Braxia Scientific Corp.

Consolidated Financial Statements

For the years ended March 2022 and 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Braxia Scientific Corp.,

Opinion

We have audited the consolidated financial statements of Braxia Scientific Corp. (the “Company”), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has a working capital of $7,124,971, however, the Company has yet to achieve profitable operations and has accumulated deficit of $102,887,394 as at March 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 29, 2022

Braxia Scientific Corp.

Consolidated Statements of Financial Position

As At	Note	March 31, 2022 $	March 31, 2021 $
Assets			
Current assets			
Cash		8,677,614	11,101,005
Receivables		225,420	113,440
Convertible notes receivable	5	585,593	-
Prepaid expenses	6	174,596	181,454
		9,663,223	11,395,899
Non-current assets			
Property and equipment	7	168,347	50,369
Joint venture	9	34,562	-
Intangible assets	3, 8	1,156,000	1,156,000
Goodwill	3, 4, 8	612,363	5,887,737
Total assets		11,634,495	18,490,005
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable	11, 17	660,371	1,975,737
Accrued liabilities	11, 17	1,527,897	209,170
Deferred tax liability	3	240,089	285,356
Deferred revenue		26,450	22,650
Lease liability	7	33,478	8,972
Promissory note payable	14	49,967	49,967
		2,538,252	2,551,852
Non-current liabilities			
CEBA loans	13	52,550	48,616
Lease liability	7	81,062	-
Total liabilities		2,671,864	2,600,468
Shareholders' equity			
Share capital	10	96,933,063	93,980,117
Obligation to issue shares	10	-	255,500
Reserves	10	14,916,962	12,407,223
Deficit		(102,887,394)	(90,753,303)
Total shareholders' equity		8,962,631	15,889,537
Total liabilities and shareholders' equity		11,634,495	18,490,005

Nature of operations and going concern (Note 1)
Commitments (Note 16)
Contingencies (Note 17)
Subsequent events (Note 20)

Approved on behalf of the Board of Directors on July 29, 2022:

"Dr. Roger S. McIntyre"	**Director**	*"Olga M. Cwiek"*	**Director**

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

Braxia Scientific Corp.

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended	Note	March 31, 2022 $	March 31, 2021 $
Revenue		1,487,156	1,008,372
Cost of sales	11	(1,240,284)	(862,706)
		246,872	145,666
Expenses			
Accretion	7,13	4,953	3,263
Advertising and promotion		252,996	1,847,510
Consulting fees	11	984,149	1,378,608
Depreciation	7	23,169	19,796
Design fees		-	112,137
Foreign exchange		(10,260)	(164)
Insurance		416,058	219,450
Office and miscellaneous	11	375,719	496,978
Professional fees	11	1,557,654	1,451,548
Research and development		192,575	1,978,850
Salaries	11	1,082,673	142,037
Share-based compensation	10	2,422,562	2,874,857
Website development		74,288	162,344
Loss from operating expenses		(7,129,664)	(10,541,548)
Gain on settlement of debt		4,000	-
Losses from joint venture	9	(3,787)	-
Write off of GST receivable		(24,400)	(129,025)
Impairment of goodwill	8	(5,275,374)	-
Provision for litigation (net)	17	209,717	-
Change in fair value of convertible note receivable	5	40,150	-
Gain on government grant	13	-	12,612
Discontinued operations	18	-	(376,302)
Listing expense	4	-	(77,793,883)
Loss before income tax		(12,179,358)	(88,828,146)
Deferred income tax recovery		45,267	-
Loss and comprehensive loss		(12,134,091)	(88,828,146)
Weighted average number of common shares – basic and diluted		175,243,678	157,639,936
Basic and diluted loss per share		(0.07)	(0.56)

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

Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)

Consolidated Statements of Changes in Equity

For the years ended March 31, 2022 and 2021

	Note	Number of shares #	Share Capital $	Subscription receivable $	Obligation to issue shares $	Reserves $	Deficit $	Total shareholders' equity $
March 31, 2020		23,092	3,247,715	(275,000)	60,000	1,877,093	(1,925,157)	2,984,651
Exercise of warrants	10	4,000	1,200,000	-	-	(1,199,996)	-	4
Common shares issued for cash	10	290	145,000	-	(60,000)	-	-	85,000
Share subscription received	10	-	-	275,000	-	-	-	275,000
Acquisition of CRTCE	3,10	10,455	5,227,500	-	-	-	-	5,227,500
Reverse acquisition transaction								
Equity of Champignon	4	81,299,030	16,410,176	-	-	1,247,938	(16,677,990)	980,124
Elimination of Champignon's equity	4	-	(16,410,176)	-	-	(1,247,938)	16,677,990	(980,124)
Shares acquired from legal subsidiary	4	(37,837)	-	-	-	-	-	
Issuance of shares pursuant to RTO	4,10	75,674,000	69,104,176	-	-	-	-	69,104,176
Options and warrants assumed pursuant to RTO	4,10	-	-	-	-	8,229,831	-	8,229,831
Issuance of finders' shares pursuant to RTO	4,10	2,000,000	1,700,000	-	-	-	-	1,700,000
Issuance of units pursuant to private placement, net of issuance cost	10	17,647,500	13,192,958	-	-	642,301	-	13,835,259
Exercise of finders' warrants	10	169,682	67,768	-	-	(16,863)	-	50,905
Exercise of warrants	10	500,000	95,000	-	-	-	-	95,000
Obligation to issue shares	10	-	-	-	255,500	-	-	255,500
Share-based compensation	10	-	-	-	-	2,874,857	-	2,874,857
Net loss		-	-	-	-	-	(88,822,146)	(88,822,146)
March 31, 2021		177,290,212	93,980,117	-	255,500	12,407,223	(90,753,303)	15,889,537
Exercise of warrants	10	468,302	74,810	-	-	(1,819)	-	72,991
Exercise of options	10	150,000	50,364	-	(33,000)	(17,364)	-	-
Voluntary share return	10	(9,780,000)	-	-	-	-	-	-
Shares for services	10	250,000	222,500	-	(222,500)	-	-	-
Shares for debt settlement	10	200,000	58,000	-	-	-	-	58,000
Common shares issued for cash	10	30,000,000	2,547,272	-	-	95,136	-	2,642,408
Options issuable for wages		-	-	-	-	11,224	-	11,224
Share-based compensation	10	-	-	-	-	2,422,562	-	2,422,562
Net loss		-	-	-	-	-	(12,134,091)	(12,134,091)
March 31, 2022		198,578,514	96,933,063	-	-	14,916,962	(102,887,394)	8,962,631

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

For the Years Ended	March 31, 2022 $	March 31, 2021 $
Operating activities		
Net loss for the period	(12,134,091)	(88,828,146)
Change in fair value of convertible note	(40,150)	-
Deferred income tax recovery	(45,267)	-
Depreciation	23,169	19,796
Finance charges	-	-
Gain on settlement of debt	(4,000)	-
Impairment of goodwill	5,275,374	-
Write off of receivables	24,400	129,026
Provision for litigation	(209,717)	-
Shares issuable for services	-	222,500
Losses from joint venture	3,787	-
Gain on government grant	-	(12,612)
Accretion	4,953	3,263
Options issuable for wages	11,224	-
Share-based compensation	2,422,562	2,874,857
Discontinued operations	-	376,302
Listing expense (Note 4)	-	77,793,883
Net change in non-cash working capital items	149,356	2,365,001
	(4,518,400)	**(5,056,130)**
Financing activities		
Issuance of shares/units for cash, net	2,642,408	13,920,259
Proceeds from the exercise of warrants	72,991	145,909
Proceeds from the exercise of stock options	-	33,000
Lease payments made	(11,388)	(22,272)
Loan payable	-	60,000
Share subscriptions received	-	275,000
	2,704,011	**14,411,896**
Investing activities		
Cash acquired on acquisition of CRTCE	-	33,076
Net cash advanced to joint venture	(38,349)	-
Purchase of equipment	(25,210)	-
Advance of convertible notes receivable	(545,443)	-
Equipment acquired from CRTCE	-	(21,938)
Cash paid on acquisition of CRTCE	-	(1,500,000)
Cash acquired on reverse acquisition	-	182,535
	(609,002)	**(1,306,327)**
Change in cash	(2,423,391)	8,049,439
Cash, beginning of year	11,101,005	3,051,566
Cash, end of year	**8,677,614**	**11,101,005**

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

1. Nature of operations and going concern

Braxia Scientific Corp. (formerly, Champignon Brands Inc.) (the "Company") was incorporated on March 26, 2019, under the laws of the province of British Columbia, Canada. The Company is primarily focused on (i) owning and operating multidisciplinary clinics, providing treatment for mental health disorders, and (ii) research activities related to discovering and commercializing novel drugs and delivery methods. Braxia seeks to develop ketamine and derivatives and other psychedelic products from its IP development platform. On April 29, 2021, the Company changed its name from Champignon Brands Inc.("Champignon") to Braxia Scientific Corp. The shares of the Company are traded on the Canadian Securities Exchange ("CSE") (CSE:BRAX), United States OTC stock market (OTCQB:BRAXF) and on the Frankfurt Stock Exchange (FWB:496). The Company's primary office (head office and records office) is located at 700 Bay Street, Suite 1903, Toronto, Ontario, M5G 1Z6.

On April 10, 2020 (and as completed on April 30, 2020), Champignon entered into an Amalgamation Agreement (the "Amalgamation Agreement") with Altmed Capital Corp. (Altmed) (Note 4). Pursuant to the Amalgamation Agreement, Champignon acquired all of the issued and outstanding securities in the capital of Altmed in exchange for the issuance of an aggregate of 75,674,000 (2,000 Champignon common shares for every 1 Altmed share held) common shares in the capital of Champignon to the shareholders of Altmed (collectively, the "Transaction"). Lastly, the Company issued 2,000,000 common shares as finders' shares (the "Finders' Shares") in connection with the Transaction. The Transaction constitutes a reverse acquisition ("RTO") of Champignon by Altmed, with Altmed being the acquirer for accounting purposes. Accordingly, these consolidated financial statements (the "financial statements") are a continuation of Altmed, with the net assets (liabilities) of Champignon being consolidated from April 30, 2020, as well as Champignon's operating results from that date forward. The comparative figures are those of Altmed.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they 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. As a company in the startup stage, the Company does not have significant revenues, and historically has relied on share capital financing to cover its research, development and other operating expenditures. As at March 31, 2022, the Company had working capital of $7,124,971 (March 31, 2021 - $8,844,047), however, the Company has yet to achieve profitable operations, has accumulated losses of $102,887,394 (March 31, 2021 - $90,753,303) since inception and expects to incur further losses in the development of its business. Although the historical losses cast significant doubt about the Company's ability to continue as a going concern, management has assessed that its overall working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis, and such adjustments could be material.

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Reporting Interpretation Committee ("IFRIC") for the period presented.

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL").

All amounts on the financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

These financial statements were approved by the board of directors on July 29, 2022.

2. Significant accounting policies

Basis of consolidation

These financial statements include the accounts of the Company and its wholly-owned, Canadian subsidiaries, as follows:

Braxia Scientific Corp. (“Braxia”)	Legal parent company
Altmed Capital Corp.	Psychedelic and health company
Tassili Life Science Corp. (“TLS”)	Research and development company
Artisan Growers Ltd. (“AGL”)	Mushroom cultivation company
Novo Formulations Ltd. (“NOVO”)	Research and development company
Canadian Rapid Treatment Centre of Excellence Inc. (“CRTCE”)	Ketamine clinic company

A subsidiary is an entity controlled by the Company and is included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of a subsidiary are changed where necessary to align them with the policies adopted by the Company.

These financial statements account for Braxia as a controlled entity requiring consolidation from the date of the RTO (Notes 1 and 4), effective April 30, 2020.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in the preparation of these financial statements.

Equity accounted investments

Equity accounted investments are those entities in which the Company has significant influence but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial, and operating decisions. Joint ventures are joint arrangements whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to $nil and additional losses are not provided for unless the Company is committed to provide other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary adjustments are made to bring the accounting policies of associates in line with those of the Company.

The Company uses the equity method to account for CRTCE’s Montreal Joint Venture, in which the Company controls a 50% interest. (Note 9).

2. Significant accounting policies (Continued)

Share-based payments

Braxia grants stock options to buy common shares of the Company to Directors, Officers, employees and certain consultants. The Board of Directors grants such options for periods of up to five (5) years, with vesting periods determined at its sole discretion and at prices equal to the discounted market price, as calculated pursuant to the policies of the CSE, or such other minimum price as may be required by the CSE.

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Leases

The Company assesses at the time of agreement whether an agreement is, or contains, a lease. An agreement is, or contains, a lease if the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets ("ROU") are recognized at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Equipment

Equipment is measured at cost less accumulated depreciation and impairment losses. Equipment not available for use is not subject to depreciation. Depreciation is recognized on a straight-line basis over a term of five years.

An asset's residual value, useful life and depreciation method is reviewed at each reporting period and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent costs that meet the asset recognition criteria are capitalized, while costs incurred that do not extend the economic useful life of an asset are considered repairs and maintenance, which are accounted for as an expense recognized during the period. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Intangible assets

Intangible assets are stated at cost less accumulated amortization. The Company capitalizes direct costs that are directly attributable to the acquisition or development of its website. The Company capitalizes direct costs incurred during the application and infrastructure development and graphical design development stages of its website development projects. All website costs incurred during the preliminary project stage, including planning and research, are expensed as incurred, as well as any costs incurred for content development and costs incurred once development is complete.

2. **Significant accounting policies** (continued)

Intangible assets (continued)

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the remaining amortization periods or methods, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortized over the following methods and periods:

Type	Amortization method
Website	Straight-line basis over 10 years
License	Not depreciated

Business combinations

A business combination is a transaction in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed to profit or loss. Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

During the measurement period (one year from the date of acquisition), the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon conclusion of the measurement period, any subsequent adjustments are recorded in the consolidated statement of loss and comprehensive loss.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit (“CGU”) or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

2. Significant accounting policies (continued)

Impairment of intangible assets and goodwill

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

Goodwill and indefinite life intangible assets are tested annually for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is allocated to CGUs or groups of CGU's for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arose, which requires the use of judgment.

An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on a fair value less costs of disposal. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior period. Impairment losses on goodwill are not subsequently reversed.

Research and development expenditures

Expenditures on research activities are recognized as an expense in the period in which they are incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Revenue recognition

IFRS 15 utilizes a methodical framework for entities to follow to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The IFRS 15 model contains the following five-step contract-based analysis of transactions guiding revenue recognition:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

2. Significant accounting policies (continued)

Revenue recognition (continued)

The Company derived revenues from the sale of tea products, the resale of Auralite minerals, and providing health services. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

The sale of tea products and Auralite minerals is recognized when the products are shipped, or the products delivered, respectively, and when all significant contractual obligations have been satisfied. There is no unfulfilled obligation that could affect the customer's acceptance of the products after delivering the product. Revenue is shown net of returns and discounts. This operation was discontinued during the year ended March 31, 2021 (Note 18).

In respect of the operations of CRTCE it derives revenue from providing Ketamine infusion treatments to patients. Initial treatments consist of four separate treatments over a two-week period. Revenues are recognized when each treatment is completed and payment is received or receivable upon rendering of treatments. Payments received prior to patients receiving treatments is recorded as deferred revenue.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive.

Discontinued operations

A discontinued operation is a component of the Company's business, with operations and cash flows that are distinguishable from those of the rest of the Company, and which represents a separate major line of business or geographical area of operations, and which is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively for resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the major line of business or geographical operation meets the criteria to be classified as assets held for sale or distribution. When an operation is classified as a discontinued operation, IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, requires that the comparative statements of comprehensive income (loss) are re-presented as if the operation was discontinued from the start of the comparative year. As a result, the Company's discontinued operations are excluded from the profit (loss) from continuing operations and are presented as an amount, net of tax, as profit (loss) from discontinued operations in the consolidated statements of comprehensive income (loss). Furthermore, the Company has made the accounting policy choice to present net cash flows related to its discontinued operations in the notes to the financial statements.

2. **Significant accounting policies** (continued)

Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Use of estimates and critical judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

<u>Estimates:</u>

The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options and warrants.

<u>Judgments:</u>

(i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(ii) Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. Estimates are made as to the fair value of assets and liabilities acquired. The determination of these fair values involves a variety of assumptions. The Company measures all the assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred and the services are received. The excess of the aggregate of the consideration paid to obtain control over the net identifiable assets acquired and the liabilities assumed (net assets) in an asset acquisition, is recognized as a listing expense as of the acquisition date. The fair value of common shares issued as consideration paid based on a concurrent private placement is considered a significant judgment.

(iii) Under IFRS, an impairment charge is required for both goodwill and other indefinite lived assets when the carrying amount exceeds the ‘recoverable amount’, defined as the higher of fair value less costs to sell and value in use. The Company’s approach in determining the recoverable amount utilizes a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, tax rates, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgments are applied in determining the level of cash-generating unit we identify for impairment testing and the criteria we use to determine which assets should be aggregated. A difference in testing levels could affect whether an impairment is recorded and the extent of impairment loss. Changes in the Company’s business activities or structure may also result in changes to the level of testing in future periods.

3. Business combination

On April 10, 2020 (and as amended and completed on April 29, 2020), Altmed entered into a Share Purchase Agreement (the "Share Purchase Agreement") with Canadian Rapid Treatment Center of Excellence Inc. ("CRTCE"), a ketamine clinic licensed by the College of Physicians and Surgeons in Ontario, Canada. Pursuant to the terms of the Share Purchase Agreement, Altmed paid $1,500,000 in cash consideration and issued a total of 10,455 common shares with an aggregate fair value of $5,227,500 ($500 per share). This acquisition has been accounted for as a business combination as CRTCE met the definition of a business under IFRS 3, *Business Combinations* ("IFRS 3").

In accordance with IFRS 3, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained.

The table below summarizes the estimated fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

Net assets of CRTCE acquired:	April 29, 2020 $
Cash	33,076
Receivables	507
Right-of-use asset	21,194
Intangible asset – License (Note 8)	1,156,000
Equipment (Note 7)	20,911
Accounts payable and accrued liabilities	(84,903)
Deferred income tax liability	(285,356)
Lease liability	(21,666)
Net assets acquired	839,763
Consideration paid on business combination:	
Common shares (fair value of 10,455 common shares $500 per share)	5,227,500
Cash consideration	1,500,000
Total consideration paid	6,727,500
Allocation of excess consideration over the fair value of net assets acquired:	
Goodwill (Note 8)	5,887,737

The business objectives of CRTCE were synergistic with the Company's business plans and objectives. Goodwill consists of an assembled workforce, cost synergies and future economic potential of CRTCE.

4. Reverse acquisition

As described in Note 1, on April 30, 2020, Champignon and Altmed completed the Transaction which constituted a RTO.

The Transaction resulted in the shareholders of Altmed obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entities.

The Transaction constitutes an RTO of Champignon by Altmed and has been accounted for as a RTO. Champignon qualified as a business under the definitions of IFRS 3, and the Transaction was treated as an issuance of common shares by Altmed for the net assets of Champignon as well as Champignon's public listing, with Altmed as the continuing entity. Goodwill was recorded with respect to the Transaction, reflecting management's estimate of the fair value of Champignon's artisanal mushroom infused beverage business. The excess of consideration over the fair value of net assets acquired has been recorded as a listing expense, consistent with the guidance of IFRS 2.

For accounting purposes, Altmed is treated as the accounting parent company (legal subsidiary) and Champignon as the accounting subsidiary (legal parent) in these financial statements. As Altmed was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values. Champignon's results of operations have been included from April 30, 2020 onwards.

4. Reverse acquisition (continued)

The table below summarizes the estimated fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

Net assets of Champignon Brands Inc. acquired:	April 30, 2020 $
Cash	182,535
Receivables	207,922
Inventory	107,891
Prepaid expenses	839,154
Equipment (Note 7)	6,853
Intangible assets – Website (Note 8)	108,929
Accounts payable and accrued liabilities	(465,619)
Lease liability	(7,541)
Net assets acquired	980,124
Consideration paid on RTO:	
Common shares (fair value of 81,299,030 common shares $0.85 per share)	69,104,176
Options and warrants assumed at RTO	8,229,831
Finder's common shares (fair value of 2,000,000 common shares at $0.85 per share)	1,700,000
Total consideration paid	79,034,007
Goodwill	260,000
Allocation of excess consideration over the fair value of net assets acquired:	
Listing expense	77,793,883

The Transaction was measured at the fair value of the shares options and warrants that Altmed would have had to issue to the shareholders of Champignon, to give the shareholders of Champignon the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Altmed acquiring Champignon.

A shareholder and contracted consultant to Champignon was also a shareholder of Altmed and was issued 6,018,000 common shares of Champignon on the closing of the RTO.

37,837 shares of Altmed were acquired by Champignon as part of the RTO.

Champignon operated a tea business which was terminated during the year ended March 31, 2021. As a result, the goodwill of $260,000 was fully impaired during the year ended March 31, 2021 (Note 18).

5. Convertible notes receivable

As part of the LOI described in Note 16, entered into on October 26, 2021, the Company signed a non-binding letter of intent (LOI) with a private health services company ("PrivateCo"). As part of the LOI the Company provided US$435,000 of working capital to PrivateCo in exchange for three convertible notes bearing interest at 8% and maturing December 31, 2022. The notes are convertible into common shares of the PrivateCo. Prior to the repayment or conversion of the note, the note will convert upon the occurrence of the following (collectively an "Extraordinary Event"):

i. the consolidation or merger of PrivateCo in which the holders of PrivateCo's outstanding voting securities pre-closing of that event do not retain voting securities representing a majority of the voting power of the surviving entity,
ii. the sale, transfer or exclusive license of all or substantially all of the assets of PrivateCo or
iii. the sale of equity in one transaction or series of related transactions by the existing holders of shares of PrivateCo the result of which is that more than fifty percent of PrivateCo 's outstanding voting securities immediately following such transaction are owned by any person who was not the holder of a majority of the outstanding voting securities of PrivateCo immediately prior to any such transaction.

5. Convertible notes receivable (continued)

The note is also convertible upon the occurrence of an equity financing or upon maturity on December 31, 2022. If the equity financing is for proceeds of $1,500,000 or more (a "Qualified Financing") the outstanding balance shall be automatically converted, in whole, without any further action on the part of the Company. If the equity financing is for proceeds of less than $1,500,000 (a "Non-qualified Financing") the Company has the sole option of converting the outstanding balance. The note is convertible into the number of common shares of PrivateCo calculated by dividing the outstanding balance by the lower of:

i. 80% of the per share price of the Qualified or Non-Qualified Financing or
ii. a per share price equal to the quotient of $25,000,000 divided by the aggregate issued and outstanding common shares of PrivateCo assuming conversion or exercise of all outstanding options, warrants, and convertible securities, including any shares reserved for grant under any equity incentive or similar plans.

In the event the outstanding balance has not been repaid or converted or an Extraordinary Event has not occurred, then following the maturity date, the majority holders may convert the outstanding balance into the number of shares of a newly created series of the PrivateCo's common share calculated by dividing the outstanding balance by a per share price equal to the quotient of $25,000,000 divided by the aggregate issued and outstanding common shares of PrivateCo assuming conversion or exercise of all outstanding options, warrants, and convertible securities, including any shares reserved for grant under any equity incentive or similar plans.

The initial fair value of the convertible debentures on inception was determined to be $545,443. As at March 31, 2022, the fair value of the convertible debentures was determined to be $585,593. The fair value of the instrument was estimated using the Binomial option pricing model together with a discounted cash flow model using a discount rate of 14.82%. The Binomial model used a risk-free rate of 1.63%, expected volatility of 84%, an expected life of 0.75 years, a share price of $0.2448, an exercise price of $1.00. At March 31, 2022, the fair value of the convertible notes was determined to be $585,593. The change in the fair value at March 31, 2022 of $40,150 was recorded as a gain on change in fair value of convertible notes receivable.

6. Prepaid expenses

Prepaid expenses consist of the following:

	March 31, 2022 $	March 31, 2021 $
Insurance and others	130,782	98,197
Marketing services	-	83,257
Deposits	43,814	-
Total	174,596	181,454

7. Property and Equipment

Cost	Right-of-use assets $	Equipment $	Total $
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Additions (Notes 3 and 4)	28,047	42,118	70,165
March 31, 2021	28,047	42,118	70,165
Additions	115,937	25,210	141,147
March 31, 2022	143,984	67,328	211,312
Accumulated depreciation			
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Depreciation	(19,075)	(721)	(19,796)
March 31, 2021	(19,075)	(721)	(19,796)
Depreciation	(12,316)	(10,853)	(23,169)
March 31, 2022	(31,391)	(11,574)	(42,965)
Net book value			
March 31, 2021	8,972	41,397	50,369
March 31, 2022	112,593	55,754	168,347

7. Property and Equipment (continued)

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities as at March 31, 2022 and March 31, 2021 and for the years then ended is as follows:

	Total $
September 9, 2019 (date of incorporation) and March 31, 2020	-
Additions (Note 3 and 4)	29,207
Accretion	2,037
Lease payments	(22,272)
March 31, 2021	8,972
Additions	115,936
Accretion	1,020
Lease payments	(11,388)
March 31, 2022	114,540
Current portion	(33,478)
Long-term portion	(81,062)

As at March 31, 2022, there were no extension options that were reasonably certain to be exercised included in the measurement of the lease liabilities, and there were no leases with residual value guarantees.

8. Intangible assets and goodwill

Intangible assets:

	Website $	License $	Total $
Cost			
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Additions (Note 3 and 4)	108,929	1,156,000	1,264,929
Discontinued operations	(108,929)	-	(108,929)
March 31, 2021 and March 31, 2022	-	1,156,000	1,156,000
Accumulated amortization			
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Additions	6,000	-	6,000
Discontinued operations	(6,000)	-	(6,000)
March 31, 2021 and March 31, 2022	-	-	-
Net book value			
As at March 31, 2021 and March 31, 2022	-	1,156,000	1,156,000

As at March 31, 2022 and March 31, 2021, intangible assets consist of the Company's fully licensed health care facility in Mississauga, Canada. The intangible asset is an indefinite life asset. As at March 31, 2022 and March 31, 2021, the Company recorded impairment of $Nil on the Company's license.

8. Intangible assets and goodwill (continued)

Goodwill:

At March 31, 2021, management had identified one CGU which represents the lowest level within the Company at which goodwill is monitored for internal management purposes, Braxia Scientific Corp. At March 31, 2021, for the purpose of the goodwill impairment testing, goodwill arising on the acquisition of CRTCE was allocated to the Braxia Scientific Corp. CGU.

At March 31, 2022, management had identified its Mississauga operations as the the lowest level within the Company at which goodwill is monitored for internal management purposes. At March 31, 2022, for the purpose of the goodwill impairment testing, goodwill arising on the acquisition of CRTCE was allocated to the Mississauga CGU.

	Total $
Goodwill:	
September 9, 2019 (date of incorporation) and March 31, 2020	-
Addition (Notes 3 and 4)	6,147,737
Impairment	(260,000)
March 31, 2021	5,887,737
Impairment	(5,275,374)
March 31, 2022	612,363

For the purposes of testing impairment, the recoverable amount of each CGU comprising goodwill was based on value in use. As at March 31, 2022, the Company recorded an impairment of $5,275,374 (March 31, 2021 - $260,000) (Note 18).

9. Joint Venture

Subject to a term sheet dated January 12, 2021, in the first quarter of fiscal 2022, the Company began operating a clinic in Montreal to offer rapid onset treatments, such as Intravenous Ketamine Therapy, to treat depression and other mental disorders. The agreement is a 50/50 joint venture with the Montreal Neurotherapie Center. Subsequent to March 31, 2021, and as part of the agreed terms, the Company contributed $25,000 to fund start up costs and first year working capital.

Among other items, the Company will also contribute a referral network, marketing support services, medical professionals to assist in patient intake and follow-up as well as protocol implementation. The parties have not yet finalized a definitive joint venture agreement which shall provide, among other things, the terms and conditions outlined in the term sheet of January 12, 2021.

Based on the terms of the Term Sheet, management has determined that the transaction meets the definition of a joint venture. Accordingly, the investment is accounted for using the equity method in these financial statements.

	$
Opening balance, March 31, 2021	-
Cash advanced	40,000
Cash repaid	(1,651)
Share of losses in Joint Venture	(3,787)
Ending balance, March 31, 2022	34,562

The following table summarizes the relevant financial information of the Company's Joint Venture and reflects the amounts presented in the financial statements of the Joint Venture.

	March 31, 2022 $
Cash and cash equivalents	13,638
Current financial liabilities	58,167
Non-current financial liabilities	-
Depreciation and amortisation	-
Interest expense	2,261
Total Net Loss	(7,283)

10. Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Transactions for the issue of shares for the year ended March 31, 2022:

During the year ended March 31, 2022, the Company issued 468,302 common shares pursuant to warrant exercises for gross proceeds of $72,991. The Company re-allocated $1,819 from reserves to share capital.

During the year ended March 31, 2022, the Company issued 150,000 common shares pursuant to option exercises for gross proceeds of $33,000. The Company reclassified $33,000 from obligation to issue shares to share capital and $17,364 from reserves to share capital.

The Company issued 250,000 common shares pursuant to services rendered with a fair value of $222,500. The Company reclassified $222,500 from obligation to issue shares to share capital.

During the year ended March 31, 2022, 9,780,000 common shares were returned to treasury with a fair value of $Nil. The shareholders agreed to surrender these shares to facilitate the resumption in the trading of the shares on the CSE, which followed the revocation of cease trade orders issued by the British Columbia Securities Commission and Ontario Securities Commission on April 22, 2021.

On August 13, 2021, the Company issued 200,000 common shares to settle $62,000 owed to an independent contractor. The Company recorded the common shares at their fair value of $58,000 and recorded the difference between the fair value of the shares issued and the amount owed of $4,000 as a gain on settlement of debt.

On January 10, 2022, the Company closed a Private Placement and issued 30,000,000 common shares (or common share equivalents) and Warrants to purchase up to an aggregate of 30,000,000 common shares at a purchase price of $0.10 per common share and associated Warrant. Each Warrant will entitle the holder to purchase one common share at an exercise price of $0.125 per common share for a period of five years following the issuance date. Included in the private placement are 500,000 common share equivalents issued which consisted of one pre-funded warrant (a "Pre-Funded Warrant"), which was exercisable for one common share at an exercise price of $0.0001 per common share and expired when exercised in full on January 14, 2022.

The 500,000 Pre-Funded Warrants were issued to those purchasers of common shares in the Private Placement that would result in the purchaser, beneficially owning more than 9.99% of the outstanding common shares following the consummation of the Private Placement. The Pre-Funded Warrants were converted to common shares on January 14, 2022. In connection with its role as placement agent, the Company paid H.C. Wainwright & Co. a cash fee of $210,000 and issued 2,100,000 broker warrants ("Broker Warrants") to nominees of H.C. Wainwright & Co. Each Broker Warrant will entitle the holder to purchase one common share at an exercise price of $0.125 per common share for a period of five years following the issuance date. The fair value of the Unit Finders' Warrants was estimated at $95,136 using the Black-Scholes option pricing model with the following assumptions: expected life – 5 years; expected volatility – 97%; dividend yield – $0; and risk-free rate – 1.42%. The Company also paid $147,592 of additional share issuance costs.

Transactions for the issue of shares for the year ended March 31, 2021:

On April 3, 2020, Altmed issued 4,000 common shares pursuant to warrant exercises for gross proceeds of $4. In connection with the warrants exercised, the original fair value of $1,199,996 was reversed from reserves and credited to share capital.

On April 6, 2020, Altmed issued 290 common shares for gross proceeds of $145,000 ($500 per share). Of the total proceeds, $60,000 received as at March 31, 2020 was applied towards the private placement completed.

On April 29, 2020, Altmed issued a total of 10,455 common shares pursuant to the Share Purchase Agreement with CRTCE (Note 3) with a total fair value of $5,227,500 ($500 per share).

On April 30, 2020, Altmed completed the RTO with Champignon and 75,674,000 Champignon's common shares with a fair value of $69,104,176 were issued to the Altmed shareholders and 2,000,000 Champignon's common shares were issued as finder's fees at the fair value of $1,700,000 (Notes 1 and 4).

10. Share capital (continued)

On June 11, 2020, the Company completed a private placement whereby a total of 17,647,500 units (the “Units”) were issued at a price of $0.85 per Unit for gross proceeds of $15,000,375. Each Unit consists of one common share and one half of one warrant (total warrants attached 8,823,750), with each whole warrant being exercisable at a price of $1.15 for a period expiring on June 11, 2022. No value was allocated to the warrant component of the Units. In connection with the Unit offering completed, the Company paid finders’ fees of $1,165,116 and issued a total of 1,235,326 finders’ warrants (the “Unit Finders’ Warrants”) for a fair value of $642,301. The Unit Finders’ Warrants are exercisable into Units of the Company at an exercise price of $0.85 and an expiration date of June 11, 2022. The fair value of the Unit Finders’ Warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected life – 1.7 years; expected volatility – 100%; dividend yield – $0; and risk-free rate – 0.25%.

During the year ended March 31, 2021, the Company issued 169,682 common shares on the exercise of finders’ warrants for gross proceeds of $50,905. In connection with the finders’ warrants exercised, the original fair value of $16,863 was reversed from reserves and credited to share capital in addition.

During the year ended March 31, 2021, the Company issued 500,000 common shares on the exercise of warrants for gross proceeds of $95,000.

As at March 31, 2021, the Company has recorded an obligation to issue shares in an amount of $255,500 pursuant to proceeds received on the exercise of 150,000 stock options ($33,000) and a consulting agreement ($222,500).

Escrowed shares

As at March 31, 2022 there were 9,369,001 shares and 1,350,000 warrants in escrow.

Stock options

The Directors of the Company adopted a Stock Option Plan on October 15, 2019 (the “Plan”) that allows it to grant options, subject to regulatory terms and approval, to its Officers, Directors, employees and certain consultants. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of up to 10% of the Company’s outstanding common shares, calculated from time to time.

A summary of the Company’s options as at March 31, 2022 and March 31, 2021, and changes during the years then ended is as follows:

	Year ended March 31, 2022		Year ended March 31, 2021	
	Options #	Weighted average exercise price $	Options #	Weighted average exercise price $
Outstanding options, beginning of year	8,400,000	0.62	-	-
Assumed on RTO (Note 4)	-	-	7,800,000	0.32
Granted	9,750,000	0.40	3,900,000	1.02
Exercised	-	-	(150,000)	0.22
Expired	(600,000)	0.22	-	-
Forfeited / Cancelled	(7,050,000)	0.36	(3,150,000)	0.38
Options outstanding, end of year	10,500,000	0.61	8,400,000	0.62

As at March 31, 2022 the Company had options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
3,750,000	3,750,000	0.99	3.12	May 11, 2025
6,750,000	2,250,000	0.395	4.16	May 28, 2026
10,500,000	6,000,000	0.61		

10. Share capital (Continued)

Stock options (Continued)

Granted during the period ended March 31, 2022:

On May 28,2021, the Company granted stock options to officers, directors and consultant to purchase an aggregate of 9,750,000 common shares at an exercise price of $0.395 per common share for up to five years. The options vested as follows: 1/3, 6 months from the date of issuance, 1/3, 12 months from the date of issuance and 1/3, 18 months from the date of issuance. The total grant date fair value of the options was measured at $2,680,684 using the Black-Scholes option pricing model using the following assumptions: share price of $0.395, exercise price of $0.395, risk-free rate of 0.75%, expected volatility of 91%, and expected life of 5 years. During the year ended March 31, 2022, the Company recognized $2,144,811 as share-based compensation for options that vested in the year.

On December 10, 2021, 3,000,000 options, which were issued on May 28, 2021, were cancelled and in accordance with IFRS 2, the cancellation was accounted for as an acceleration of the vesting terms and accordingly the remaining unvested stock based compensation of $277,751 was recognized as an expense at the cancellation date.

Granted during the year ended March 31, 2021:

The options assumed in connection with the RTO (Note 4) were outstanding and exercisable in the Company immediately prior to completion of the Transaction. The fair value of $4,868,532 assigned to the options assumed was determined using the Black-Scholes option pricing model with the following assumptions: share price of $0.85, exercise price of $0.22 to $0.50, risk-free rate of 0.29%, expected volatility of 100%, and expected life of 1.84 to 1.92 years.

On May 18, 2020, the Company granted stock options to an Officer and a consultant to purchase an aggregate of 3,750,000 common shares at an exercise price of $0.99 per common share for up to five years. The options vested upon grant. The grant date fair value of the options was measured at $2,742,595 using the Black-Scholes option pricing model.

On June 1, 2020, the Company granted stock options to a consultant to purchase an aggregate of 150,000 common shares at an exercise price of $1.69 per common share for up to two years. 75,000 options vested upon grant and 75,000 options will vest on December 1, 2020. The grant date fair value of the 75,000 options vested was measured at $66,131 using the Black-Scholes option pricing model.

For the year ended March 31, 2021, the assumptions for estimating the fair value of the options were as follows:

	Weighted average assumptions
Exercise price	$0.99 -$1.69
Stock price	$0.99 -$1.69
Expected volatility	100%
Risk-free rate	0.26%-0.33%
Expected life	4.89

Warrants

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements. The Company may also issue standalone compensatory warrants, which are valued using the Black-Scholes option pricing model.

10. Share capital (Continued)

Warrants (Continued)

A summary of the status of the Company's warrants as at March 31, 2022 and March 31, 2021, and changes during the years then ended is as follows:

	Year Ended March 31, 2022		Year ended March 31, 2021	
	Warrants #	Weighted average exercise price $	Warrants #	Weighted average exercise price $
Outstanding warrants, beginning of year	15,705,866	0.75	5,050	104
Issued	32,100,000	0.125	-	-
Exercised	(468,302)	0.16	(4,000)	0.001
Expired	(12,237,564)	0.96	-	-
Cancelled	-	-	(1,050)	500
Assumed on RTO (Note 4)	-	-	4,216,472	0.06
Issued – replacement warrants	-	-	2,100,000	0.25
Issued – unit warrants	-	-	8,823,750	1.15
Issued – Finders' Unit Warrants	-	-	1,235,326	0.85
Exercised	-	-	(669,682)	0.22
Warrants outstanding, end of year	35,100,000	0.11	15,705,866	0.75

As at March 31, 2022 the Company had warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price $	Weighted average remaining life (years)
3,000,000	3,000,000	0.005	2.11
32,100,000	32,100,000	0.125	4.78
35,100,000	35,100,000	0.11	4.56

Reserves

Reserves includes the accumulated fair value of stock options recognized as share-based compensation, the fair value of finders' warrants issued in connection with private placements, and the fair value of other standalone compensatory warrants issued. Reserves is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants are exercised.

Loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2022 was based on the loss of \$12,134,091 and a weighted average number of common shares outstanding of 175,243,678. The calculation of basic and diluted loss per share for the year ended March 31, 2021 was based on the loss of \$88,828,146 and a weighted average number of common shares outstanding of 157,639,956. All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

11. Related party transactions and balances

The Company's related parties include key management personnel, including Officers and Directors, and companies in which they have control or significant influence over the financial or operating policies of those entities.

The fair value of 4,950,000 stock options granted to Officers and Directors of the Company during the year ended March 31, 2022 was $1,088,904.

The aggregate value of other transactions with related parties during the year ended March 31, 2022 and 2021 is as follows:

	March 31, 2022 $	March 31, 2021 $
Consulting fees	-	482,854
Salaries	1,196,320	237,468
Professional fees	115,075	304,525
Rent	19,882	18,645
Products purchased from a pharmacy owned by the Vice President of Operations of the Company's subsidiary	210,720	132,555
	1,541,997	1,176,047

The Company has also identified a significant shareholder and contracted consultant of the Company (the "Consultant") as a related party for reporting purposes as the Consultant exerted significant influence over the Company. The Consultant was also a shareholder of Altmed and was issued common shares of Champignon on the closing of the RTO (Note 4). In addition, the consultant was paid consulting fees of $Nil (March 31, 2021 - $60,000) during the period ended March 31, 2022.

For the year ended March 31, 2022, $82,276 (March 31, 2021 - $109,327) was owed to related parties of the Company which is included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

12. Financial risk management

Capital management

The Company's objective in managing capital is to ensure sufficient liquidity to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through private placements of common shares or units.

The Company is not subject to externally imposed capital requirements and does not present utilize any quantitative measures to monitor its capital.

There were no changes in the Company's management of capital during the year ended March 31, 2022.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The fair value of cash is measured using Level 1 inputs. The fair value of convertible notes receivable is measured using Level 3 inputs (Note 5). The carrying value of promissory note payable and accounts payable approximates the fair values due to their short-term term to maturity or guaranteed cash value at maturity.

12. Financial risk management (continued)

The fair value of the CEBA loan payable approximates to its face value (Note 13).

The following table shows the valuation techniques used in measuring Level 3 fair values for convertible notes receivable, as well as the significant unobservable inputs used.

Type	Valuation Technique	Key Inputs	Inter-relationship between significant inputs and fair value measurement
Convertible notes receivable	The fair value of convertible notes receivable at the year-end has been calculated using a Binomial option pricing model together with a discounted cash flow model.	*Key observable inputs* • Share price of $0.2448 • Exercise price of $1.00 • Risk-free interest rate of 1.63% • Expected life of 0.75 years *Key unobservable inputs* • Discount rate of 14.82% • Expected volatility of 84%	The estimated fair value would increase (decrease) if: • The share price was higher (lower) • The risk-free interest rate was higher (lower) • The discount rate was (higher) lower • The expected volatility was was higher (lower)

Sensitivity analysis

For the fair values of convertible notes receivable, reasonably possible changes to expected volatility and the discount rate, the significant unobservable inputs, holding other inputs constant would have the following effects:

	March 31,2022 $	
Convertible notes receivable Comprehensive loss	Increase	Decrease
Discount rate (4% movement vs. the model input)	(15,700)	16,300
Expected volatility (20% movement vs. the model input)	28,700	(29,700)

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and currency risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low.

The Company has minimal credit risk exposure in respect of receivables, as they primarily consist of refundable credits are due from Canadian Government. The Company is also exposed to credit risk related to the Company's convertible notes receivable. The credit risk related to the convertible notes receivable is considered low as the Company is contemplating closing an acquisition of the shares of the borrower (Note 16(c)).

(b) 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. As at March 31, 2022, the Company did not have any financial instruments subject to interest rate risk.

12. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of March 31, 2022, the Company had current assets of $9,663,223 to cover short term obligations of $2,538,252.

Historically, the Company's sole source of funding has been through share and unit offerings. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

13. CEBA loans

During the year ended March 31, 2021, the Company received an aggregate $60,000 from Canada Emergency Business Account ("CEBA") which were interest free loans from the Government of Canada. If the Government of Canada is repaid by December 31, 2022, $20,000 will be forgiven. If the Company is not able to repay, the loan will convert into a regular loan with a three-year term at 5% per annum. Upon initial recognition, the Company recorded a gain of $12,612.

	Total $
Balance, March 31, 2020	-
CEBA loan addition	60,000
Gain on government debt	(12,612)
Accretion	1,228
Balance, March 31, 2021	48,616
Accretion	3,934
Balance, March 31, 2022	52,550
Less current portion	-
Non-current portion of loan payable	52,550

14. Promissory note payable

On September 11, 2019, Altmed entered into a Promissory Note Agreement with an arm's length party for gross proceeds of $50,000 (the "Loan"), net of $33 in bank fees. The Loan is non-interest bearing, due on demand and unsecured.

15. Segmented information

Operating segment information:

As at March 31, 2022 and March 31, 2021, the Company operates in one reportable segment, the Health segment, and in one geographic region, being Canada.

16. Commitments

a) On May 15, 2020, Altmed entered into an Independent Contractor Agreement (the "IC Agreement") with an arm's length consultant that carries a term of 2 years, expiring on May 15, 2022. The IC Agreement can be terminated for any reason, by either party, on six months' prior written notice.

Pursuant to the terms of the IC Agreement, the consultant will be paid $15,000 per month (plus sales tax) plus be reimbursed for any disbursements incurred. Further, the IC Agreement requires the Company to issue a total of 250,000 common shares on or after June 11, 2020 for services previously provided (the "Share Commitment"). As at March 31, 2021, the Company has recorded the value of the Share Commitment at $222,500 ($0.89 per share). During the period ended March 31, 2022, the Company issued 250,000 common shares to settle this commitment.

16. Commitments (continued)

b) On August 24, 2021, the Company agreed to engage H.C. Wainwright & Co., LLC as exclusive agent, advisor or underwriter in any offering of equity-linked securities of the Company for a period of 30 days. If an offering is consummated within the first 30 days, the term will extend for an additional 150 days.

In consideration for these services, at the closing of each offering, the Company will pay Wainwright a cash fee of between 3% and 7% of the aggregate gross proceeds raised in the offering. The Company will also issue Wainright warrants to purchase a number of common shares of the Company equal to between 3% and 7% of the aggregate number of shares placed in the offering. The warrants will have a term of three years and an exercise price equal to the offering price per share. The Company also agreed to pay US$100,000 of expenses incurred.

c) On October 26, 2021, the Company entered into a non-binding letter of intent (LOI) with a private health services company ("PrivateCo"). The proposed transaction may involve a merger, business combination, amalgamation, purchase of assets or shares, reorganization or similar transaction should certain criteria be achieved. The LOI may be terminated without any further action by either party if a definitive agreement is not entered into within 45 days of the date of the LOI. As part of the LOI the Company provided US$535,000 in working capital to the company in exchange for a convertible notes bearing interest at 8% and maturing December 31, 2022 as described in Notes 5 and 20. The note is convertible into common shares of the private company. Should an agreement not be entered into within 45 days, or by such other date as the parties may agree, the Company would pay a penalty equal to the greater of $50,000 or 9% of any capital raised during that time period.

On February 24, 2022, the Company entered into an amended and restated non-binding LOI with PrivateCo. The revised LOI sets out the principal terms of the proposed purchase of PrivateCo by the Company. Pursuant to the revised LOI the Company will acquire all of the issued and outstanding shares of PrivateCo through the issuance of common shares of the Company, such that upon completion of the acquisition the PrivateCo shareholders would hold 17.5% of the post closing outstanding shares of the Company. If the Company is able to raise US$10,000,000 prior to the proposed acquisition, the Company will advance an additional US$2,364,499.50 to PrivateCo to prepay convertible notes issued by PrivateCo that are not held by the Company.

The revised LOI also provides for additional shares of the Company to be issued to PrivateCo's nominees if certain market capitalization and financial performance milestones are met. The Company would also be required to reimburse PrivateCo legal costs of up to US$50,000.

The transaction had not closed as of the date of these financial statements.

17. Contingencies

On April 23, 2021, the Tassili Life Sciences Corp, a wholly-owned subsidiary of the Company was served with a lawsuit by the University of Miami alleging breach of contract and unjust enrichment under the laws of the state of Florida. The plaintiff was seeking damages in the amount of US$1,299,580, costs of the action plus other relief as appropriate. The Company settled the claim for $64,639 (USD$50,000). The Company had previously recorded within accounts payable a provision for litigation of $1,623,956. Subsequent to March 31, 2022, the settlement was considered an adjusting subsequent event and recorded as of March 31, 2022, where the Company recorded a reduction of provision for litigation of $1,559,317 to reduce the amount included in accounts payable to the settlement amount of $64,639 as of March 31, 2022.

On May 3, 2021, the Company was served with a notice of civil claim in a proposed class proceeding in British Columbia against the Company, its CEO, certain of its former officers, a shareholder, and underwriters which were engaged in connection with a private placement financing for the Company in June 2020. The claim was based on allegations relating the Company's disclosure documents regarding the value of three acquisitions made by the Company in 2020 and related matters. The plaintiff was seeking an unspecified monetary amount of damages for the proposed class.

On August 26, 2021, the Company was served with a class action complaint in the United States District Court for the Central District of California against the Company, its former CEO and director, and its former President and director. The complaint alleges that the Company and the individual defendants violated ss. 10(b) and 20(a) of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The complaint was based on allegations relating the Company's disclosure documents regarding four acquisitions made by the Company in 2020 and related matters. The plaintiff was seeking an unspecified amount of damages for the proposed class.

17. Contingencies (continued)

On April 13, 2022, the Company announced that it had reached an agreement in principle (the “US Settlement”) to settle claims alleged in a securities class action (“US Class Action”) pending against the Company and certain of its former officers filed in the United States District Court for the Central District of California in April, 2021. The Company also announced it had signed a settlement agreement (the “Canadian Settlement”) to resolve a class action lawsuit filed in the British Columbia Supreme Court in May 2021 against the Company, its CEO, certain of its former officers, a shareholder, and underwriters.

The US Settlement contemplates a cash payment by the Company of USD$1,000,000 to settle the US Class Action. The Canadian Settlement contemplates a cash payment of $1,900,000, of which the Company will be paying $1,600,000. The total cost to the Company to settle both class actions, after available insurance, will be approximately $1,349,600. During the year ended March 31, 2022 the Company recorded $1,349,600 as provision for litigation within accrued liabilities.

Both the US Settlement and the Canadian Settlement are subject to court approval at hearings expected later in 2022. Once the US Settlement and the Canadian Settlement receive court approval, both class actions will be dismissed against all defendants, including the Company and its officers.

18. Discontinued operations

On April 30, 2020, the Company completed a RTO with Champignon (Note 4). Champignon operated a tea business which was terminated to focus on the Company’s health segment. Accordingly, the comparative consolidated statement of comprehensive loss has been re-presented separately between continuing and discontinued operations. The Company has made an accounting policy choice to present details of net cash flows from discontinued operations in this note to the consolidated statements. Unless otherwise specified, all other notes to the consolidated financial statements do not include amounts from discontinued operations.

Financial information relating to the discontinued operations for the period is set out below.

The results of the the Company’s tea business presented as loss for the year from discontinued operations in the statements of comprehensive for the year ended March 31, 2021 are as follows:

	$
Revenue	(100,316)
Cost of goods sold	78,839
Gross margin	(21,477)
Other	(6,000)
Goodwill impairment (Notes 4 and 8)	260,000
Inventory impairment	34,850
Website impairment (Note 8)	108,929
Total expenses	137,779
Total loss from discontinued operations	376,302

The net cash flows used in the discontinued operations to the date of disposal are as follows:

	$
Net cash used in operating activites	137,779
Net cash used in investing activites	-
Net cash used in financing activites	-
Cash flows from discontinued operations	137,779

19. Income tax

A reconciliation of income taxes at the statutory rate with the reported taxes is as follows:

	March 31, 2022 $	March 31, 2021 $
Loss before income taxes	(12,179,358)	(88,828,146)
Statutory rate	27.00%	27.00%
Expected income tax recovery	(3,288,427)	(23,983,599)
Deductible issuance costs	(159,466)	(314,581)
Non-deductibles expenses	687,347	21,785,709
Increase in unrecognized deferred taxes	2,715,279	2,512,471
Deferred income tax recovery	(45,267)	-

Details of unrecognized deferred tax assets are as follows:

	March 31, 2022 $	March 31, 2021 $
Deferred income tax assets:		
Share issuance costs	328,905	251,665
Non-capital losses carried forward	4,911,822	2,273,783
Total deferred income tax assets	5,240,727	2,525,448
Less: unrecognized deferred tax assets	(5,240,727)	(2,525,448)
Deferred income tax assets	-	-

The non-capital losses totaling $18,291,931, expiring from 2040 to 2042, may be carried forward to apply against future years income tax for Canadian purposes. Tax attributes are subject to revision, and potential adjustment by tax authorities.

The Company also recognized a deferred tax liability of $240,089 (2021 - $285,356) for the temporary differences of the license acquired from CRTCE acquisition (Note 3).

20. Subsequent event

Subsequent to March 31, 2022, the Company lent US$100,000 to PrivateCo in exchange for a fourth convertible note receivable with the same terms as the previous convertible notes receivable described in Note 5.