

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND JUNE 30, 2021
Unaudited
(Expressed in Canadian dollars)

NOTICE TO READERS

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

The accompanying unaudited condensed interim consolidated financial statements of Mydecine Innovations Group Inc. (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 financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity’s auditor.

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

As at,	Note	June 30, 2022	December 31,
		\$	2021
			(Audited)
			\$
Current assets			
Cash		324,146	1,495,311
Rent and other receivable		-	3,856
Inventory		-	-
Sales tax receivable		257,338	201,000
Prepays and deposits	4	3,742,147	3,521,125
Total current assets		4,323,632	5,221,352
Non-current assets			
Prepays and deposits	4	1,504,484	1,793,894
Right-of-use asset	8	-	130,546
Property and equipment, net	5	362,815	434,910
Total assets		6,190,930	7,580,702
Current liabilities			
Accounts payable and accrued liabilities		3,252,719	1,587,238
Notes payable	7	87,916	-
Derivative liabilities	9	79,660	1,280,294
Lease liability – current portion	8	-	79,728
Total current liabilities		3,420,295	2,947,260
Non-current liabilities			
Convertible debentures, net	6	4,797,009	4,354,302
Long-term portion of lease liability	8	-	67,821
Total liabilities		8,217,304	7,369,383
Shareholders' equity			
Share capital	10	113,908,425	107,662,388
Contributed surplus	10	16,994,081	17,288,315
Equity portion of convertible debentures	10	175,756	175,756
Accumulated other comprehensive loss		61,561	-
Deficit		(133,166,197)	(124,915,140)
Total shareholders' equity		(2,026,374)	211,319
Total liabilities and shareholders' equity		6,190,930	7,580,702

Nature, continuance of operations and going concern (Note 1)

Subsequent events (Note 14)

Commitments and contingencies (Note 13)

Approved on behalf of the Board on August 15, 2022

"David Joshua Barch"

Director – David Joshua Barch

"Larry Dean Ditto"

Chief Financial Officer-Larry Dean Ditto

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

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Three-months ended June 30,		Six-months ended June 30,	
		2022	2021 (Restated)	2022	2021 (Restated)
		\$	\$	\$	\$
Sales		-	-	-	-
Cost of goods sold		-	-	-	-
Gross margin		-	-	-	-
Expenses					
Finance cost	6,7	238,464	27,960	459,663	123,697
Corporate development		13,594	428,203	141,474	2,427,138
Depreciation and amortization	5,8	34,301	37,663	94,573	79,195
Consulting fees		703,895	1,193,840	2,127,768	2,217,495
Director and management fees	12	120,284	341,632	230,856	832,508
Foreign exchange loss (gain)		(53,964)	97,293	(25,776)	319,668
Insurance		289,529	153,223	548,874	153,223
Office and miscellaneous		22,541	(115,467)	240,523	220,899
Professional fees		385,479	697,414	992,633	1,350,469
Regulatory filing fee		-	12,276	-	177,912
Research and development		652,486	1,091,920	1,702,011	1,322,130
Property taxes		-	-	-	-
Salaries	12	737,196	234,331	1,375,242	234,331
Share-based payments		-	-	-	-
Total expenses		3,143,805	4,454,160	7,887,841	9,458,665
Other income (expenses)					
Change in fair value of derivative liabilities	9	631,760	249,549	(261,690)	221,893
Impairment of investment in associate		-	(4,169,616)	-	(4,169,616)
Consideration paid in excess of identifiable assets		-	-	-	-
Rental income		-	32,310	-	32,307
Gain (loss) on settlement of debt		-	-	-	(2,319)
Total other income (expenses)		631,760	3,887,757	261,690	(3,917,735)
Loss from continuing operations		(2,512,045)	(8,341,947)	(8,149,531)	(13,376,400)
Loss from discontinued operations	1	-	18,788	-	(103,285)
Foreign currency translation adjustment		61,561	(24,830)	61,561	(48,628)
Net loss and comprehensive loss for the period		(2,450,484)	(8,347,989)	(8,087,970)	(13,528,313)
Net loss per share – Basic and diluted from continuing operations		(0.35)	(1.75)	(1.31)	(3.04)
Weighted average number of shares outstanding – Basic and diluted		7,142,532	4,744,805	6,217,942	4,440,487

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

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Number of Shares	Share Capital	Contributed Surplus	Equity Component of Convertible Debentures	Accumulated Other Comprehensive Loss	Deficit	Shareholders' Equity
Balance, December 31, 2020		3,534,682	\$ 85,298,435	\$ 12,734,636	\$ 254,690	\$ (444,803)	\$ (94,282,259)	\$ 3,560,699
Bought deal, net of share issuance cost	10	690,000	14,420,196	912,708	-	-	-	15,332,904
Non-cash share issuance cost	10	17,250	(1,697,059)	2,294,219	-	-	-	-
Warrants exercised	10	239,429	3,761,767	(556,522)	-	-	-	3,205,245
Conversion of convertible debentures	10	275,907	2,802,724	-	(219,583)	-	-	2,583,141
Shares issued for debt settlements	10	1,853	45,400	-	-	-	-	45,400
Shares issued for services	10	5,794	104,170	-	-	-	-	104,170
MindLeap Health Inc.'s – anti dilution clause	10	8,812	174,032	-	-	-	-	174,032
Foreign currency translation adjustment	10	-	-	-	-	(48,628)	-	(48,628)
Net loss for the period		-	-	-	-	-	(13,479,685)	(8,931,291)
Balance, June 30, 2021		4,773,727	\$ 104,639,655	\$ 15,057,881	\$ 35,107	\$ (493,431)	\$ (107,761,944)	\$ 11,477,278
Balance, December 31, 2021		5,218,600	\$ 107,662,388	\$ 17,288,315	\$ 175,756	\$ -	\$ (124,915,140)	\$ 211,319
Shares issued for financing	10	3,772,073	4,874,302	-	-	-	-	4,874,302
Adjustment for reverse split	10	(13)	-	-	-	-	-	-
Share issuance cost	10	-	(384,823)	-	-	-	-	(384,823)
Warrants exercised	10	-	-	-	-	-	-	-
MindLeap Health Inc.'s anti-dilution clause	10	53,175	1,462,324	-	-	-	-	1,462,324
NeoPharm, Inc's anti-dilution clause	10	10,397	207,938	(207,938)	-	-	-	-
NeoPharm performance warrants	10	17,600	86,296	(86,296)	-	-	-	-
Foreign currency translation adjustment		-	-	-	-	61,561	-	61,561
Net loss for the period		-	-	-	-	-	(8,149,531)	(8,149,531)
Prior period adjustments		-	-	-	-	-	(101,526)	(101,526)
Balance, June 30, 2022		9,071,832	\$ 113,908,425	\$ 16,994,081	\$ 175,756	\$ 61,561	\$ (133,166,197)	\$ (2,026,374)

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

MYDECINE INNOVATIONS GROUP INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

For the six-months ended,	Note	June 30, 2022	June 30, 2021 (Restated)
Cash flows used in			
Operating activities			
Net loss for the period		\$ (8,149,531)	\$ (13,376,400)
Items not affecting cash:			
Depreciation and amortization	5,8	94,573	79,195
Finance cost	6,7	459,663	123,697
Change in fair value of derivative liability	9	261,690	(221,893)
Foreign exchange gain (loss)		-	918
Loss (gain) on settlement of debts		-	2,319
Shares issued for services		-	104,170
Shares of losses (income) from investment in JV	1	-	210,536
Shares of losses from investment in Associate	1	-	(185,713)
Non-cash gain / loss		(23,507)	(62)
Impairment in investment in Associate		-	4,169,616
Changes in operating activities from continued operations		(7,357,112)	(9,093,617)
Changes in operating activities from discontinued operations		-	(3,749)
Change in operating activities		(7,357,112)	(9,097,366)
Changes in non-cash working capital items:			
Rent and receivables		3,856	14,396
Prepays and deposits		68,388	(4,018,726)
Inventory		-	(672)
Sales taxes receivable		(56,278)	(26,552)
Accounts payable and accrued liabilities		1,665,481	156,979
Cash used in operating activities		(5,675,665)	(12,971,941)
Investing activities			
Purchases of property and equipment		-	(190,994)
Cash advance to Joint Venture		-	(12,061)
Internally generated intangible asset		-	(471,919)
Lease payments	8	(47,119)	(56,113)
Net cash used in investing activities		(47,119)	(731,087)
Financing activities			
Proceeds from bought deal, net of share issuance cost	10	-	15,332,904
Shares issued for financing	10	4,874,302	-
Proceeds from notes payable		87,916	-
Share issuance costs		(384,825)	-
Warrants exercised		-	3,205,245
Net cash provided from financing activities		4,577,395	18,538,149
Foreign exchange on cash		(25,776)	(13)
Increase (decrease) in cash during the period		(1,171,165)	4,835,108
Cash, beginning of the period		1,495,311	2,190,702
Cash, end of the period		\$ 324,146	\$ 7,025,810
Supplemental Cash Flow Information			
Interest paid		\$ -	\$ -
Taxes paid		\$ -	\$ -

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

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2022 AND JUNE 30, 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN

Mydecine Innovations Group Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. On May 27, 2020 the Company changed its name to Mydecine Innovations Group Inc. The Company’s common shares trade on the NEO exchange (NEO: MYCO), OTC exchange (OTC:MYCOF) and on the Frankfurt stock exchange (FSE:0NFA). The Company’s principal activities are research, drug development, clinical trials of psilocybin products internationally, and a telehealth application through its subsidiary Mindleap Health. The registered address, head office, principal address and records office of the Company are located at 6th Floor, 905 W, Pender Street, Vancouver BC V6C 1L6.

During the three months ended June 30, 2022 management decided to cease the research that was being conducted in the research facility located in Denver, CO. During the quarter, the employees at this facility were released or transferred to other functions of the Company. Management began preparations to liquidate the laboratory equipment and furniture in this location and, subsequent to the end of the quarter, negotiated an amendment that changed the termination date of the lease. This is discussed further in the subsequent events information.

Additionally, during the reporting period, management decided to reduce the scope of daily operation within the Mindleap Health subsidiary. The platform remained, and remains, available to subscribers and continued to generate operating revenues and expense through June 30, 2022. However, software development activities were paused and the Company released Mindleap’s consultants. Management will continue to assess plans for the Mindleap platform that include, but are not limited to, strategic opportunities.

As at June 30, 2022, the Company has an accumulated deficit of \$133,166,197 (December 31, 2021 - \$124,915,140), net loss from continuing operations of \$8,149,531 (June 30, 2021- \$13,376,400) and cash used from operating activities of \$5,675,665 (June 30, 2021- \$12,971,941). The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these condensed interim consolidated financial statements.

Spin-out of US cannabis subsidiaries and investments

On October 1, 2021, the Company completed the spin-out of all its cannabis subsidiaries and investments to ALT House Cannabis Inc. (“ALT House”) pursuant to the amended and restated arrangement agreement (“Arrangement Agreement”) between the Company and ALT House. The purpose of the spin-out into ALT House was, among other things, to remove all of the cannabis assets and liabilities from the Company and permit the Company to comply with listing qualification requirements for senior stock exchanges in the United States and other comparable requirements regarding cannabis assets.

ALT House and the Company do not share a controlling shareholder or shareholder group, as a result this transaction was accounted for in accordance with IFRIC 17 *Distribution of Non-cash Assets to Owners*. The Company recognized the distribution of net assets to the Company’s shareholders at fair value with the difference between that value and the carrying amount of the net assets recorded to the consolidated statements of loss and comprehensive

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

Spin-out of US cannabis subsidiaries and investments (continued)

loss. The Company engaged a third- party valuation expert to determine the fair value of all its spun-out cannabis assets. The spin-out transaction impacted the Company's consolidated financial statements as follows:

1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN (continued)

	As at October 1, 2021
	\$
Net assets	
Cash	74
Accounts receivable	148,967
Inventory	41,268
Investment in joint venture	172,329
Investment in associate	170,704
Investment properties	1,419,347
Accounts payable and accrued liabilities	(190,000)
Carrying amount prior spin-out	1,762,689
Fair value adjustments (i)	(551,818)
Fair-value of assets disposed at spin-out	1,210,871
Transaction costs	721,977
Contributed surplus adjustment	(197,366)
Net distribution to owners on spin-out	1,735,482

(i) The fair value adjustments of the spin-out included:

	As at October 1, 2021
	\$
Fair-value adjustments:	
Accounts receivable	(148,967)
Inventory	(41,268)
Investment in joint venture	(172,329)
Investment in associate	(170,704)
Fair value change of investment property	(18,550)
Total fair value adjustments	(551,818)

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN (continued)

Discontinued Operations

The spin-out of the cannabis assets also meets the definition of a discontinued operation per IFRS 5 *Non-current assets held for sale and discontinued Operations*, below are the results of discontinued operations for the six months ended June 30, 2022:

	Six months ended June 30, 2021 (Unaudited / Restated)
	\$
Sales	21,205
Cost of goods sold	(9,997)
Gross margin	11,208
Share of losses from investment in Joint Venture	(108,101)
Share of income (loss) from investment in associate	(41,752)
Foreign Exchange	4,060
Other expenses	(1,859)
Total operating expenses	(147,652)
Rental income	33,159
Foreign currency translation	-
Loss on discontinued operations	(103,285)
Net loss per share- Basic and diluted for discontinued operations	(\$0.03)
Weighted average number of shares outstanding – Basic and diluted	4,573,253

Cash flows from discontinued operations:

	Six months ended June 30, 2022 (Unaudited)
	\$
Cash flows used in	
Operating activities	
Net loss for the period from discontinuing operations	(103,285)
Items not affecting cash:	
Share of income from investment in Joint Venture	(102,435)
Share of income from investment in associate	227,465
Changes in operating activities from operations	21,745
Changes in non-cash working capital items:	
Accounts receivable	(24,213)
Inventory	6,536
Accounts payable and accrued liabilities	(27,980)
Cash used in operating activities	(23,912)
Investing activities	
Cash from investment property	20,163
Change in Cash	(3,749)
Beginning Cash	4,010
Ending Cash	261

**MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS**

2. BASIS OF PREPARATION

Statement of Compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The disclosures contained in these unaudited condensed consolidated interim financial statements do not contain all requirements of IFRS for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Company’s Board of Directors on August 11, 2022.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and investment properties, which are measured at fair value through profit and loss, as explained in the accounting policies below. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Functional Currency

All figures presented in the condensed interim consolidated financial statements are reflected in Canadian dollars. The Company, NeuroPharm Inc. and Mindleap Health Inc.’s functional currency is the Canadian dollar. The functional currency of all the companies included in the spin-out was the US dollar.

Foreign currency transactions are translated to the respective functional currencies of the Company’s entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into Canadian dollars, the Group’s presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive loss.

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

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 condensed annual consolidated financial statements for the year ended December 31, 2021.

4. PREPAIDS AND DEPOSITS

	June 30, 2022	December 31, 2021
	\$	\$
Research and development	2,972,298	3,107,199
Corporate development	288,750	1,635,766
Advisory and public relations services	1,844,412	25,999
Deposits	-	107,353
Insurance	122,516	236,934
Deferred shares issuance costs (Note 24)	-	188,304
Other	18,655	13,464
Total	5,246,631	5,315,019
Short-term	3,742,147	3,521,125
Long-term	1,504,484	1,793,894

5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Equipment	Total
	\$	\$	\$
Cost			
Balance, December 31, 2020	216,584	91,684	308,268
Additions	10,778	280,724	291,502
Foreign exchange	-	(15,596)	(15,596)
Balance, December 31, 2021	227,362	356,812	584,174
Additions	(12)	(513)	(525)
Foreign exchange	-	-	-
Balance, June 30, 2022	227,350	356,299	583,649
Accumulated depreciation			
Balance, December 31, 2020	-	16,654	16,654
Depreciation	93,471	39,134	132,605
Balance, December 31, 2021	93,471	55,788	149,259
Depreciation	32,467	39,108	71,575
Balance, June 30, 2022	125,938	94,896	220,834
Net book values			
December 31, 2021	134,486	300,424	434,910
June 30, 2022	101,412	261,403	362,815

For the six months ended June 30, 2022 and 2021, the Company recorded \$71,574 and \$33,877 of depreciation for property and equipment and leasehold improvements, respectively. As at June 30, 2022 and 2021, the Company did not recognize an impairment of property and equipment.

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

6. CONVERTIBLE DEBENTURES

The following table reconciles the recorded value of the liability and the equity components of the convertible debentures at June 30, 2022:

	Convertible debenture \$	Warrants issued with debenture – Contributed Surplus \$	Equity component of convertible debenture \$	Total \$
Balance, December 31, 2020	2,959,755	-	254,690	3,214,445
Additions	4,340,640	918,604	240,756	5,500,000
Deferred tax impact	-	(248,000)	(65,000)	(313,000)
Deferred loan costs	(37,743)	-	-	(37,743)
Accretion expense	178,157	-	-	178,157
Conversion of convertible debentures	(3,086,507)	-	(254,690)	(3,341,197)
Balance, December 31, 2021	4,354,302	670,604	175,756	5,200,662
Interest and accretion expense	442,707	-	-	442,707
Balance, June 30, 2022	4,797,009	670,604	175,756	5,643,369

7. NOTES PAYABLE

During the six months ended June 30, 2022, the Company entered into no short-term notes payable.

On March 8, 2022, the Company entered into an unsecured note payable with an institution for \$153,840 which bears a 5% interest rate annually and matures on March 7, 2023. The balance of the note payable at June 30, 2022 was \$87,916 including accrued interest of \$2,777.

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

In previous periods, the Company leased a research and development facility. The lease was terminated through an amendment to the lease and the landlord took possession of the lease in the month of July 2022. Due to the lease termination the right of use assets and liability were written down to a value of zero, resulting in a gain on cancellation of the lease in the amount of \$3,176.

9. DERIVATIVE LIABILITIES

The derivative liabilities consist of Mindleap's Anti-Dilution Securities for 1,590,909 shares. The number of shares to be issued are variable.

	Mindleap Anti-dilution Securities \$
Balance, December 31, 2020	1,586,744
Issuance of common shares	(262,762)
Change in fair value of derivative liabilities	(43,688)
Balance, December 31, 2021	1,280,294
Issuance of common shares	(1,462,324)
Change in fair value of derivative liabilities	261,690
Balance, June 30, 2022	79,660

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

9. DERIVATIVE LIABILITIES (Continued)

The fair value of the derivative liabilities at June 30, 2022 was estimated using the Monte Carlo pricing model and the following assumptions:

- Risk free interest rate: 2.76%
- Volatility: 197.05%
- Market price of common shares: \$0.82

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized: Unlimited common shares without par value

Period ended June 30, 2022:

Issued: common shares 9,071,832 (December 31, 2021, 5,218,600 common shares adjusted for 50:1 reverse split).

On May 27, 2022 the Company completed an overnight offering and issued 2,447,130 common shares for gross proceeds of \$2,814,200. The Company paid broker fees of \$186,043.

On May 2, 2022, the Company, in connection with its previously announced Common Share Subscription Agreement (the "Subscription Agreement") with a third-party investor (the "Investor") dated March 18, 2022 and the subsequent filing of a second shelf prospectus supplement (the "Prospectus Supplement") in connection therewith on April 27, 2022, the Company has closed the second issuance (the "Offering") under the Subscription Agreement. The Offering resulted in the issuance of 1,254,396 common shares in the capital of the Company ("Shares") at a price of \$1.35 per Share for aggregate gross proceeds of \$1,693,435. The distribution of the Shares is qualified by the Prospectus Supplement.

On January 11 and 31, 2022, the Company issued 17,600 common shares upon the exercise of 17,600 Neuropharm performance warrants and reclassified an amount of \$86,296 from contributed surplus to share capital.

On March 16, 2022, the Company issued 53,175 anti-dilution common shares in relation to Mindleap's acquisition with a fair value of \$1,462,324.

On February 3, 2022, the Company issued 10,397 anti-dilution common shares in relation to Neuropharm's acquisition with a fair value of \$207,939.

On March 30, 2022, the Company completed a private placement and issued 70,547 common shares for gross proceeds of \$366,667. The Company paid finder's fees of \$43,334 and professional costs of \$67,545.

On April 13, 2022, the Company completed a reverse stock-split, thereby consolidating all of the Company's issued and outstanding common shares ("Common Shares") on the basis of one (1) post-consolidation Common Share for every fifty (50) pre-consolidation Common Shares. As a result of elimination of partial shares, the share count was adjusted by 13 shares.

Period ended June 30, 2021:

Issued: common shares 4,723,727 (December 31, 2020: 3,534,682 (restated) common shares)

During the period ended June 30, 2021, the Company issued 239,429 (restated) common shares pursuant to warrant exercises for gross proceeds of \$3,205,245. The Company transferred \$556,522 from reserves to share capital.

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

Period ended June 30, 2021 (Continued):

During the period ended June 30, 2021, the Company issued 1,853 (restated) common shares with a fair value of \$45,400 to settle debt of \$43,081 and recorded a gain on settlement of debt of \$2,319.

On March 4, 2021, the Company issued 8,812 (restated) anti-dilution common shares with a fair value of \$174,032, which was transferred from derivative liability to share capital.

During the period ended June 30, 2021, the Company issued 275,907 (restated) common shares pursuant to the conversion of convertible debt of \$2,583,141. The Company transferred \$219,583 from equity component of convertible debentures to share capital.

During the period ended June 30, 2021, the Company issued 5,794 (restated) common shares, pursuant to various employment and consulting agreements, as compensation for services with a fair value of \$104,170.

On February 8, 2021, the Company completed a bought-deal financing and issued 690,000 (restated) Units for gross proceeds of \$17,250,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.70 per Warrant Share for a period of 36 months. The Company paid share issuance cost of \$1,917,097, issued 17,250 (restated) Finance Fee Units ("Finance Unit"). Using the residual method, the Company allocated \$912,708 to contributed surplus. Each Finance Unit consists of one common share and one share purchase warrant ("Finance Warrant"). Each Finance Warrant is exercisable to acquire one additional common share at any time until February 12, 2024, at an exercise price of \$0.70 per warrant. The fair value of the Finance Unit was measured using a Monte Carlo with a fair value of \$603,742. The Finance Unit were measured using the Monte Carlo pricing model with the following assumptions: stock price - \$0.52; exercise price - \$0.70; expected life - 3 years; volatility - 120%; dividend yield - Nil; and risk-free rate - \$0.59. In addition, the Company issued 48,300 (restated) Broker Warrants ("Broker Warrant"). The fair value of the Broker Warrants was measured at \$1,690,477. The Broker Warrants were measured using the Monte Carlo pricing model with the following assumptions: stock price - \$0.52; exercise price - \$0.70; expected life - 3 years; volatility - 120%; dividend yield - Nil; and risk-free rate - \$0.59.

Stock Options

The Company has adopted the 2021 Mydecine Equity Incentive Plan (the "Incentive Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Incentive Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants or persons conducting investing relations activities will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of Directors of the Company, options granted under the Incentive Plan may have a maximum exercise term of 10 years from the date of grant, the term is set by the plan administrator. Vesting terms will be determined at the time of grant by the Board of Directors.

During the periods ended June 30, 2022 and June 30, 2021, the company did not grant any stock options.

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

Stock Options (Continued)

As at June 30, 2022, the Company had stock-options outstanding and exercisable enabling holders to acquire the following:

Number of Stock-Options	Exercise Price	Expiry Date
9,832	\$23.50	June 21, 2024
4,351	\$4.75	February 21, 2025
4,680	\$3.50	March 20, 2025
5,000	\$25.00	August 5, 2025
60,000	\$12.00	September 16, 2025
160,000	\$10.50	September 24, 2025
20,000	\$13.00	September 30, 2025
263,863	\$11.57	

A summary of the status of the Company's stock options outstanding and exercisable as at June 30, 2022 and December 31, 2021, and changes during those periods is presented below:

	Number of Options Issued and Exercisable	Weighted Average Exercise Price
Balance, December 31, 2020	286,863	\$ 12.00
Cancelled options from spin-out	(265,863)	(12.00)
Reissuance of options from spin-out	265,863	12.00
Expired/cancelled	(23,000)	(15.00)
Balance, December 31, 2021	263,863	\$ 11.57
Balance, June 30, 2022	263,863	\$ 11.57

The stock options have a weighted average remaining life of 3.17 years.

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

Warrants

As at June 30, 2022, the Company had warrants outstanding and exercisable enabling holders to acquire the following:

Number of Warrants Issued	Number of Warrants exercisable	Exercise Price	Expiry Date
11,200	11,200	\$25.00	June 19, 2022
81,805	81,805	\$25.00	June 19, 2022
152,055	152,055	\$15.00	December 4, 2022
23,000	23,000	variable	August 31, 2025
30,770	30,770	\$15.00	January 26, 2023
5,170	5,170	\$15.00	February 16, 2023
7,244	7,244	\$15.00	February 19, 2023
23,907	23,907	\$15.00	March 8, 2023
3,641	3,641	\$15.00	March 11, 2023
707,250	707,250	\$15.00	February 12, 2024
48,300	48,300	\$15.00	February 12, 2024
5,370	5,370	\$15.00	July 12, 2023
1,612	1,612	\$15.00	July 15, 2023
4,305	4,305	\$15.00	July 20, 2023
11,985	11,985	\$15.00	September 8, 2023
2,740	2,740	\$15.00	October 1, 2023
24,701	24,701	\$15.00	October 7, 2023
647,057	647,057	\$8.50	December 9, 2024
2,447,130	2,447,130	\$1.40	May 27, 2027
49,560	49,560	\$1.15	May 27, 2027
4,195,798	4,195,798		

A summary of the status of the Company's warrants outstanding and exercisable as at June 30, 2022 and December 31, 2021, and changes during those periods is presented below:

	Number of warrants Issued	Weighted Average Exercise Price
Balance, December 31, 2021	1,830,114	20.53
Exercised	(17,600)	-
Expired	(113,406)	-
Issued with overnight offering	2,496,690	-
Balance, June 30, 2022	4,195,798	5.85

Escrowed Shares

As at June 30, 2022 and December 31, 2021, there are 1,590,909 and 3,181,818 common shares held in escrow and will be released pursuant to the following schedule, respectively:

4 months from the Mindleap Closing Date	¼ of escrowed securities
12 months from the Mindleap Closing Date	¼ of escrowed securities
18 months from the Mindleap Closing Date	¼ of escrowed securities
24 months from the Mindleap Closing Date	¼ of escrowed securities

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

11. FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The following is an analysis of the Company's financial assets and liabilities at fair value as at June 30, 2022 and December 31, 2021.

As at June 30, 2022					
	Level 1		Level 2		Level 3
Cash	\$	324,146	\$	-	\$ -
Total financial assets		\$ 324,146		\$ -	\$ -
Note payable		-		87,916	
Convertible debentures (Note 6)		-		4,797,009	-
Derivative liabilities (Note 9)		-		79,660	-
Total financial liabilities	\$	-	\$	4,964,585	\$ -

As at December 31, 2021					
	Level 1		Level 2		Level 3
Cash	\$	1,495,311	\$	-	\$ -
Account receivable		3,856		-	3,856
Total financial assets	\$	1,499,167	\$	-	\$ 3,586
Lease liability (Note 8)		1,587,238	\$	147,549	\$ -
Convertible debentures (Note 6)		-		4,354,302	-
Derivative liabilities (Note 9)		-		1,280,294	-
Total financial liabilities		1,587,238	\$	5,782,145	\$ -

For the remaining financial assets and liabilities measured at amortized cost, the carrying values approximate the fair values of the financial instruments given their short-term maturity

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

11. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Cash is held with major financial institutions, from which management believes the risk of loss to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments. All of the financial liabilities of the Company are due within 12 months of June 30, 2022, to the exception of long-term portion of lease liabilities and convertible debentures. See the five-year commitment and contingency schedule at Note 13.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets. The Company is not susceptible to interest rate fair value risk on its convertible debentures and notes payable that bear fixed interest rates.

Currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions and balances denominated in currencies other than the Canadian dollar. The Company performed a sensitivity analysis utilizing a 1% factor and concluded currency risk is not significant to the condensed interim consolidated financial statements.

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

12. RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions, with associated persons or corporations as follows:

Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

Management Compensation

<i>Period Ended June 30, 2022</i>	Non-cash stock compensation	Salary, bonus, and consulting fees	Total compensation
	\$	\$	\$
Director and management fees paid to the CEO of the Company	\$ -	\$ 177,900	\$ 177,900
Director and management fees paid to the CFO of the Company		147,900	147,900
Management fees paid to the COO	-	177,900	177,900
Management fees paid to other officers of the Company		473,700	473,700
Director fees		57,500	57,500
Total	\$ -	\$ 1,034,900	\$ 1,034,900

Management Compensation

<i>Period Ended June 30, 2021</i>	Non-cash stock compensation	Salary, bonus, and consulting fees	Total compensation
	\$	\$	\$
Director and management fees paid to the CEO of the Company	\$ -	\$ 142,618	\$ 142,618
Director and management fees paid to the CFO of the Company		56,255	56,255
Management fees paid to the COO	-	182,344	182,344
Management fees paid to other officers of the Company		319,767	319,767
Director and management fees paid to a former director of the Company	-	97,422	97,422
Fees paid or accrued to the CEO of Mindleap		266,810	266,810
Total	\$ -	\$ 1,065,216	\$ 1,065,216

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS

12. RELATED PARTY TRANSACTIONS (CONTINUED)

As at June 30, 2022, accounts payable and accrued liabilities (related to payroll) included amounts due to related parties of \$271,500 (December 31, 2021 - \$Nil)

13. COMMITMENTS

For the period ended June 30, 2022, the Company has numerous agreements which have created both a short-term and long commitments. These commitments consist of universities, research and development facilities, and rent. These commitments are within the normal course of business.

	Current	2023	2024	2025	2026	Total
Research contracts with universities	253,940	253,940	253,940	253,940		1,015,760
Convertible debenture (Note 6)	-	-	5,500,000	-	-	5,500,000
Other research and development contracts	689,763	590,400	590,400	590,400		2,222,400
Total	943,703	844,340	6,344,340	844,340		8,738,160

The Convertible debenture has interest on the outstanding principal amount of 10% per annum which is due on December 9, 2022, 2023 and 2024.

In addition to the above table, the Company has a total of \$2,309,016 in accounts payable and accruals due in the next twelve months.

14. SUBSEQUENT EVENTS

Effective July 26, 2022, the Company agreed to a Second Amendment of its Business Lease and First Amendment related to the research and development facility located in Denver, CO. The Second Amendment and the lease termination date in the Business Lease and the First Amendment from May 31, 2023 and August 31, 2022, respectively, to July 19, 2022. Pursuant to this Second Amendment, the landlord waived monthly lease payments for the month of June 2022 and the partial month of July 2022 in exchange for the laboratory equipment, leasehold improvements and furniture (the Lab Assets) within the research and development facility. The Company also agreed to allow the landlord to keep the security deposit of \$9,149.13 USD that the Company paid at the beginning of the lease. Pursuant to this Second Amendment, the Company transferred ownership of the Lab Assets, in "as is" condition, to the landlord and was released from any further obligations for lease payments, cleaning costs, and the obligation to restore the space to its original condition.

During the Second Quarter, Gordon Neal who served as the Chairman of the Company's board of directors and the chair of the Audit Committee resigned, effective May 31, 2022 in order to attend to his other business interests. Mr. Todd Heinzl, who is the owner of The Governance Box consultancy and who has been working as a corporate governance consultant for the Company, was nominated to succeed Mr. Neal the chairman of the board of directors. Mr. Heinzle's appointment was approved by the board of direction in a meeting on July 19, 2022. During that meeting, it was determined that the chair of the Audit Committee would be determined and approved by vote during the next meeting of that committee.

On August 12, 2022, the Company announced that Damon Michaels, Josephine Wu, Dr. Saeid Babaei and Dr. Victoria Hale had resigned as directors of the Company. As a result of the resignations, the Company is currently working to identify suitable candidates to replace Mr. Michaels, Ms. Wu, Dr. Babaei and Dr. Hale on the board, and to recruit and appoint three new independent directors to the Company's board of directors and audit committee. In connection with the resignation of Ms. Wu and Dr. Babaei, the Company's board appointed

**MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
UNAUDITED
EXPRESSED IN CANADIAN DOLLARS**

its sole independent director, Todd Heinzl, to act as sole member of the Company's audit committee until additional independent directors are appointed.