,000	-	-	405,000
Issuance of shares	7	8,270,000	413,500	1,699	-	415,199
Share issuance costs	7		(8,871)	-	-	(8,871)
Loss and comprehensive loss			-	-	(78,903)	(78,903)
Balance, May 31, 2020		30,270,000	827,129	1,699	(78,903)	749,925
Reclassification of contributed surplus			1,699	(1,699)	-	-
Share-based payments	7		-	236,800	-	236,800
Interim share issuance costs incurred for Initial Public Offering	1, 9		(83,624)	-	-	(83,624)
Loss and comprehensive loss			-	-	(323,612)	(323,612)
<b>Balance, August 31, 2020</b>		<b>30,270,000</b>	<b>\$ 745,204</b>	<b>\$ 236,800</b>	<b>\$ (402,515)</b>	<b>\$ 579,489</b>

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

**MIND CURE HEALTH INC.**  
**Condensed Consolidated Interim Statement of Cash Flow**  
(Unaudited - Expressed in Canadian dollars)

	Notes	For the three months ended August 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period		\$ (323,612)
<b>Items not involving cash:</b>		
Share-based payments	7	236,800
		(86,812)
Change in non-cash working capital items:		
Taxes receivable		(7,708)
Prepaid expenses and deposits		(87,278)
Accounts payable and accrued liabilities	9	38,585
Net cash used in operating activities		\$ (143,213)
<b>INCREASE IN CASH</b>		<b>\$ (143,213)</b>
<b>CASH, beginning of the period</b>		<b>609,634</b>
<b>CASH, end of the period</b>		<b>\$ 466,421</b>
<b>Supplemental cash flow disclosures (note 9)</b>		
Cash paid for		
Interest		\$ -
Income taxes		\$ -

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

## **Mind Cure Health Inc.**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2020

(Expressed in Canadian Dollars)

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### **1. Nature and continuance of operations**

Mind Cure Health Inc. (the "Company") was incorporated on March 6, 2020, pursuant to the Business Corporations Act of British Columbia, Canada. The Company is engaged in the business of identifying, developing, manufacturing, and distributing products that enhance mental health and wellness, ease suffering and increase productivity. The Company's initial product offering is a branded line of organic, functional mushroom powder.

The Company's head office is located at 422 Richards Street, Suite 170, Vancouver, BC V6B 2Z4, and its registered office is located at 2500 – 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3.

On August 3, 2020, a wholly owned subsidiary, Mind Cure Health (US) Inc. (the "Subsidiary") was incorporated in the State of Nevada and will be the entity through which product sales from the United States will be reported.

On August 27, 2020, the Company submitted a prospectus (the "Prospectus") for an initial public offering of a minimum of 5,000,000 Common Shares of the Company and a maximum 13,000,000 Common Shares (the "Offered Shares") at a price of \$0.20 per Common Share (the "Offering Price") for minimum gross proceeds of \$1,000,000 (the "Minimum Offering") and maximum gross proceeds of \$2,600,000 (the "Maximum Offering", and together with the Minimum Offering, the "Offering") pursuant to the terms of an agency agreement (the "Agency Agreement") dated August 27, 2020, between Haywood Securities Inc. (the "Agent") and the Company.

On September 17, 2020, the Company completed its Initial Public Offering ("IPO") of the Company's common shares under the prospectus dated August 27, 2020. Trading of the Company's shares commenced on September 21, 2020, on the Canadian Securities Exchange ("CSE") under the ticker symbol "MCUR". (see Note 10)

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company is in the development stage and currently has no sources of cash from operations. Further funds will be required to successfully develop the Company's business and there is no certainty that these funds will be available. As at, August 31, 2020, the Company had accumulated losses of \$402,515 (May 31, 2020 - \$78,903). 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 upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ultimately achieve profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with issuance of common shares, loans from directors and companies controlled by directors and or profits from its business activities.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. 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 ability to raise funds.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on October 13, 2020.

## Mind Cure Health Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2020

(Expressed in Canadian Dollars)

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### 2. Basis of presentation and statement of compliance

#### Basis of Presentation

The Company prepares its condensed consolidated interim financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretation of the International Reporting Interpretations Committee. These should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the period ended May 31, 2020 (“annual financial statements”). The accounting policies and critical estimates and judgements applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements, unless otherwise stated.

These condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical cost, except for financial instruments measured at fair value. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

The functional and presentation currency of the Company is the Canadian dollar.

#### Statement of Compliance

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

### 3. Significant accounting policies

#### Critical Accounting Estimates, Judgments and Assumptions

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

#### *Critical accounting estimates:*

The assessment of indications of impairment of intangible assets;

Management has determined that intangible asset costs which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life.

#### Principles of consolidation

These condensed consolidated interim financial statements include accounts of the Company and the following subsidiary:

Name of subsidiary	Country of incorporation	Percentage ownership
Mind Cure Health (US) Inc.	United States	100%

All intercompany balances and transactions have been eliminated on consolidation.



**Mind Cure Health Inc.**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2020

(Expressed in Canadian Dollars)

**4. Intangible assets**

<b>Cost</b>	<b>Technology Platform</b>		<b>Total</b>
Balance, June 1, 2020	\$	111,829	\$ 111,829
Additions		-	-
<b>Balance, August 31, 2020</b>	<b>\$</b>	<b>111,829</b>	<b>\$ 111,829</b>

  

<b>Accumulated Amortization</b>	<b>Technology Platform</b>		<b>Total</b>
Balance, June 1, 2020	\$	-	\$ -
Additions		-	-
<b>Balance, August 31, 2020</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>

  

<b>Net carrying amounts</b>	<b>Technology Platform</b>		<b>Total</b>
Balance, June 1, 2020	\$	111,829	\$ 111,829
<b>Balance, August 31, 2020</b>	<b>\$</b>	<b>111,829</b>	<b>\$ 111,829</b>

No amortization has been calculated on the technology platform as at, August 31, 2020, as the Company had yet to commence sales of its products.

**5. Accounts payable and accrued liabilities**

	<b>August 31, 2020</b>		<b>May 31, 2020</b>
Accounts payable (note 6)	\$	151,102	\$ 33,064
Accrued liabilities		8,330	3,500
<b>Total Accounts payables and accrued liabilities</b>	<b>\$</b>	<b>159,432</b>	<b>\$ 36,564</b>

**6. Related party transactions**

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 executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the three months ended August 31, 2020:

	<b>For the three months ended August 31, 2020</b>	
Consulting	\$	8,500
Share-based payments (note 7)		148,000
	<b>\$</b>	<b>151,500</b>

## Mind Cure Health Inc.

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

For the three months ended August 31, 2020

(Expressed in Canadian Dollars)

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#### 6. Related party transactions (cont'd)

Consulting fees of \$8,500 were incurred and either paid or payable to SDI Consulting Inc. ("SDI Consulting"), a company controlled by Stephen D. Inouye, the Company's Chief Financial Officer.

During the three months ended August 31, 2020, the Company granted 1,000,000 options to key management personnel. Share-based payments of \$148,000 were recognized as the fair value of the options granted (note 7).

#### 7. Share capital

##### Authorized share capital

Unlimited number of common shares without par value.

##### Issued share capital

As at, August 31, 2020, the total outstanding and issued shares was 30,270,000.

##### Options

On June 10, 2020, the Company granted certain directors, officers, and consultants 1,600,000 options with an expiry date of June 10, 2025. Each option will entitle the holder to purchase a Company share at \$0.20 per share. As at, August 31, 2020, the outstanding balance of the Company's options remained at 1,600,000 with a weighted average contractual life of 4.78 years.

The fair value of the options was determined using the following Black-Scholes Option Pricing model assumptions:

	<b>August 31, 2020</b>
Share price	\$0.20
Exercise price	\$0.20
Expected life	5 years
Volatility	100%
Risk-free interest Rate	0.36%

During the three months ended August 31, 2020, the Company recognized \$236,800 in share-based payments pursuant to the granting and vesting of options.

##### Warrants

As at, August 31, 2020, the Company had no outstanding warrants (see Note 1).

##### Contributed Surplus

During the period ending May 31, 2020, the Company received excess funds for a private placement subscription due to conversion of US dollars received for a CAD subscription. These funds were recognized as Contributed Surplus. As at August 31, 2020, the Company reclassified the Contributed Surplus and applied them as an offset to the issuance costs of the Company's shares.

#### 8. Segmented Information

The Company's operations are currently located in a single geographical location in North America, specifically Canada. As at, August 31, 2020, all long-lived assets are located in Canada.

## Mind Cure Health Inc.

### Notes to the Financial Statements

For the three months ended August 31, 2020

(Expressed in Canadian Dollars)

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#### 9. Supplemental Cash Flow Disclosures

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the three months ended August 31, 2020, the following transactions were excluded from the statements of cash flows:

- i) Included in accounts payable is \$83,649 of share issuance costs as related to the Company's IPO (Note 1)

#### 10. Subsequent Events

##### Initial Public Offering

On September 17, 2020, the Company completed the Offering and issued a total of 14,950,000 common shares at a price of \$0.20 per share, for gross proceeds of \$2,990,000. Pursuant to the Agency Agreement, the Company paid the Agent a cash commission equal to 8% of the gross proceeds of the Offering (\$239,200), a cash corporate finance fee of \$22,500 plus GST, and issued to the Agent and its selling group members, non-transferable share purchase warrants to acquire an aggregate of 1,196,000 Shares with an exercise price of \$0.25 per Share for a period of 24 months from the closing of the Offering. Trading of the Company's shares commenced on September 21, 2020, on the Canadian Securities Exchange ("CSE") under the ticker symbol "MCUR".

In connection with the IPO, 2,700,000 shares were held in escrow and will be released based on the Company's escrow agreement, pursuant to the following schedule:

March 17, 2021	1/6 of the remaining escrow securities
September 17, 2021	1/5 of the remaining escrow securities
March 17, 2022	1/4 of the remaining escrow securities
September 17, 2022	1/3 of the remaining escrow securities
March 17, 2023	1/2 of the remaining escrow securities
September 17, 2023	the remaining escrow securities

On September 20, 2020, the Company granted an aggregate of 4,175,000 stock options under its incentive stock option plan to independent consultants. The stock options are exercisable at a price of \$0.25 and have a 5-year expiry date.

On September 23, 2020, the Company granted an aggregate of 180,000 stock options under its incentive stock option plan to independent consultants. The stock options are exercisable at a price of \$0.33 and have a 5-year expiry date.

On September 28, 2020, the Company announced that it had hired a Chief Operating Officer, Mrs. Kelsey Ramsden, and that pursuant to the terms of her executive employment agreement a total of 96,000 common shares of the Company were issued at a deemed price of \$0.80 per share. The shares are subject to a hold period of four months and a day from the date of issuance.

Also, on September 28, 2020, the Company issued 50,000 common shares of the Company at a deemed price of \$0.80 per share, to an independent consultant. The shares are subject to a hold period of four months and a day from the date of issuance.