WESANA HEALTH HOLDINGS INC. (FORMERLY DEBUT DIAMONDS INC.)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three-months ended March 31, 2023 and 2022

(Expressed in United States Dollars)

Notice to Reader of Condensed Interim Consolidated Financial Statements

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

WESANA HEALTH HOLDINGS INC. (FORMERLY DEBUT DIAMONDS INC.)

Unaudited Condensed Interim Consolidated Statements of Financial Position
Expressed in United States Dollars

As at		**March 31, 2023**		December 31 2022
Assets				
Current assets				
Cash and cash equivalents	**$**	**368,383**	$	446,386
Trade and other receivables		**59,359**		37,113
Promissory note receivable (Note 5 and 10)		**1,280,028**		1,236,839
Investments (Note 5)		**2,625**		4,200
Prepaid expenses		**70,961**		156,812
Assets held for sale (Note 9)		**51,273**		52,829
Total assets	**$**	**1,832,629**	$	1,934,179
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**535,558**	$	480,773
Short-term debt (Note 6)		**237,451**		295,129
Other liability (Note 10)		**193,163**		193,163
Deposit received on assets held for sale		**300,000**		-
		1,266,172		969,065
Total liabilities		**1,266,172**		969,065
Shareholders' and Members' equity				
Share capital (Note 7)		**37,740,010**		37,740,010
Share-based payments reserve (Note 7)		**3,693,756**		3,464,587
Warrants reserve (Note 7)		**2,925,781**		2,925,781
Deficit		**(43,680,337)**		(43,025,569)
Accumulated other comprehensive loss		**(112,753)**		(139,695)
Total Equity		**566,457**		965,114
Total liabilities and equity	**$**	**1,832,629**	$	1,934,179

Going concern (Note 2)
Subsequent events (Note 14)

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on May 29, 2023 and were signed on its behalf:

(s) "Robert Koffman"
Robert Koffman

(s) "Daniel Carcillo"
Daniel Carcillo

WESANA HEALTH HOLDINGS INC. (FORMERLY DEBUT DIAMONDS INC)

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Expressed in United States Dollars

For the:		Period ended March 31, 2023		Period ended March 31, 2022
Administrative expenses				
General and administration	**$**	**81,779**	$	549,270
Professional fees		**123,069**		448,250
Finance and other expenses		**472**		63,009
Foreign exchange (gain) loss		**4,320**		99,199
Sales and marketing		**-**		44,060
Share based payments (Notes 7 and 8)		**229,169**		1,025,752
Listing, filing and transfer agent fees		**11,768**		66,143
Total administrative expenses		**450,577**		2,295,683
Other items				
Fair value loss on remeasurement (Note 6)		**1,575**		(3,150)
Interest income (Note 4)		**(43,189)**		-
(Loss) from continuing operations		**(408,963)**		(2,292,533)
(Loss) from discontinued operations (Note 9)		**(245,805)**		(2,561,324)
Net loss	**$**	**(654,768)**	$	(4,853,857)
Other comprehensive loss (continuing operations)				
To be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment on operations		**26,942**		71,496
Total comprehensive loss	**$**	**(627,826)**	$	(4,782,361)
Net loss per share				
Net loss per share from continuing operations	**$**	**0.01**	$	0.07
Net loss per share from discontinued operations	**$**	**0.01**	$	0.08
Basic and fully diluted loss per share/unit	**$**	**0.02**	$	0.15
Weighted average number of shares/units outstanding				
Basic and Diluted		**35,039,393**		33,312,555

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

WESANA HEALTH HOLDINGS INC. (FORMERLY DEBUT DIAMONDS INC)

Unaudited Condensed Interim Consolidated Statements of Cash Flows
Expressed in United States Dollars

For the:		Period ended March 31, 2023		Period ended March 31, 2022
Operating activities				
Net (loss) from continuing operations for the year	**$**	**(408,963)**	$	(2,292,533)
Add (deduct) items not involving cash				
Accretion and interest income (Note 6)		**(43,189)**		-
Share-based payments (Note 7)		**229,169**		1,025,752
Fair value losses on remeasurement		**1,575**		(3,150)
Listing Fees - DDI investment		**-**		66,143
Changes in non-cash working capital items:				
Decrease (increase) in trade and other receivables		**(22,246)**		(45,796)
Decrease (increase) in prepaid expenses		**85,851**		431,565
(Decrease) increase in accounts payable and accrued liabilities		**54,785**		(9,198)
Cash (used in) provided by operating activities for continuing operations		**(103,018)**		(827,217)
Cash used in operating activities for discontinued operations (Note 9)		**(237,980)**		(2,506,495)
Cash used in operating activities	**$**	**(340,998)**	$	(3,333,712)
Investing activities				
Cash from (used in) investing activities for discontinued operations (Note 9)		**300,000**		(51,696)
Cash from investing activities	**$**	**300,000**	$	(51,696)
Financing activities				
Debt financing, net of payments (Note 6)		**(63,947)**		(94,730)
Cash from financing activities for continuing operations		**(63,947)**		(94,730)
Cash from (used in) financing activities for discontinued operations (Note 9)		**-**		(17,881)
Cash from financing activities	**$**	**(63,947)**	$	(112,611)
(Decrease) Increase in cash and cash equivalents		**(104,945)**		(3,498,019)
Effect of foreign exchange on cash and cash equivalents		**26,942**		115,302
Cash and cash equivalents, beginning of the period		**446,386**		6,576,088
Cash and cash equivalents, end of the period	**$**	**368,383**	$	3,193,371

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

WESANA HEALTH HOLDINGS INC. (FORMERLY DEBUT DIAMONDS INC)

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

Expressed in United States Dollars, except share amounts

	Number of Super Voting Shares	Number of Proportionate Subordinate Voting Shares	Number of Subordinate Voting Shares	Share capital	Warrant reserve	Share-based payment reserve	Accumulated other comprehensive (loss)	Deficit	Total Deficiency
Balance December 31, 2021	134,418	149,911	19,084,439	$ 37,045,126	$ 2,545,228	$ 2,565,269	$ (14,740)	$ (34,426,298)	$ 7,714,585
Share conversions MVS to SVS (Note 7)	-	(4,252)	212,600	-	-	-	-	-	-
Exercise of restricted shares units	-	-	70,000	167,832	-	(167,832)	-	-	-
Share based payments (Note 7)	-	-	-	-	-	1,069,558	-	-	1,069,558
Accumulated other comprehensive loss	-	-	-	-	-	-	71,496	-	71,496
Net loss for the period				-	-	-	-	(4,853,857)	(4,853,857)
Balance March 31, 2022	134,418	145,659	19,367,039	37,212,958	2,545,228	3,466,995	56,756	(39,280,155)	4,001,782

	Number of Super Voting Shares	Number of Proportionate Subordinate Voting Shares	Number of Subordinate Voting Shares	Share capital	Warrant reserve	Share-based payment reserve	Accumulated other comprehensive loss	Deficit	Total Equity
Balance December 31, 2022	134,418	152,066	20,633,772	$ 37,740,010	$ 2,925,781	$ 3,464,587	$ (139,695)	$ (43,025,569)	$ 965,114
Share based payments (Note 7)	-	-	-	-	-	229,169	-	-	**229,169**
Accumulated other comprehensive loss	-	-	-	-	-	-	-	-	**-**
Net loss for the period	-	-	-	-	-	-	26,942	(654,768)	**(627,826)**
Balance March 31, 2023	**134,418**	**152,066**	**20,633,772**	**$ 37,740,010**	**$ 2,925,781**	**$ 3,693,756**	**$ (112,753)**	**$ (43,680,337)**	**$ 566,457**

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

1. Nature of operations

Wesana Health Holdings Inc. (formerly Debut Diamonds Inc.) ("Wesana", "we", "our", or the "Company") was incorporated under the laws of Ontario on October 17, 2007 and was continued under the laws of British Columbia on May 6, 2021. The head office address is 433 W Van Buren St, Suite 200, Chicago, IL 60607 and the registered office is located at 745 Thurlow St. Vancouver, BC V6E 0C5. The Subordinate Voting Shares of the Company are traded on the Canadian Securities Exchange and on OTCQB® Venture Market under the trading symbol "WESA" and "WSNAF", respectively.

On May 6, 2021, Debut Diamonds Inc. ("DDI"), Wesana Health Inc. ("WHI" - a Delaware private corporation), and 1288079 B.C. Ltd ("Finco" - a BC private corporation associated with WHI), completed a reverse takeover of DDI by WHI and its shareholders (the "Transaction"). DDI was renamed Wesana Health Holdings Inc. as a part of completion of the Transaction and as a result of the Transaction, the Company now holds 100% of the WHI common shares. The Transaction has been accounted for as a reverse takeover transaction with WHI being the acquirer and continuing its operations.

Description of the Company

Wesana was an emerging life sciences company championing the development and delivery of psychedelic and naturally-sourced therapies to treat traumatic brain injury ("TBI"). Through clinical research and academic partnerships, the Company was developing evidence-based formulations and protocols that empower patients to overcome neurological, psychological and mental health ailments caused by trauma. It discontinued the psychedelic business in August 2022 and disposed of the assets in March 2023, and is now looking for new business opportunities.

2. Basis of preparation

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), specifically International Accounting Standard ("IAS") 34 Interim Financial Reporting. The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2022.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, these condensed interim consolidated financial statements should be read together with the annual consolidated financial statements for the year ended December 31, 2022.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 29, 2023.

Going Concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern, management has considered all available information about the future, which is at least, but not limited to, the twelve months from March 31, 2023.

2. Basis of presentation (continued)

As at March 31, 2023, the Corporation has $368,383 in cash and cash equivalents (December 31, 2022 - $446,386), $566,457 in working capital (December 31, 2022 - $965,114) and cash used in operating activities of $340,998 (2022 - $3,333,712) for the period ended March 31, 2023. The Company currently has insufficient cash to fund its operations for the next twelve months. Whether and when the Company can attain profitability and positive cash flow is uncertain. These material uncertainties cast a significant doubt upon the Company's ability to continue as a going concern.

In assessing whether the going concern assessment was appropriate, management took into account all relevant information available about the future, which was at least, but not limited to, the twelve-month period following March 31, 2023. To address its financing requirements, the Company will seek financing through debt and equity financings and rights offerings to existing shareholders. The Company will also seek to improve its cash flows by prioritizing certain projects with a greater expected return and reducing operating costs by streamlining its operations and support functions. While the Company has been successful in obtaining financing to date, and believes it will be able to obtain sufficient funds in the future, the Company's ability to raise capital may be adversely impacted by market conditions that have resulted in a lack of normally available financing in the psychedelic industry, the Company's ongoing litigation matters, and increased competition across the industry. Accordingly, there can be no assurance that the Company can achieve profitability, or secure financing on terms favourable to the Company or at all.

Should the Company by unable to generate sufficient cash flow from financing and operating activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these financial statements should such events impair the Company's ability to continue as a going concern.

Presentation and functional currency

These unaudited condensed interim consolidated financial statements are presented in United States dollars. Each entity within the unaudited condensed interim consolidated financial statements determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. The Company's functional currency is Canadian Dollars and the table below summarizes the functional currency of each subsidiary.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

These unaudited condensed interim consolidated financial statements include the accounts of the Company, its subsidiaries and clinics in the United States that are owned solely by state-licensed physicians and organized as physician practices or professional medical corporations ("PMCs").

2. Basis of presentation (continued)

Subsidiaries

These unaudited condensed interim consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities over which Wesana has control. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to variable returns from its activities. The annual unaudited condensed interim consolidated financial statements of the Company include:

Subsidiaries	Jurisdiction	Functional Currency	Equity interests (2023)	Equity interests (2022)
WeSana Health Inc.	Delaware, USA	United States Dollars	100%	100%
Wesana Health Clinics Corp.	Delaware, USA	United States Dollars	100%	100%
Wesana Solutions Inc.	Ontario, Canada	United States Dollars	100%	100%

3. Significant accounting policies

The accounting policies and the methods of computation, as well as the use of estimates and judgments described in the Company's annual consolidated financial statements, have been applied consistently to all periods presented in these condensed interim consolidated statements unless otherwise indicated. The accounting policies have been applied consistently by all subsidiaries.

a) Use of estimates and judgments

Share-based compensation

In calculating share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used.

Inputs when using Black-Scholes valuation model

The estimates used in determining the stock option and warrant fair values, utilizes estimates made by management in determining the appropriate input variables in the Black-Scholes valuation model. Inputs subject to estimates include volatility, forfeiture rates, estimated lives and market rates.

(Expressed in United States dollars)

3. Significant accounting policies (continued)

Deferred taxes

Significant estimates are required in determining the Company's income tax provision. Some estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favourable or unfavourable effects on the Company's future effective tax rate. These include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, and results of tax audits by tax authorities.

Assets held for sale

The determination as to whether a disposal group meets the requirements to be classified as held for sale, and the assets and liabilities to be included within that disposal group, requires management to exercise judgement when making these determinations. Management must also exercise judgement when determining at which date all of the criteria are satisfied to be classified as held for sale. Management must also use estimates when determining the fair value less costs to sell of the disposal group to assess if the carrying value of the disposal group is greater than its recoverable amount.

b) Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that there were none that would have a significant impact on the Company.

4. Promissory note receivable

On September 1, 2022, in connection with the sale of the shares of APM (Note 10), the Company entered into an unsecured promissory note receivable agreement with the purchaser, APS Innovations LLC ("APSI"), that is a related party controlled by a senior officer of a subsidiary of the Company, for a principal amount of $1,223,989.

On September 22, 2022, APSI paid principal and interest of $43,300, and the Company and APSI agreed that the unpaid interest accrued monthly up to February 28, 2023 would be added to principal for calculating of interest, and interest would be paid monthly beginning March 31, 2023, with the remaining balance due on September 1, 2023. This note receivable bears annual interest rate of 14% and has been accounted for as an amortized cost financial asset.

Balance, December 31, 2021	**$**	**-**
Principal		1,223,989
Interests		56,150
Repayment		(43,300)
Balance, December 31, 2022		**1,236,839**
Balance, December 31, 2022	**$**	**1,236,839**
Interests		43,189
Repayment		-
Balance, March 31, 2023		**1,280,028**

As of March 31, 2023, the carrying amount of the note receivable is $1,280,0028 (December 31, 2022 - $1,236,839)) and interest income recorded during the period ended March 31, 2023 is $43,189, which is included in other income.

(Expressed in United States dollars)

5. Investments

Entity	Instrument	Classification		December 31, 2022		Acquired		FV Change		March 31, 2023
EHave Inc Shares		FVTPL	$	4,200	$	-	$	(1,575)	$	2,625
Total			**$**	**4,200**	**$**	**-**	**$**	**(1,575)**	**$**	**2,625**

Ehave Inc.

On September 8, 2021, as part of a business acquisition, the Company acquired 1,050,000 shares of Ehave Inc. As at March 31, 2023, the fair value of the investment has been revalued to $2,625 (December 31, 2022: $4,200). The loss on revaluation was recorded in the unaudited condensed interim consolidated statements of loss and comprehensive loss pertaining to continuing operations.

6. Short-term debt

		As at March 31, 2023		As at December 31, 2022
	$	-	$	-
CAFO - Premium Installment Contract (i)		-		63,947
K2 Principal Loan (ii)		237,451		231,182
	$	237,451	$	295,129

(i) CAFO

During the year ended December 31, 202, the Company entered into a Continuous Premium Instalment Contract with CAFO (the “Lender”) for a principal amount of $353,000. The purpose of the financing was so that the Company can pay the annual insurance policy cost.

In respect to the financing provided by the Lender, the Company agreed to repay the principal amount in equal monthly instalments over the period of June 6, 2022 to February 6, 2023. This short-term debt has been accounted for as an amortized cost financial liability. The principal amount bears interest at a rate of 6.5% per annum calculated and compounded monthly, payable on the 6th day of each month the principal amount remains outstanding.

The balance was paid of in the period ended March 31, 2023. As of March 31, 2023, the carrying amount of the short-term debt is $nil (December 31, 2022 - $63,947), and the interest expense incurred during the three-months ended March 31, 2023 is $nil, which is included in finance and other expenses.

(ii) K2 Principal Loan

On December 21, 2022 the Company’s subsidiary WHI received an unsecured short term loan in an aggregate principal amount of $250,000 from an arm’s length lender. The loan bears interest at a rate of 10% per annum, which interest will accrue and be payable upon maturity date that is nine months from the date of the loan, provided that in certain circumstances such maturity date will be automatically extended to be one year from the date of the loan. The Company recorded the fair value of the loan to be $231,182 on the date of the loan, and recorded $19,969 gain on financial instruments. The Company accrued $1,151 interest expense for the period ended December 31, 2022 and $6,269 for the period ended March 31, 2023.

(Expressed in United States dollars)

7. Share Capital

a) Authorized

The Company is authorized to issue an unlimited number of Subordinate Voting Shares ("SVS"), Multiple Voting Shares ("MVS") (referred to herein as the Proportionate Subordinate Voting Shares) and Super Voting Shares.

b) Issued and outstanding

As at March 31, 2023, there were 20,633,772 Subordinate Voting Shares, 152,066 Proportionate Subordinate Voting Shares, and 134,418 Super Voting Shares. Subject to their terms and conditions, each Proportionate Subordinate Voting Share and Super Voting Share can be converted into Subordinate Voting Shares on a 1:50 basis. On March 16, 2022, 70,000 restricted stock units vested, resulting in the issuance of 70,000 Subordinate Voting Shares for no cash proceeds;

i. On May 2, 2022, the Company issued 17,158 Proportionate Subordinate Voting Shares at a price of C$36.50 per unit and 641,154 Subordinate Voting Shares at a price of C$0.73 per unit for gross proceeds of $848,631 (C$1,094,309) upon the closing of a private placement financing. Each respective unit consists of one voting share and one purchase warrant;
ii. On September 15, 2022, 88,029 restricted stock units vested, resulting in the issuance of 88,029 Subordinate Voting Shares for no cash proceeds;
iii. During the year ended December 31, 2022, a total of 15,003 Proportionate Subordinate Voting Shares were converted to 750,150 Subordinate Voting Shares, resulting in the net issuance of 750,150 Subordinate Voting Shares.

c) Warrants

i. On May 2, 2022, in connection with the private placement financing, the Company issued 641,154 warrants at an exercise price of C$0.90 per Subordinate Voting Share and 17,158 warrants at an exercise price of $45.00 per Proportionate Subordinate Voting Share.

Warrant transactions and the number of warrants outstanding are summarized as follows:

Subordinate Voting Share Warrants	Number of Warrants	Weighted Average Exercise Price (C$)	Weighted average remaining contractual life (years)
Balance December 31, 2021	3,913,141	2.60	0.35
Issued	641,154	0.90	1.96
Balance December 31, 2022 and March 31, 2023	4,554,295	2.36	0.57

The following Subordinate Voting Share warrants were outstanding and exercisable at March 31, 2023:

Issue Date	Expiry Date	Exercise Price (C$)	Number of Warrants Outstanding	Number of Warrants Exercisable
May 6, 2021	May 6, 2023	2.60	3,832,233	3,832,233
September 8, 2021	May 25, 2023	2.69	80,908	80,908
May 2, 2022	May 2, 2025	0.90	641,154	641,154
Balance December 31, 2022 and March 31, 2023		2.52	4,554,295	4,554,295

(Expressed in United States dollars)

7. Share Capital (continued)

The 3,822,233 warrants expired on May 6, 2023 unexercised. The 80,908 warrants expired unexercised on May 25, 2023.

Proportionate Subordinate Voting Share Warrants	Number of Warrants	Weighted Average Exercise Price (C$)	Weighted average remaining contractual life (years)
Balance December 31, 2021	-	-	-
Issued	17,158	45.00	1.96
Balance December 31, 2022 and March 31, 2023	17,158	45.00	1.96

Issue Date	Number of Warrants Outstanding	Number of Warrants Exercisable
May 2, 2022	17,158	17,158
Balance December 31, 2022 and March 31, 2023	17,158	17,158

d) Agent Options

In connection with the issue and sale of the subscription receipts as part of the brokered private placement on March 30, 2021, the agents were provided with a total of 386,424 Compensation Options entitling the holder to purchase one common share at the Subscription Price of CAD$2.10 for a period of 24 months ("Agent Options").

Agent Options and the number of Agent Options outstanding are summarized below. The value associated to Agent Options has been included in share-based payment reserve.

	Number of Options	Weighted Average Exercise Price (C$)
Balance December 31, 2021 and 2022	386,424	$ 2.10
Balance March 31, 2023	386,424	$ 2.10

e) Options

The Company has a rolling incentive plan (the “Incentive Plan”), under which the maximum number of Subordinate Voting Shares (“Shares”) reserved for issuance under the Incentive Plan at any one time shall not exceed at any time 15% of the then-issued and outstanding shares (on as converted to Subordinate Voting Share basis in respect of the then-issued and outstanding Super Voting Shares and Proportionate Subordinate Voting Shares).

Under the Incentive Plan, the Board of Directors may, from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company. Pursuant to the Incentive Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceed ten (10) years from the date of grant. The minimum exercise price of an option granted must not be less than the closing price of the Shares on the Date of Grant.

7. Share Capital (continued)

i. On February 21, 2022, the Company granted 194,000 stock options to officers, employees and consultants of the Company. These stock options have an exercise price of C$1.25 and expire on February 21, 2027. The stock options vest and have multiple vesting periods as follows:

a. 194,000 options have 1/3 of the balance vest on each of the dates that is one (1), two (2) and three (3) years from the Date of Grant.

ii. During the year ended December 31, 2022 the Company forfeited 424,271 stock options previously granted to officers, employees and consultants of the Company.

The options granted during the year ended December 31, 2022 have a fair value of $121,412 (CAD$151,717) estimated using the Black-Scholes option pricing model with the following weighted average assumptions.

The prices specified in the table below are denominated in Canadian dollars.

		December 31, 2022
Stock price	CAD $	1.01
Exercise price of option	CAD $	1.25
Expected term (in years)		5.00
Risk-free interest rate		1.72%
Estimated volatility		111.64%
Expected forfeiture rate		0.00%
Estimated dividend yield		N/A

The risk-free interest rate is based on yields on Bank of Canada bonds that correspond with the term of the option contracts. Stock prices are taken from the closing market price on the option grant dates. Terms are stated in each option contract. There are no dividends on the underlying stock, hence dividends were not considered when running the Black-Scholes option pricing model. Volatility is estimated using the standard deviation of comparable companies.

During the period ended March 31, 2023, the Company recognized $229,169 (2022 - $449,740) in share-based compensation related to stock options using the graded vesting method.

Options transactions and the number of options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price (C$)	
Balance December 31, 2021	2,611,953	$	3.01
Granted	194,000		1.25
Cancelled/ forfeited	(424,271)		0.19
Balance December 31, 2022 and March 31, 2023	2,381,682	$	3.37

(Expressed in United States dollars)

7. Share Capital (continued)

Range of exercise prices ($CAD/option)	Number, outstanding as at March 31, 2023	Number, exercisable at March 31, 2023	Weighted Average Remaining Contractual Life (years)
$0.00 - $1.00	-	-	-
$1.01 - $2.00	60,000	20,000	3.90
$2.01 - $3.00	1,189,448	522,636	3.34
$3.01 - $4.00	1,132,234	618,159	3.16
Balance as at March 31, 2023	2,381,682	1,160,795	3.24

f) Restricted share units ("RSUs")

The following table summarizes the Company's RSUs as of March 31, 2023 and December 31, 2022, and changes during the periods then ended:

	Number of RSUs	Weighted Average Value at Date of Grant (C$)
Balance December 31, 2021	1,175,336	$ 2.86
Granted	188,029	0.95
Exercised	(158,029)	1.84
Cancelled	(866,700)	3.05
Balance December 31, 2022 and March 31, 2023	338,636	$ 2.32

On February 21, 2022, the Company granted 163,927 RSUs to consultants of the Company. The RSUs vest as follows:

a. 100,000 RSUs have 1/3 of the balance vest on each of the dates that is one (1), two (2) and three (3) years from the Date of Grant.
b. 63,927 RSUs vest on the four-month anniversary from the date of grant.

On May 2, 2022, the Company granted 24,102 RSUs to consultants of the Company, which vest on the four-month anniversary from the date of grant.

During the year ended December 31, 2022, a total of 866,700 RSUs were forfeited and reacquired for cancellation by the Company at no cost to the Company.

The RSUs granted during the year ended December 31, 2022 have a fair value of $142,783 (CAD$178,822) (2021 - $2,653,378; CAD$3,363,952). During the year ended December 31, 2022, the Company recognized $37,527 (CAD$48,834) in share-based compensation expenses related to RSUs using the graded vesting method.

As at March 31, 2023 the total number of RSUs exercisable is 225,303.

g) Loss per share

The calculation of basic and diluted loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potentially dilutive shares such as options, convertible debt and warrants have not been included as they would have the effect of decreasing the loss per share, and they would therefore be anti-dilutive.

(Expressed in United States dollars)

8. Related party balances and transactions

Key management and director compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors and executive officers. Compensation of key management personnel may include short-term and long-term benefits as applicable, including salaries, bonuses, stock options or post-employment benefits.

	For the three-month period ended, March 31, 2023	For the three-month period ended, March 31, 2022
Short-term benefits:	$ 160,696	$ 617,304
Long-term benefits:	63,620	447,461
Total Benefits	**$ 224,316**	**$ 1,064,765**

Other related party transactions and balances

APSI, the purchaser of APM, was controlled by Dr. Abid Nazeer, the former CMO of the Company. Therefore, the APM sale transaction (Note 10) was considered a related party transaction. See Note 4 and Note 10 for more information.

9. Discontinued Operations and Assets Held for Sale

Advanced Psychiatric Management

In June 2022, the Company decided to focus its efforts and resources on the drug development segment of the operations and initiated a plan to exit the drug delivery segment and sell the shares of APM.

A transaction was consummated on September 1, 2022; thus, the assets and associated liabilities have been derecognized as at that date, and the operations of APM has been reported as discontinued operations (Note 9).

Wesana Solutions Inc.

As of December 31, 2022, the Company is no longer pursuing further development in the Protocol Delivery segment of operations. The associated assets and liabilities of the segment have thus been deemed to be abandoned and the operation results been reported as discontinued operations.

Certain Assets and Liabilities within WHI

During the year ended December 31, 2022, the Company began a process to assess potential opportunities to sell certain assets and liabilities within WHI. In March 2023, the Company had signed an agreement to dispose the SANA-013 intellectual property owned by WHI (See Note 14). The operation results of WHI for the three-months ended March 31, 2023 and 2022 are reported as discontinued operations.

(Expressed in United States dollars)

9. Discontinued Operations and Assets Held for Sale (continued)

In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, the assets held for sale were assessed for impairment based on fair value less costs to sell. The fair value was measured using the price at which the Company expects to receive for the disposal group less estimates for the costs of disposal. The fair value less costs to sell was higher than the carrying value of the Disposal Group resulting in the recognition of the resulting group at its carrying value.

Assets held for sale as at March 31, 2023 and December 31, 2022 consisted of the following:

		As at March 31, 2023		As at December 31, 2022
Assets held for sale				
Trade and other receivables		**10,473**		10,473
Prepaid expenses		**40,000**		40,000
Property and equipment, net		**800**		2,356
Total assets held for sale	**$**	**51,273**	$	52,829
Liabilities directly associated with the assets held for sale				
Accounts payable and accrued liabilities	**$**	**281,123**	$	202,628
Short-term debt		**237,451**		231,182
Total liabilities directly associated with the assets held for sale	**$**	**518,574**	$	433,810

A detailed disclosure of revenue, expenses, pre-tax profit and applicable income taxes of the current and comparative period are presented below:

For the:		**3 months ended March 31, 2023**		3 months ended March 31, 2022
Revenue				
Patient services	**$**	**-**	$	241,954
Total Revenue		**-**		241,954
Cost of sales		**-**		151,183
Gross profit		**-**		90,771
Administrative expenses				
General and administration		**227,555**		959,955
Professional fees		**3,274**		220,736
Research and development		**1,296**		711,561
Finance and other expenses		**6,500**		19,065
Foreign exchange (gain) loss		**(1,090)**		129
Sales and marketing		**6,714**		694,824
Depreciation and amortization		**1,556**		45,825
Total administrative expenses		**245,805**		2,652,095
Net loss	**$**	**(245,805)**	$	(2,561,324)

(Expressed in United States dollars)

10. Sale of Advanced Psychiatric Management LLC

The Company entered into a definitive agreement for the sale of the shares of APM in exchange for total consideration of $1,973,989. The transaction was consummated on September 1, 2022 with total consideration paid as follows:

i) $750,000 cash and;

ii) $1,223,989 promissory note receivable (Note 4).

As a result of the sale of APM a gain on sale of the shares was recorded for the year 2022.

Consideration Received	**$**	**1,973,989**
Cash and cash equivalents	$	67,031
Prepaid expenses		6,054
Lease deposit		27,111
Property and equipment, net		252,934
Right-of-use assets, net		954,135
Intangible assets, net		240,683
Goodwill		1,495,455
Accounts payable and accrued liabilities		(81,058)
Short-term debt		(115,663)
Lease liability - current		(128,670)
Lease Liability - non-current		(932,825)
Net assets disposed		**1,785,187**
Gain from disposal		**188,802**

In connection with the sale of APM, the Company entered into an agreement with its former CMO Dr. Nazeer for the settlement of his compensation and the contingent consideration resulted from the purchase of APM in 2021. The Company agreed to provide Dr. Nazeer with a total payment of $280,000 as a settlement and buyout of the earnout opportunity. The payment is to be made as follows:

i) An initial payment of $80,000 and;

ii) The remaining $200,000, which represents the entire “other liability” balance, will be repaid on a pro-rata basis of $0.1634 for every dollar of principal repaid under the promissory note issued by APSI (Note 4). As at March 31, 2023, the balance due was $193,163 (December 31, 2022 - $193,163).

As a result of the buyout, a gain on settlement of contingent consideration of $135,782 was recorded for the year 2022.

(Expressed in United States dollars)

11. Financial instruments and risk management

The Company has exposure to the following risks from its use of financial instruments. The Board of Directors approves and monitors the risk management processes.

a) Financial instrument classification and measurement

Financial instruments that are recorded at fair value on the unaudited condensed interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The table below presents the carrying value of the Company's financial instruments:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 368,383	$ -	$ -	**368,383**
Investments	2,625	-	-	**2,625**
Balance, March 31, 2023	**$ 371,008**	**$ -**	**$ 300,000**	**$ 671,008**

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 446,386	$ -	$ -	$ 446,386
Investments	4,200	-	-	4,200
Balance, December 31, 2022	$ 450,586	$ -	$ -	$ 450,586

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, trade and other receivables, investments, promissory note receivable, accounts payable and accrued liabilities, other liability and short-term debt.

As at March 31, 2023, the carrying value of cash and cash equivalents and investments are carried at fair value. Trade and other receivables, accounts payable and accrued liabilities and promissory note receivable approximate their fair value due to their short-term nature.

Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will impact the cash flows of the Company. As all the Company's financial debt are on fixed interest rates, the impact of a change in interest rates will not impact the Company's income or cash flows during the contract term.

11. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The financial instruments that are exposed to such risk include cash and cash equivalents and trade and other receivables.

Management has mitigated the risk by using tier 1 financial institutions for managing its cash, selling products on credit card/cash basis, and establishing communication channels with the counterparties of the receivables for ongoing monitoring of their financial performance.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities. The Company manages liquidity risk through the management of its capital structure.

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Foreign exchange risk

The unaudited condensed interim consolidated financial statements are presented in United States dollars; however, the Company's functional currency is Canadian dollars. Each entity within the unaudited condensed interim consolidated group determines its own functional currency.

The Company is exposed to certain currency risks in that the value of certain financial instruments will fluctuate due to changes in foreign exchange rates. Management has mitigated the risk by negotiating all of its contracts based on each entity's functional currency.

12. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company considers its capital structure to include debt and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or debt, acquire or dispose of assets to maintain or adjust its capital structure.

The Company is dependent on expected business growth, changes in the business environment and capital markets as its source of operating capital. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management in the period.

13. Comparative amounts

Unaudited condensed interim consolidated statement of income and comprehensive income of the year ended December 31, 2021 has been reclassified to match the current year presentation of discontinued operations. See Note 9 for details of discontinued operations.

14. Subsequent events

On March 21, 2023, the Company announced it had entered into a definitive asset purchase agreement ("Asset Purchase Agreement") with Lucy Scientific Discovery Inc. ("Lucy") for the sale by its subsidiary WHI its SANA-013 intellectual property and related assets for consolidation of 1,000,000 common shares of Lucy ("Share Consideration") and US$570,000 cash ("Cash Consideration"). Pursuant to the Asset Purchase Agreement, US$300,000 cash has been received by WHI on signing, and the remainder of the Cash Consideration and Share Consideration will be received on closing. The Share Consideration shall be subject to a lock-up agreement whereby one-half of the Share Consideration will be released 9 months from the initial trading date of the shares, and one-half released 14 months from the initial trading date of the shares. Among other conditions precedent, the consummation of the transaction is subject to the approval of at least 66.67% of the votes cast by the Company's shareholders voting at a meeting to be called by the Company for the purposes of considering the transaction.