



KETAMINE ONE

**KetamineOne Capital Limited
(formerly Myconic Capital Corp.)**

Condensed Interim Financial Statements

Nine Months Ended April 30 2021 and 2020

Presented in Canadian dollars - Unaudited

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed 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 Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by the entity's auditor

KetamineOne Capital Limited. (formerly Myconic Capital Corp.)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

As at,	Note	April 30, 2021	July 31, 2020
Assets			
Current assets			
Cash		\$ 5,711,352	\$ 2,517,064
Restricted cash	6	57,454	57,454
Accounts receivable		41,610	-
Prepaid expense		194,615	55,014
Investments	8	722,330	2,244,220
		6,727,361	4,873,752
Right-of-use asset	7	22,670	45,341
Total assets		\$ 6,750,031	\$ 4,919,093
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 26,821	\$ 30,758
Short-term lease liabilities	7	16,696	31,166
		43,517	61,924
Non-current liabilities			
Long-term lease liabilities	7	7,012	15,505
Total liabilities		50,529	77,429
Shareholders' equity			
Share capital	9	15,201,314	10,525,899
Share payment reserve	9	2,095,121	7,443
Deficit		(10,596,933)	(5,691,678)
Total shareholders' equity		6,699,502	4,841,664
Total liabilities and shareholders' equity		\$ 6,750,031	\$ 4,919,093

Nature and Continuance of Operations (Note 1)

Approved on behalf of the Board:

"Robert Meister"
Robert Meister, Director

"James Henning"
James Henning, Director

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

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Condensed Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three month period ended,		Nine month period ended,	
	April 30, 2021	April 30, 2020	April 30, 2021	April 30, 2020
	\$	\$	\$	\$
Net investment gain (loss)				
Interest income	-	308,844	113,725	308,844
Unrealized gain (loss) on investment (Note 8)	(811,466)	420,255	(1,710,372)	470,255
Gain on sale of investment (Note 8)	4,646	10,169	7,748	25,002
	(808,820)	739,268	(1,588,899)	804,101
Expenses				
General and administrative	13,072	(11,781)	41,521	44,312
Consulting (Note 12)	206,021	100,577	527,103	216,503
Transfer agent and filing fees	920	30,585	291,830	56,043
Depreciation (Note 7)	15,114	8,044	22,671	24,131
Interest expense	5,206	2,013	6,554	2,013
Share-based payments (note 10)	2,087,678	-	2,087,678	-
Professional fees	33,039	7,736	328,806	55,186
Travel	(1,072)	22,952	-	22,952
Total expenses	(2,359,978)	(160,126)	(3,306,163)	(421,140)
Other Income (loss)				
Foreign exchange	(8,099)	-	(10,193)	-
Net and comprehensive loss	(3,174,897)	579,142	(4,905,255)	382,961
Weighted average number of outstanding shares	112,837,457	58,177,721	85,338,429	58,177,721
Basic and diluted Income (loss) per share	(0.03)	0.01	(0.06)	0.01

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

KetamineOne Capital Limited. (formerly Myconic Capital Corp.)

	Share Capital		Share Payment Reserve	Deficit	Total Shareholders' Equity	
	Note	Number				Amount
Balance, July 31, 2019		57,839,400	\$ 10,525,899	\$ 11,241	\$ (6,822,350)	\$ 3,714,790
Expiration of warrants		-	-	(3,798)	3,798	-
Net and comprehensive loss for the period		-	-	-	382,963	382,963
Balance, April 30, 2020		57,839,400	10,525,899	7,443	(6,435,589)	4,097,753
Balance, July 31, 2020		57,839,400	\$ 10,525,899	\$ 7,443	\$ (5,691,678)	\$ 4,841,664
Private placement		45,399,994	4,539,899	-	-	4,539,899
Issuance of common shares		16,400	20,008	-	-	20,008
Issuance of shares on consideration		94,292	115,508	-	-	115,508
Net and comprehensive income for the period		-	-	-	(4,905,255)	(4,905,255)
Share-based compensation		-	-	2,087,678	-	2,087,678
Balance, April 30, 2021		103,350,086	15,201,314	2,095,121	(10,596,933)	6,699,502

* The share numbers have been adjusted to reflect a split of the Company's share capital on a 1:2 basis effective January 22, 2021 (Note 1).

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

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Nine months Ended April 30, 2021	Nine months Ended April 30, 2020
Cash used in:		
Operating activities		
Net loss for the period	\$ (4,905,255)	\$ 382,963
Adjustment for non-cash working capital item:		
Foreign exchange loss	10,193	-
Interest expense	4,037	2,013
Depreciation	22,671	24,131
Unrealized loss (gain) on investments	1,710,372	(470,255)
Realized gain on sale of marketable securities	(113,725)	(308,844)
Share-based compensation	2,087,678	
Loss on debt securities	-	(50,000)
AP write off	-	(113)
Changes in non-cash working capital item:		
Accounts payable and accrued liabilities	(3,938)	(11,401)
Payment of principal on lease liabilities	-	(17,175)
Accounts receivable	(41,610)	-
Prepaid expense	(139,601)	30,775
Cash used in operating activities	(1,369,178)	(350,731)
Financing activities		
Repayment of lease liability	(27,000)	(25,200)
Proceeds from private placement	4,675,415	-
Cash received from financing activities	4,648,415	(25,200)
Investing activities		
Proceeds from sale of marketable securities	124,728	415,569
Investments in marketable securities	(209,677)	(100,000)
Cash received from investment activities	(84,949)	315,569
Change in cash	3,194,290	(60,362)
Cash, beginning	2,517,064	3,189,070
Cash, ending	\$ 5,711,352	\$ 3,128,708

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

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

KetamineOne Capital Limited. (the "Company" or "KetamineOne") (formerly Auralite Investments Inc.), is a publicly listed company incorporated in the Province of British Columbia. KetamineOne is an investment issuer with a diversified portfolio that is focused on emerging companies active in the high-tech, real estate, cannabis, mining, and health and wellness sectors. Its head office is located at #340-1917 West 4th Avenue, Vancouver, British Columbia, V6J 1M7.

On August 6, 2020, the Company changed its name from Auralite Investments Inc. to Myconic Capital Corp. and completed a consolidation of its issued and outstanding common shares on the basis of ten pre-consolidation shares for one post-share (the "Consolidation"). On January 22, 2021 the Company completed a 1:2 split of its outstanding shares (the "Split"). These financial statements have been retroactively restated for the effects of the Consolidation and the Split.

On 18 May, 2021 the Company announced that it will be moving the listing of the common shares to the NEO exchange ("NEO"). The shares will commence trading on NEO under the symbol "MEDI" at the start of trading on May 21, 2021 at the close of trading. The shares of the Company trading on NEO Exchange under the symbol "MEDI", the OTC Markets under the symbol KONEF and the Frankfurt Exchange under the symbol "MY0".

On June 1, 2021 the Company changed its name from Myconic Capital Corp. to KetamineOne Capital Limited and transitioned from an investment issuer to a single-purpose company, focused on consolidating medical clinics and becoming a North American leader in mental health treatments (see note 12).

These financial results are reported an investment issuer, and as such the Company measures all investments at fair value, irrespective of its percentage ownership of the investment, with gains or losses recognized in profit and loss (Note 8).

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 has working capital at April 30, 2021 of \$6,683,842 (July 31, 2020 – \$4,811,828) and a deficit of \$8,509,255 (July 31, 2020 - \$5,691,678). The Company's continuation as a going concern is dependent upon raising the necessary funds through the selling of investments and issuance of equity or debt sufficient to meet current and future obligations. 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. Management believes its working capital will be sufficient to support operations for the next twelve months. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

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. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. BASIS OF PREPARATION

Statement of Compliance

The financial statements for the nine months ended April 30, 2021 with comparative figures for the nine months ended April 30, 2020 were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent 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").

The Board of Directors approved these financial statements on June 15, 2021.

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (CONTINUED)

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended July 31, 2020. These financial statements have been prepared following the same accounting policies as the Company’s audited consolidated financial statements for the year ended July 31, 2020.

Basis of measurement

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the recognition of deferred income tax assets. Actual results may differ from these estimates. Significant areas requiring the use of judgment in applying the Company’s accounting policies include the assessment of the Company’s ability to continue as a going concern and whether there

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian Dollars, which is the Company’s functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company’s significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company’s audited consolidated financial statements for the year ended July 31, 2020.

The preparation of condensed interim consolidated financial statements requires that the Company’s management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company’s condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

Use of estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amount of expenses during the period. In particular, significant judgements made by management in the application of IFRS during the preparation of the condensed interim consolidated financial statements and estimates with a risk of material adjustment are:

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New or revised accounting standards

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

4. FINANCIAL INSTRUMENTS

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the input 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).

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2021 and July 31, 2020:

As at April 30, 2021				
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 5,711,352	\$ -	\$ -	
Restricted cash	57,454	-	-	
Investments	39,165	327,000	356,165	
	\$ 5,807,971	\$ 327,000	\$ 356,165	

As at July 31, 2020				
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 2,517,064	\$ -	\$ -	
Restricted cash	57,454	-	-	
Investments	1,122,568	964,971	156,681	
	\$ 3,697,086	\$ 964,971	\$ 156,681	

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020
(Expressed in Canadian dollars)

5. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its restricted cash as these instruments have maturities of one year or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in the market interest rates would have an impact on the Company's net income of \$575.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company assesses its liquidity risk by forecasting cash flows required by operations and anticipated financing activities. The Company is exposed to liquidity risk.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2021, the Company had a cash balance of \$5,711,352 (July 31, 2020 - \$2,517,064) to settle current liabilities of \$43,517 (July 31, 2020 - \$61,924).

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company's exposure to credit risk is limited to its cash balances and note receivable (included in investments). The risk exposure is limited to the carrying amounts at the statement of financial position dates.

The Company's cash balances are held in accounts at a major Canadian financial institution. The credit risk associated with cash is mitigated, as cash is held at major institutions with high credit ratings.

The Company's investment in note receivable is held with a private company. The credit risk associated with the note receivable is minimized by shares of the borrower as collateral should they default.

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

6. CAPITAL MANAGEMENT

The investment objective of the Company is to achieve long-term capital from investments in public and private companies. The Company considers its capital structure to include all components of shareholders' equity. The Company's objective to managing capital is to ensure it has the ability to continue to make new investments and to ensure there is sufficient capital to minimize liquidity risk and to continue as a going concern. Management reviews its capital management approach on an ongoing basis and believes its approach, given the relative size of the Company, is reasonable.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be acceptable to the Company.

The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company's share capital is not subject to any externally imposed capital requirements and the Company did not change its approach to capital management during the period ended April 30, 2021.

7. RESTRICTED CASH

Restricted cash balance of \$57,454 (July 31, 2020 - \$57,454) as of April 30, 2021 relates to the Company's credit card with a financial institution that requires funds to be held in term deposit in the form of guaranteed investment certificate (GIC).

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company adopted IFRS 16 – Leases on August 1, 2019. The Company's adoption of the new standard resulted in recognition of a right-of-use asset and lease liability of \$75,569 for the leasing of an office. As at April 30, 2021 the Company had a right-of-use asset of \$22,670 and lease liability of \$23,708. The depreciation expense of the right-of-use asset during the period ended April 30, 2021 was \$22,671 (2019 - \$16,087).

At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are calculated using a rate of 14%, which is the Company's incremental borrowing rate.

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020
(Expressed in Canadian dollars)

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

The following is a continuity schedule of lease liabilities for the period ended April 30, 2021:

	Lease liability continuity
Balance, July 31, 2019	\$ -
Lease additions – August 1, 2019	75,569
Lease payments	(37,800)
Interest expense on lease liabilities	8,902
Balance, July 31, 2020	\$ 46,671
Lease payments	(27,000)
Interest expense on lease liabilities	4,037
Balance April 30, 2021	23,708
Current portion	(16,696)
Long-term portion	\$ 7,012

Future payments for the facility are as follows:

	Future payments
July 31, 2021	\$ 18,000
July 31, 2022	18,000
Total	\$ 36,000

The following is a continuity schedule of right-of-use asset for the period ended April 30, 2021:

	Right-of-use asset continuity
Balance, July 31, 2019	\$ -
Lease additions – August 1, 2019	75,569
Depreciation	(30,228)
Balance, July 31, 2020	\$ 45,341
Depreciation	(22,671)
Balance April 30, 2021	22,670

9. INVESTMENTS

At April 30, 2021 the Company's investment portfolio consisted of one privately held investment and one publicly held investments with a total fair value of \$575,842 and a note receivable with a fair value of \$146,488.

The balance in investments as at April 30, 2021 comprises the following:

	Akiva – units	Champignon – common shares	Gold Lion – common shares	Gold Lion – warrants	Mindscape Investment	EVVO - Note	Total
Balance July 31, 2020	\$100,000	\$ 82,568	\$ 1,040,000	\$ 864,971	-	\$156,681	\$ 2,244,220
Additions	-	-	-	-	209,677	-	209,677
Disposals	-	(82,568)	-	-	-	-	(82,568)
Foreign exchange	-	-	-	-	-	(10,193)	(10,193)
Change in fair value	-	-	(813,000)	(825,806)	-	-	(1,638,806)
Balance, April 30, 2021	\$100,000	\$ -	\$ 227,000	\$ 39,165	209,677	\$146,488	\$ 722,330

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

9. INVESTMENTS (CONTINUED)

The balance in share investments as at July 31, 2020 comprises the following:

	Akiva – units	EVVO – common shares	Champignon – common shares	Gold Lion – common shares	Gold Lion – warrants	EVVO - Note	Total
Balance July 31, 2019	\$ -	\$ 247,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 397,000
Additions	100,000	-	-	599,422	400,578	247,000	1,347,000
Disposals	-	(247,000)	(138,998)	-	-	-	(385,998)
Foreign exchange	-	-	-	-	-	(1,942)	(1,942)
Change in fair value	-	-	71,566	440,578	464,393	(88,377)	888,160
Balance, July 31, 2020	\$100,000	\$ -	\$ 82,568	\$ 1,040,000	\$ 864,971	\$156,681	\$ 2,244,220

On September 7, 2018, the Company purchased 29,411 shares of EVVO Labs Pte Ltd. (“EVVO”) for cash consideration of \$1,500,000. At July 31, 2019, the fair value of this investment was \$247,000, which was determined by applying a valuation technique based on observable market inputs of comparable companies. The change in fair value of \$1,253,000 was recognized as an unrealized loss on investment. On May 22, 2020 the Company disposed of its interest in EVVO back to EVVO, in consideration for a \$247,000 (250,000 Singapore dollars) promissory note (the “Secured Note”). The Secured Note is due one year from issuance and is secured by a pledge of the disposed EVVO shares. (See debt investments below).

On July 11, 2019, the Company subscribed to 2,000,000 shares of Champignon Brands Inc. (“Champignon”) for cash consideration of \$150,000. During the year ended July 31, 2020, Champignon became a publicly traded company on the CSE. During the year ended July 31, 2020, the Company sold 1,853,300 shares of Champignon for proceeds of \$998,040 and recorded a gain of \$859,043. As at April 30, 2021, the Company sold the remaining 146,700 shares for proceeds of \$124,728 and recorded a gain of \$113,725.

On April 13, 2020 the Company purchased an aggregate of 1,000,000 common shares of Akiva Systems Inc. (“Akiva”) and 500,000 common share purchase warrants exercisable for an additional 500,000 Akiva Shares at a price of \$0.40 for a period of 24 months from issuance for \$100,000. At April 30, 2021, the fair value of the units was \$100,000, which was determined by valuing the Akiva units at the most recent financing price.

On May 22, 2020 the Company acquired an aggregate of 2,000,000 common shares of Gold Lion Resources Inc. (“Gold Lion”) and 2,000,000 common share purchase warrants exercisable for an additional 2,000,000 Gold Lion Shares at a price of \$0.75 for a period of 24 months from issuance for \$1,000,000. The \$1,000,000 was allocated to shares and warrants based on their relative fair value. As at April 30, 2021, the fair value of the shares was \$227,000 which was based on the share price at the end of trading on April 30, 2021. As at April 30, 2021, the fair value of the common share purchase warrants was estimated to be \$39,165, using the Black-Scholes Option Pricing Model with the following assumptions: term of 1.06 years, expected volatility of 154%; risk-free rate of 0.29%; and expected dividends of zero.

On April 21, 2021 the Company acquired all of the issued and outstanding equity of Mindscape Ketamine & Infusions Therapy, (“Minscape”) through a cash payment of US\$50,000 and issued 94,292 common shares to the sole owner of Mindscape. As at April 30, 2021 the fair value of the consideration paid for all of the issued and outstanding equity of Mindscape was \$209,677.

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020
(Expressed in Canadian dollars)

9. INVESTMENTS (CONTINUED)

Debt Investments

On February 26, 2018, the Company entered into an agreement to purchase convertible debentures with an aggregate principal amount of 2,500,000,000 Korean Wan (CAD \$2,880,000) issued by Fourth Link Inc. ("Fourth Link"), a company incorporated under the laws of Korea and quoted on the KOSDAQ board of the Korea Stock Exchange. As consideration, the Company issued 16,800,000 common shares on September 7, 2018 (Note 9). The convertible debentures are unsecured, mature on February 3, 2020, bear interest at 4% per annum payable every 3 months, and may be converted into common stock of Fourth Link at any time from March 3, 2018 to maturity at a conversion price of 1,532 Korean Wan per common share. The transaction was approved by the TSX-V on September 5, 2018. The fair value of the investment on initial recognition was \$4,740,476, which was based on the quoted market price of Fourth Link's shares on the closing date.

As of April 30, 2021, the Company has been pursuing legal action against Fourth Link for the redemption of the debentures since Fourth Link was delisted from the KOSDAQ and the Company is unable to convert its shares. Court proceedings have been delayed due to COVID-19 and the court date is currently uncertain. Due to the uncertainty of the Company's ability to recover any value from the debentures, as at July 31, 2019, the investment was written off, resulting in a loss of \$4,740,476. As at January 31, 2021 the Company continues to pursue legal action against Fourth Link.

On May 15, 2020 the Company entered into a \$247,000 (250,000 Singapore dollars) Secured Note with EVVO. The Secured Note is due one year from issuance, is non-interest bearing and secured by a pledge of the disposed EVVO shares. The Secured Note was recognized at a fair value of \$158,623 using a discount of 35% on face value. The difference between the fair value and the face value of the Secured Note of \$88,377 was recorded in the statement of loss and comprehensive loss. During the period ended April 30, 2021, the Company recorded a foreign exchange loss of \$10,193 on the Secured Note and the balance as at April 30, 2021 is \$146,488.

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020
(Expressed in Canadian dollars)

10. SHARE CAPITAL

Common shares

The Company has authorized an unlimited number of common shares without par value.

Effective August 6, 2020, the Company completed a 10:1 stock consolidation.

Effective January 22, 2021, the Company completed a 1:2 stock split. All share and per share figures in these financial statements have been retroactively adjusted to reflect both the stock consolidation and stock split.

As of April 30, 2021 the Company had 103,350,086 (2019 – 57,839,400) common shares outstanding.

Shares issued during the nine-month period ended April 30, 2021:

On January 11, 2021, the Company completed a private placement by issuing 45,399,994 common shares at fair value of \$0.10 per share for proceeds of \$4,539,899.

On April 7, 2021, the Company issued 16,400 common shares at a deemed price of \$1.22 and at a fair value of \$20,008 to Mr. Adam Deffett pursuant to his appointment as Vice President of Capital Markets.

On April 21, 2021, the Company issued 94,292 common shares at a fair value of \$115,508 to Mindscape as consideration for the acquisition of all the issued and outstanding equity.

During the nine-month period ended January 31, 2020, the Company did not issue any common shares.

Warrants

The following tables summarize warrant activity for the period ended April 30, 2021 and year ended July 31, 2020:

	Number of warrants	Weighted average price
Balance, at July 31, 2019	300	\$ 0.25
Expired	(300)	(0.25)
Balance at July 31, 2020	-	\$ -
Addition	45,399,994	0.20
Balance at April 30, 2021	45,399,994	\$ 0.20

On January 11, 2021, pursuant to the completion of the private placement, the company issued 45,399,994 warrants of the Company. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.20 per warrant for a period of sixty months from the issuance date.

On November 9, 2019, 300 warrants of the Company with weighted average price of \$0.25 expired unexercised and \$3,798 in share payment reserve allocated to the expired warrants was reallocated to deficit.

KetamineOne Capital Limited (formerly Myconic Capital Corp.)

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10. SHARE CAPITAL (continued)

Stock Options

The Company has adopted a stock option plan, pursuant to which the board of directors of the Company may from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares exercisable for a period of up to five years from the date the common shares are listed on the CSE. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

The following table summarizes information on stock options outstanding and exercisable at April 30, 2021 and July 31, 2020:

	Number of Options	Weighted average price
Balance, at July 31, 2019	500,000	\$ 0.125
10:1 stock consolidation	(450,000)	\$ 0.125
Balance at July 31, 2020	50,000	\$ 0.125
1:2 stock split	50,000	\$ 0.125
Additions	3,025,000	0.941
Balance at April 30, 2021	3,125,000	\$ 0.915

Number of Options	Exercise Price	Expiry Date	Exercisable
100,000	\$0.125	November 9, 2027	100,000
2,650,000	\$0.890	March 22, 2026	2,650,000
375,000	\$1.300	April 1, 2026	375,000

As at April 30, 2021 the options outstanding had a weighted average exercise price of \$0.915 and a weighted average life of 5.06 years.

On March 22, 2021, the Company granted 2,650,000 stock options to directors, officers and consultants of the Company with an exercise price of \$0.89 per option expiring March 22, 2026. These options vest immediately and have a fair value, calculated using the BlackScholes Option Pricing Model of \$1,729,533 assuming an expected life of 5 years, a risk-free interest rate of 0.29%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$1,729,533 during the period ended April 30, 2021.

On April 1, 2021, the Company granted 375,000 stock options to directors, officers and consultants of the Company with an exercise price of \$1.30 per option expiring April 1, 2026. These options vest immediately and have a fair value, calculated using the BlackScholes Option Pricing Model of \$358,145 assuming an expected life of 5 years, a risk-free interest rate of 0.29%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$358,145 during the period ended April 30, 2021.

Share Payment Reserve

The share payment reserve includes stock-based compensation expense related to fair value of stock options granted.

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Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

During the period ended April 30, 2021 and 2020 the Company paid the following consulting and management fees:

	April 30, 2021	April 30, 2020
Consulting fees paid to the CEO of the Company	\$ 31,500	\$ 31,500
Consulting fees paid to a Company controlled by the current CFO and former director of the Company	30,000	9,000
Consulting fees paid to a Company controlled by a former director of the Company	-	9,450
Consulting fees paid to a Company controlled by a director of the Company	4,500	-
	<u>\$ 66,000</u>	<u>\$ 49,950</u>

At April 30, 2021, \$500 (July 31, 2020 - \$500) is owing to related parties for unpaid fees which are included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

12. SUBSEQUENT EVENTS

On May 10, 2021 the Company has executed and closed an asset purchase agreement for the acquisition of certain clinical assets as an investment from Canabo Medical Corp., a wholly owned subsidiary of Aleafia Health Inc. The company intends to expand the services offered through the network of 14 national medical cannabis clinics to include a broader scope of mental health treatments including intravenous ketamine treatments, ketamine-assisted psychotherapy and the administration of esketamine nasal spray.

Pursuant to the terms of the purchase agreement, the Company will acquire certain assets relating to the clinics in exchange for seven million common shares of the company at a deemed price of \$1.50 per common share of the company as of the closing date. The consideration shares are subject to a lock-up period of 12 months on issuance, with 5 per cent of the consideration shares released at closing, one-fourth of the consideration shares released at intervals of four, six and nine months, and the remaining 20 per cent released on the first anniversary following the closing of the acquisition, as required in the purchase agreement. In connection with the completion of the transaction, the company has issued 500,000 common shares to an arm's-length third party that assisted in the facilitation of the asset purchase.

On May 18, 2021, the Company has moved the listing of its common shares to the NEO Exchange. The Company's shares will commence trading on the NEO under the symbol "MEDI" at the start of trading on May 21, 2021.

On May 26, 2021, the Company entered into a definitive share purchase agreement, pursuant to which it will acquire 100 per cent of each class of the issued and outstanding shares of KGK Science Inc. from Auxly Cannabis Group Inc. as an investment. As consideration for KGK, the Company will pay a base amount of \$12.5-million in aggregate to Auxly over time in the form of \$1.5-million in cash payable on closing of the transaction, \$1-million in cash payable six months after the closing date and \$10-million in common shares of the company based on the 30-day volume-weighted average price per share immediately prior to the entering into of the agreement. The consideration shares issued in connection with the transaction will become tradeable in four equal instalments within the first year of the closing date.

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Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

12. SUBSEQUENT EVENTS (continued)

On June 1, 2020, the Company completed its transition to a single purpose company, resulting in the Company determining that it no longer meets the criteria for being an investment entity (“Investment Entity Accounting”) under IFRS 10, Consolidated Financial Statements (“IFRS 10”). The exact timing of the transition from an investment entity to a mental health focused company is highly judgmental and the Company concluded that this transition occurred on June 1, 2021, concurrent to its name change and public announcement. As a result, effective June 1, 2021 (the “Transition Date”), the Company was required to apply the acquisition method of accounting as per IFRS 3, Business Combinations (“IFRS 3”), to its subsidiary that was previously measured at fair value through profit or loss (“FVTPL”). These financial reporting changes are material to the Company and have been applied on a prospective basis in accordance with relevant guidance of IFRS 10 and, as such, the activity prior to the Transition Date reflects Investment Entity Accounting.

On June 3, 2021, the Company entered into a definitive agreement based on the letter of intent previously announced on April 23, 2021, to acquire 100 per cent of the outstanding and issued shares of Integrated Rehab and Performance Ltd. (IRP). Pursuant to the terms of the agreement and subject to the closing of the transaction, IRP's founder and chief executive officer, Steven Inglefield, has agreed to become a director of KetamineOne.

As consideration for the transaction, the company shall pay \$1-million in common shares of the company on closing of the transaction and up to an additional 700,000 common shares of the company upon IRP successfully reaching certain revenue and expansion milestones. The consideration shares and milestone shares shall be issued based on the volume-weighted average trading price (VWAP) of the company's common shares for the 10 days preceding the signing of the agreement or the date on which the shares are earned, as the case may be. The consideration shares shall be subject to a voluntary lockup for a period of 18 months with 5 per cent freely tradable on the closing date and 15.83 per cent released quarterly over six quarters from the closing date. The company is at arm's length from IRP. The transaction remains subject to approval of the NEO Exchange and is expected to close during the week of June 7, 2021.

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Notes to Condensed Interim Financial Statements for Nine Months Ended April 30, 2021 and 2020
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12. SUBSEQUENT EVENTS (continued)

On June 3, 2021, the Company closed its previously announced acquisition of KGK Science Inc. from Auxly Cannabis Group Inc. Pursuant to the previously announced terms of the acquisition, \$1.5-million in cash has been paid and 6,451,612 common shares of the company have been issued to Auxly, with a subsequent amount of \$1-million in cash due to be paid six months from closing. The consideration shares issued in connection with the acquisition will become tradable in four equal instalments within the first year of the closing date. Similarly, in connection with the closing of the acquisition of KGK and subject to acceptance by the NEO Exchange, KetamineOne has issued an aggregate of 967,741 common shares of the company to retain a former officer of KGK and become a current officer of KetamineOne. The bonus shares were paid pursuant to the bonus acknowledgment agreement and will become tradable in four equal instalments within the first year of the closing date.

On June 3, 2021, the company's requested review for a symbol change has been completed by the OTC Markets Group. Along with the name change, the new OTC symbol will be KONEF effective June 3, 2021.

On June 7, 2021, the Company entered into an arrangement agreement with its wholly owned subsidiary, Milgauss Investments Ltd. (SpinCo). In accordance with the terms of the arrangement agreement, the company will transfer the investments and certain securities held by it in exchange for 1,007,729 common shares of SpinCo. Subsequent to the transfer being completed, KetamineOne is expected to spin out the consideration shares to the company's shareholders.

The company proposes that the transaction be carried out by way of statutory plan of arrangement pursuant to the Business Corporations Act (British Columbia). Under the terms of the spinout, shareholders of KetamineOne would exchange their existing common shares of the company for the same number of new common shares of the company (having the identical terms of the existing KetamineOne common shares) and common shares of SpinCo. There will be no change in shareholders' holdings in KetamineOne as a result of the spinout. It is anticipated that each KetamineOne shareholder will receive one-110ths of a spinout share for each KetamineOne common share held. The company will continue to hold its interest in its clinics and research operations for the nutraceutical, cannabis and emerging psychedelic industries.

The spinout transaction requires the approval of the company's shareholders and approval of the British Columbia Supreme Court in order to proceed. Full details on the spinout transaction will be contained in the management information circular to be prepared for a KetamineOne shareholder meeting. The company's shareholders are encouraged to read the management information circular carefully and in its entirety.

The intention is to seek a listing of the SpinCo common shares on the Canadian Securities Exchange, but no assurance can be provided that such a listing will be obtained. Any such listing will be subject to SpinCo fulfilling all of the applicable regulatory and listing requirements.

Also, subject to acceptance by the NEO Exchange, the company has granted an aggregate of 100,000 stock options to a certain officer to purchase up to 100,000 common shares of the company at a price of \$1.87 per common share for a period of five years from the date of grant, pursuant to its stock option plan that was approved by shareholders on Feb. 21, 2021. Half of the options vest six months from the date of grant, with the remaining 50 per cent of the options vesting 12 months after the date of the grant.