



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

For the three months ended August 31, 2021

MIND CURE HEALTH INC.**Condensed Consolidated Interim Statements of Financial Position****As at August 31, 2021 and May 31, 2021**

(Unaudited - Expressed in Canadian dollars)

| | Notes | August 31, 2021 | May 31, 2021 |
|---|--------|----------------------|----------------------|
| ASSETS | | | |
| CURRENT | | | |
| Cash and cash equivalents | | \$ 15,577,783 | \$ 18,281,343 |
| Accounts receivable | | 76,098 | 85,738 |
| Inventory | 4 | - | 186,478 |
| Prepaid expenses | 5 | 720,237 | 459,192 |
| | | 16,374,118 | 19,012,751 |
| NON-CURRENT ASSETS | | | |
| Equipment | 7 | 16,311 | 2,053 |
| Deposits | 6, 9 | - | 500,000 |
| Intangible assets | 8 | 1,389,587 | 548,736 |
| Investments | 9 | 1,617,500 | 1,237,500 |
| | | | |
| TOTAL ASSETS | | \$ 19,397,516 | \$ 21,301,040 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued liabilities | 10, 11 | \$ 1,310,262 | \$ 697,383 |
| | | | |
| TOTAL LIABILITIES | | 1,310,262 | 697,383 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 13 | 27,419,680 | 27,383,873 |
| Reserves | 13 | 3,760,660 | 3,472,035 |
| Deficit | | (13,093,086) | (10,252,251) |
| | | | |
| TOTAL SHAREHOLDERS' EQUITY | | 18,087,254 | 20,603,657 |
| | | | |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | | \$ 19,397,516 | \$ 21,301,040 |

Nature and continuance of operations (note 1)

Contracts and commitments (note 12)

Subsequent events (note 15)

Approved on behalf of the Board:

"Kelsey Ramsden"

Chief Executive Officer/Director

"Philip Tapley"

Director

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

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

(Unaudited - Expressed in Canadian dollars)

| | Notes | For the three months ended August 31, 2021 | For the three months ended August 31, 2020 |
|---|-------|--|--|
| EXPENSES | | | |
| Advertising and promotion | | \$ 89,250 | \$ 601 |
| Amortization Expense | | 1,727 | - |
| Bank charges | | 2,347 | - |
| Write down of inventory | 4 | 182,435 | - |
| Consulting fees and employee payroll | | 991,365 | 16,039 |
| Insurance | | 40,333 | - |
| Investor relations and marketing | | 213,330 | 2,969 |
| Licensing fees | | 78,311 | - |
| Transfer agent and filing fees | | 18,723 | 14,582 |
| Directors and management fees | 11 | 562,649 | 8,500 |
| Office and general | | 68,782 | 3,321 |
| Professional fees | | 171,752 | 40,457 |
| Research expenses | | 43,244 | 225 |
| Share-based payments | 11 | 292,402 | 236,800 |
| Travel | | 5,795 | - |
| Total expenses | | 2,762,445 | 323,494 |
| LOSS BEFORE THE FOLLOWING: | | | |
| Interest earned | | \$ 26,712 | - |
| Foreign exchange gain or (loss) | | 14,898 | (118) |
| Loss on investment | 9 | (120,000) | - |
| LOSS AND COMPREHENSIVE LOSS, for the period | | \$ (2,840,835) | \$ (323,612) |
| Loss per share, basic and diluted | | \$ (0.03) | \$ (0.01) |
| Weighted average number of shares outstanding, basic and diluted | | 93,715,002 | 30,270,000 |

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

MIND CURE HEALTH INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars)

| | Share Capital | | | | | Deficit | Total Shareholders' Equity |
|--|-------------------|----------------------|---------------------|---------------------|---------------------|------------------------|----------------------------|
| | Shares | Amount | Warrants Reserve | Options Reserve | Contributed Surplus | | |
| Balance, June 1, 2020 | 30,270,000 | \$ 827,129 | \$ - | \$ - | \$ 1,699 | \$ (78,903) | \$ 749,925 |
| Reclassification of contributed surplus | - | 1,699 | - | - | (1,699) | - | - |
| Share-based payments | - | - | - | 236,800 | - | - | 236,800 |
| Loss and comprehensive loss for the period | - | - | - | - | - | (323,612) | (323,612) |
| Balance, August 31, 2020 | 30,270,000 | 828,828 | - | 236,800 | - | (402,515) | 663,113 |
| Issuance of shares pursuant to initial public offering | 14,950,000 | 2,990,000 | - | - | - | - | 2,990,000 |
| Issuance of shares to employees and contractors | 164,300 | 127,780 | - | - | - | - | 127,780 |
| Issuance of shares pursuant to private placement | 8,000,000 | 3,600,000 | - | - | - | - | 3,600,000 |
| Issuance of shares pursuant to bought deal financing | 38,542,433 | 23,125,460 | - | - | - | - | 23,125,460 |
| Share issuance costs | - | (2,728,984) | - | - | - | - | (2,728,984) |
| Finders' warrants issued | - | (1,274,797) | 1,274,797 | - | - | - | - |
| Issuance of shares pursuant to exercise of warrants | 683,323 | 236,204 | (63,998) | - | - | - | 172,206 |
| Issuance of shares pursuant to exercise of options | 255,000 | 129,382 | - | (54,982) | - | - | 74,400 |
| Issuance of shares pursuant to investment agreement | 796,541 | 350,000 | - | - | - | - | 350,000 |
| Share-based payments | - | - | - | 2,079,418 | - | - | 2,079,418 |
| Loss and comprehensive loss for the year | - | - | - | - | - | (9,849,736) | (9,849,736) |
| Balance, May 31, 2021 | 93,661,597 | 27,383,873 | 1,210,799 | 2,261,236 | - | (10,252,251) | 20,603,657 |
| Issuance of shares to employees and contractors | 53,306 | 21,984 | - | - | - | - | 21,984 |
| Issuance of shares pursuant to exercise of warrants | 40,185 | 13,823 | (3,777) | - | - | - | 10,046 |
| Share-based payments | - | - | - | 292,402 | - | - | 292,402 |
| Loss and comprehensive loss for the year | - | - | - | - | - | (2,840,835) | (2,840,835) |
| Balance, August 31, 2021 | 93,755,088 | \$ 27,419,680 | \$ 1,207,022 | \$ 2,553,638 | \$ - | \$ (13,093,086) | \$ 18,087,254 |

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

MIND CURE HEALTH INC.
Condensed Consolidated Interim Statements of Cash Flow

(Unaudited - Expressed in Canadian dollars)

| | For the three months ended August 31, 2021 | For the three months ended August 31, 2020 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Loss for the period | \$ (2,840,835) | \$ (323,612) |
| Items not involving cash: | | |
| Amortization | 1,727 | - |
| Share-based payments | 292,402 | 236,800 |
| Loss on investment | 120,000 | - |
| Issuance of shares to employees and contractors | 21,984 | - |
| Write down of inventory | 182,435 | - |
| | (2,222,287) | (86,812) |
| Change in non-cash working capital items: | | |
| Accounts receivable | 9,640 | (7,708) |
| Deferred financing costs | - | (83,624) |
| Prepaid expenses | (261,045) | (87,278) |
| Accounts payable and accrued liabilities | 12,879 | 122,209 |
| Inventory | 4,043 | - |
| Net cash used in operating activities | \$ (2,456,770) | \$ (143,213) |
| INVESTING ACTIVITIES | | |
| Equipment | (15,985) | - |
| Intangible assets | (240,851) | - |
| Net cash used in investing activities | \$ (256,836) | \$ - |
| FINANCING ACTIVITIES | | |
| Issuance of shares pursuant to warrants exercised | 10,046 | - |
| Net cash from financing activities | \$ 10,046 | \$ - |
| INCREASE IN CASH AND CASH EQUIVALENTS | \$ (2,703,560) | \$ (143,213) |
| CASH AND CASH EQUIVALENTS, beginning of the period | 18,281,343 | 609,634 |
| CASH AND CASH EQUIVALENTS, end of the period | \$ 15,577,783 | \$ 466,421 |
| Supplemental cash flow disclosures | | |
| Non-cash activities | | |
| Transfer of fair value of warrants exercised | \$ 3,777 | \$ - |
| Intangible asset included in accounts payable and accrued liabilities | \$ 600,000 | \$ - |
| Transfer of deposit to investments | \$ 500,000 | \$ - |
| Cash paid for | | |
| Interest | \$ - | \$ - |
| Income taxes | \$ - | \$ - |
| Cash and cash equivalents | | |
| Cash | \$ 2,506,701 | \$ - |
| Cash equivalent | \$ 13,071,082 | \$ - |

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

Mind Cure Health Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2021

(Expressed in Canadian Dollars)

1. Nature and continuance of operations

Mind Cure Health Inc. (“MINDCURE” or the “Company”) was incorporated on March 6, 2020, pursuant to the Business Corporations Act of British Columbia, Canada. MINDCURE is a life sciences company with a mission to identify, develop and commercialize products that enhance mental health and wellness. MINDCURE’s current business activities are primarily focused on developing digital therapeutics technology and researching psychedelic compounds to rapidly scale science-backed and evidence-based mental health therapy globally.

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.

These consolidated 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. Management estimates that the Company will be able to meet its obligations and to sustain operations for at least the next twelve months.

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 Company has begun to realize some negative effects on its ability to meet specific business goals and objectives, especially as related to the delivery of the Company’s products to market, due to travel constraints either for raw materials and/or the moving of finished products between Canada and the United States. Although, vaccinations have been approved and inoculations have commenced worldwide, new variants of the coronavirus and challenges in the production and distribution of the approved vaccinations, continue to make it difficult 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 consolidated financial statements were approved and authorized for issue by the Board of Directors on October 26, 2021.

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 year ended May 31, 2021 (“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 except cashflow information 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.

Mind Cure Health Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2021

(Expressed in Canadian Dollars)

2. Basis of presentation and statement of compliance (cont'd)

Principles of consolidation

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in these condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

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% |

3. Critical Accounting Estimates, Judgments and Assumptions

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.

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.

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Deferred tax assets and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

Mind Cure Health Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2021

(Expressed in Canadian Dollars)

3. Significant accounting policies (cont'd)

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value.

Valuation of Investments

The Company recognizes its investments at fair value. The basis in determining fair value is market prices from independent sources, if available. If there is no market price, then the fair value is determined using level 3 inputs which involve considerable estimates as the inputs used to value these financial instruments are based on unobservable market data. These level 3 inputs may include assessing the discounted cash flows of the investee, determining the net book value of the investee in comparison to the Company's cost of investment and reviewing the price-per-share of recently completed financings of the investee.

4. Inventory

| | August 31, 2021 | | May 31, 2021 | |
|----------------|-----------------|---|--------------|----------------|
| Finished Goods | \$ | - | \$ | 186,478 |
| | \$ | - | \$ | 186,478 |

As at August 31, 2021, the Company determined that the net realizable value of its nootropic inventory of functional mushrooms and supplement products has no value as there are no prospective purchasers resulting in a write down to \$nil.

5. Prepaid expenses

| | August 31, 2021 | | May 31, 2021 | |
|----------------------------------|-----------------|----------------|--------------|----------------|
| Insurance | \$ | 25,641 | \$ | 65,974 |
| License agreements | | 123,459 | | 176,369 |
| Vendor deposits | | 536,517 | | 132,330 |
| Other month-to-month prepayments | | 34,620 | | 84,519 |
| | \$ | 720,237 | \$ | 459,192 |

6. Deposits

On May 20, 2021, the Company deposited \$500,000, in trust, for a subscription to a private placement for 200,000 common shares of Awakn Life Sciences Inc. ("AWAKN") a biotechnology company with clinical operations, researching, developing, and delivering psychedelic medicine. On June 17, 2021, AWAKN announced the successful completion of a reverse takeover and the AWAKN shares began trading on June 23, 2021 on the NEO Exchange ("NEO"). The Company was issued 200,000 AWAKN shares for the Company's investment of \$500,000 (note 9).

Mind Cure Health Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2021

(Expressed in Canadian Dollars)

7. Equipment

| Cost | | Equipment |
|------------------------------|-----------|------------------|
| Balance, May 31, 2021 | \$ | 2,053 |
| Additions | | 15,985 |
| Balance, May 31, 2021 | \$ | 18,038 |

| Accumulated Amortization | | Equipment |
|---------------------------------|-----------|------------------|
| Balance, May 31, 2021 | \$ | - |
| Additions | | 1,727 |
| Balance, May 31, 2021 | \$ | 1,727 |

| Net carrying amounts | | Equipment |
|---------------------------------|-----------|------------------|
| Balance, May 31, 2021 | \$ | 2,053 |
| Balance, August 31, 2021 | \$ | 16,311 |

8. Intangible assets

| Cost | | iSTRYM Digital Therapeutic SaaS Platform |
|---------------------------------|-----------|---|
| Balance, May 31, 2021 | \$ | 548,736 |
| Additions | | 840,851 |
| Balance, August 31, 2021 | \$ | 1,389,587 |

| Accumulated Amortization | | iSTRYM Digital Therapeutic SaaS Platform |
|---------------------------------|-----------|---|
| Balance, May 31, 2021 | \$ | - |
| Additions | | - |
| Balance, August 31, 2021 | \$ | - |

| Net carrying amounts | | iSTRYM Digital Therapeutic SaaS Platform |
|---------------------------------|-----------|---|
| Balance, May 31, 2021 | \$ | 548,736 |
| Balance, August 31, 2021 | \$ | 1,389,587 |

Mind Cure Health Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2021

(Expressed in Canadian Dollars)

8. Intangible assets (cont'd)

During the three months ended August 31, 2021, the Company incurred development costs of \$840,851 (for the year ended May 31, 2021 - \$548,736) for the iSTRYM Digital Therapeutic SaaS Platform ("iSTRYM"), a digital therapeutic tool, designed to provide close to real-time data regarding patient care, procedures and protocols. Amortization was not recorded as at August 31, 2021 (May 31, 2021 – nil), as iSTRYM was not ready for use.

During the year ended May 31, 2021, the Company entered into a license agreement with a third-party company that is assisting the Company with the development of iSTRYM. The license allows the Company to use the developer's infrastructure to deploy iSTRYM. The license that is in effect until March 2024, has been prepaid (note 5) until October 2021 and shall automatically renew for an additional term of one year unless either party elects not to renew it.

9. Investments

| Investment | ATMA | AWAKN | Total |
|---------------------------------|---------------------|-------------------|---------------------|
| Balance, May 31, 2021 | \$ 1,237,500 | \$ - | \$ 1,237,500 |
| Additions | - | 500,000 | 500,000 |
| Fair market value adjustment | - | (120,000) | (120,000) |
| Balance, August 31, 2021 | \$ 1,237,500 | \$ 380,000 | \$ 1,617,500 |

As at August 31, 2021, the fair market value of the ATMA investment was \$1,237,500 (May 31, 2021 - \$1,237,500).

During the three months ended August 31, 2021, the Company received 200,000 AWAKN shares valued at \$2.50 per share for a total subscription price of \$500,000. On August 31, 2021, the closing price of AWAKN shares on the NEO Exchange was \$1.90 per share and the Company recognized an adjustment of \$0.60 per share, totaling \$120,000 resulting in an adjusted fair market value of \$380,000.

10. Accounts payable and accrued liabilities

| | August 31, 2021 | May 31, 2021 |
|--|---------------------|-------------------|
| Accounts payable and accrued liabilities | \$ 1,137,168 | \$ 674,494 |
| Due to related parties (note 11) | 173,094 | 22,889 |
| Total Accounts payables and accrued liabilities | \$ 1,310,262 | \$ 697,383 |

11. 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. The following table summarizes the remuneration of key management personnel:

Mind Cure Health Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2021

(Expressed in Canadian Dollars)

11. Related party transactions (cont'd)

| | For the three months ended August 31, 2021 | For the three months ended August 31, 2020 |
|--|--|---|
| Management, officer, and director remuneration | \$ 562,649 | \$ - |
| Professional fees | - | 8,500 |
| Share-based payments | 85,364 | 148,000 |
| | \$ 648,013 | \$ 156,500 |

Included in the accounts payable and accrued liabilities (note 10) as at August 31, 2021, is a total amount due to related parties of \$173,094 (May 31, 2021 - \$22,889).

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

12. Contracts and commitments

The Company retained KCSA Strategic Communications ("KCSA") to provide public relations and investor relations services for a 6-month term beginning August 23, 2021. KCSA will be paid a monthly fee of US\$27,000 as consideration for the provision of the services.

13. Share capital**Authorized share capital**

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series.

Issued share capital

As at August 31, 2021, 93,755,088 common shares were issued and outstanding (May 31, 2021 - 93,661,597) and no preferred shares were outstanding (May 31, 2021 - nil).

On June 7, 2021, the Company issued 28,620 common shares of the Company at a price of \$0.38 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.

On July 5, 2021, the Company issued 24,686 common shares of the Company at a price of \$0.45 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.

During the three months ended August 31, 2021, a total of 40,185 warrants (May 31, 2021 - 683,323) were exercised for proceeds of \$10,046 (May 31, 2021 - \$172,206). The Company reallocated \$3,777 (May 31, 2021 - \$63,998) from warrants reserve to share capital that was associated with the warrants that were exercised.

As at August 31, 2021, 2,250,000 common shares (May 31, 2021, 2,250,000) were held in escrow and will be released, in accordance with the Company's escrow agreement, as follows:

| | |
|--------------------|--|
| 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 |

Mind Cure Health Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2021

(Expressed in Canadian Dollars)

13. Share capital (cont'd)**Options**

As at August 31, 2021, the total outstanding options were 10,570,000 (May 31, 2021 – 10,215,000).

| | Number of options | Weighted average exercise price |
|-------------------------------------|-------------------|---------------------------------|
| Balance May 31, 2020 | - | \$ - |
| Options granted | 10,745,000 | 0.41 |
| Exercised | (255,000) | 0.29 |
| Expired | (275,000) | 0.25 |
| Balance, May 31, 2021 | 10,215,000 | \$ 0.41 |
| Options granted | 430,000 | 0.44 |
| Exercised | - | - |
| Expired | (75,000) | 0.66 |
| Balance, August 31, 2021 | 10,570,000 | \$ 0.41 |
| Exercisable, August 31, 2021 | 7,787,500 | \$ 0.40 |

| Grant Date | Expiry Date | Options Outstanding | Exercisable Options | Exercise Price |
|--------------------|--------------------|---------------------|---------------------|----------------|
| June 10, 2020 | June 10, 2025 | 1,275,000 | 1,275,000 | 0.20 |
| September 20, 2020 | September 20, 2025 | 4,175,000 | 3,125,000 | 0.25 |
| October 14, 2020 | October 14, 2025 | 200,000 | 200,000 | 0.79 |
| November 9, 2020 | November 9, 2025 | 500,000 | 500,000 | 0.64 |
| November 30, 2020 | November 30, 2025 | 500,000 | 500,000 | 0.63 |
| December 7, 2020 | December 7, 2025 | 200,000 | 125,000 | 0.65 |
| February 10, 2021 | February 10, 2026 | 85,000 | 80,000 | 0.74 |
| February 12, 2021 | February 12, 2026 | 800,000 | 800,000 | 0.63 |
| February 16, 2021 | February 16, 2026 | 200,000 | 200,000 | 0.63 |
| February 16, 2021 | November 23, 2021 | 50,000 | 50,000 | 0.63 |
| February 18, 2021 | February 18, 2026 | 250,000 | 250,000 | 0.60 |
| March 15, 2021 | March 15, 2026 | 475,000 | - | 0.60 |
| March 29, 2021 | March 29, 2026 | 400,000 | - | 0.60 |
| April 12, 2021 | April 12, 2026 | 10,000 | - | 0.60 |
| April 16, 2021 | April 16, 2026 | 250,000 | 250,000 | 0.60 |
| April 19, 2021 | April 19, 2026 | 350,000 | - | 0.60 |
| April 26, 2021 | April 26, 2026 | 50,000 | - | 0.60 |
| May 1, 2021 | May 1, 2026 | 10,000 | - | 0.60 |
| May 10, 2021 | May 10, 2026 | 250,000 | 250,000 | 0.38 |
| May 17, 2021 | May 17, 2026 | 100,000 | - | 0.32 |
| May 25, 2021 | May 25, 2026 | 10,000 | 10,000 | 0.38 |
| June 9, 2021 | June 9, 2026 | 100,000 | 100,000 | 0.465 |
| June 25, 2021 | June 25, 2026 | 250,000 | 62,500 | 0.385 |
| July 26, 2021 | July 26, 2026 | 30,000 | 10,000 | 0.43 |
| July 28, 2021 | July 28, 2026 | 15,000 | - | 0.43 |
| July 29, 2021 | July 29, 2026 | 10,000 | - | 0.405 |
| August 3, 2021 | August 3, 2026 | 25,000 | - | 0.415 |
| | | 10,570,000 | 7,787,500 | \$ 0.41 |

As at August 31, 2021, the weighted-average remaining life of the outstanding options was 4.2 years.

Mind Cure Health Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2021

(Expressed in Canadian Dollars)

13. Share capital (cont'd)**Options (cont'd)**

The fair value of the options granted during the three months ended August 31, 2021 was determined using the following weighted average Black-Scholes Option Pricing model assumptions:

| | August 31, 2021 |
|-------------------------|------------------------|
| Share price | \$0.44 |
| Exercise price | \$0.44 |
| Fair value | \$0.35 |
| Expected life | 5.0 years |
| Volatility | 113% |
| Risk-free interest Rate | 0.07% |

During the three months ended August 31, 2021, the Company recorded \$292,402 (2020 – \$236,800) in share-based payments in relation to the options vested.

Warrants

As at August 31, 2021, the total outstanding warrants were 29,689,583 (May 31, 2021 – 29,729,768).

| | Number of warrants | Weighted average exercise price |
|---------------------------------|--------------------|---------------------------------------|
| Balance May 31, 2020 | - | \$ - |
| Issued | 30,413,091 | 0.71 |
| Exercised | (683,323) | 0.25 |
| Balance, May 31, 2021 | 29,729,768 | \$ 0.72 |
| Issued | - | - |
| Exercised | (40,185) | 0.25 |
| Balance, August 31, 2021 | 29,689,583 | \$ 0.72 |

| | Expiry Date | Warrants | Exercise Price | Remaining life |
|-----------------------------------|--------------------|------------|----------------|----------------|
| Finders' warrants | September 17, 2022 | 474,992 | 0.25 | 1.05 |
| Private placement | November 19, 2022 | 8,000,000 | 0.60 | 1.22 |
| Bought deal short form prospectus | February 10, 2026 | 19,164,550 | 0.80 | 4.45 |
| Finders' warrants | February 10, 2026 | 2,050,041 | 0.60 | 4.45 |

As at August 31, 2021, the weighted-average remaining life of the outstanding warrants was 3.53 years.

During the three months ended August 31, 2021, no warrants were issued by the Company (2020 - \$nil).

14. Segmented Information

The Company's operations are currently located in a single geographical location in North America, specifically Canada. As at August 31, 2021, all long-lived assets were located in Canada.

Mind Cure Health Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2021

(Expressed in Canadian Dollars)

15. Subsequent Events

On September 1, 2021, 55,325 options were exercised at \$0.20 per share for gross proceeds of \$11,065.

On September 3, 2021, the Company issued 59,296 common shares of the Company to an independent consultant. The shares are subject to a hold period of four months and a day from the date of issuance.

On September 4, 2021, a total of 694,675 options expired with an average weighted exercise price of \$0.52 per share.

On September 17, 2021, 450,000 shares were released from escrow in accordance with the Company's escrow agreement.

Subsequent to August 31, 2021, 80,000 options were granted to certain employees and consultants with exercise prices between \$0.295 per share and \$0.34 per share, exercisable for a term of 5 years.

On October 6, 2021, the Company issued 36,618 common shares of the Company to an independent consultant. The shares are subject to a hold period of four months and a day from the date of issuance.

Pursuant to the Company's Long-term Incentive Plan that was approved by the Company's shareholders at the annual general meeting held on September 7, 2021, the Company grants deferred share units ("DSUs") to directors as part of its compensation plan. Unless otherwise approved by the board of directors, each director may elect to receive between 50% and 100% of their annual retainers in DSUs. The number of DSUs issued is determined each month while the applicable director is serving as a board member. DSUs granted may be settled subsequent to a director ceasing to be a director of the Company. On September 30, 2021, the Company granted 252,525 DSUs to directors at a price of \$0.33 per unit.

On October 8, 2021, the Company filed and obtained a receipt for a final short form base shelf prospectus (the "Shelf Prospectus") with the securities commissions in each of the provinces of Canada other than the Province of Québec. The Shelf Prospectus enables the Company to issue common shares, preferred shares of any series, debt securities, warrants to purchase common shares, subscription receipts or units comprising a combination of the foregoing securities of the Company from time to time, separately or together, in amounts, at prices and on terms based on market conditions at the time of sale and set forth in an accompanying shelf prospectus supplement ("Prospectus Supplement"), for an aggregate offering amount of up to \$50,000,000 during the 25-month period that the Shelf Prospectus is effective. The specific terms of any future offering will be established in a Prospectus Supplement to the Shelf Prospectus, which Prospectus Supplement will be filed with the applicable Canadian securities commissions. There is no certainty that any securities will be offered or sold under the Shelf Prospectus within the 25-month period that it is effective. A copy of the Shelf Prospectus can be found on the Company's directory on SEDAR at www.sedar.com.