UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F/A

Amendment No. 2

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANTTO SECTION 13 OR 15(d) OFTHE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of an event requiring this shell company report _______________

For the transition period from ________________ to _______________

BETTERLIFE PHARMA INC.

(Exact name of Registrant as specified in its charter)

(Translation of the Registrant's name into English)

CANADA
(Jurisdiction of incorporation or organization)

1275 West 6th Avenue, #300, Vancouver, British Columbia, Canada V6H 1A6
(Address of principal executive offices)

Ahmad Doroudian, CEO, tel: 604-805-7783, email: ahmad.doroudian@blifepharma.com
address: 1275 West 6th Avenue, #300, Vancouver, British Columbia, Canada V6H 1A6
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares	BETR	Canadian Securities Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Stock
(Title of Class)

SEC 1852 (05-19) **Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

51,445,842 common shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☐ Yes ☒ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer, “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐ No

EXPLANATORY NOTE

This Amendment No. 2 to the Annual Report on Form 20-F of BetterLife Pharma Inc. for the year ended January 31, 2021, originally filed with the Securities and Exchange Commission on June 1, 2021 (the "Original Filing"), is being filed to include the consolidated statement of comprehensive loss and consolidated statement of cash flows for the year ended January 31, 2019, which were omitted from the Original Filing.

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PART I

Introduction

BetterLife Pharma Inc. (“BetterLife”, the “Company” or “we”) was incorporated in British Columbia under the Business Corporations Act on June 10, 2002. On December 5, 2019, we changed our name from Pivot Pharmaceuticals Inc. to BetterLife Pharma Inc.

We are a biopharmaceutical company engaged in the development and commercialization of patented, differentiated and premium quality pharmaceuticals.

Our registered office is located at c/o Alexander Holburn Beaudin + Lang LLP, 2700 - 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B8.

BetterLife has not earned any revenue and has an accumulated deficit of $91,011,306 as at January 31, 2021. Our continued operations are dependent on our ability to generate future cash flows through additional financing or commercialization, which have been impacted as a result of the global outbreak of coronavirus (“COVID-19”) (refer to “Risk Factors”). Management intends to continue to pursue additional financing through issuances of equity. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to us. These events or conditions indicate that a material uncertainty exists that casts substantial doubts on our ability to continue as a going concern.

Item 1. Identity of Directors, Senior Management and Advisors

The directors of the Company are Ahmad Doroudian, Robert Metcalfe, Anthony Pullen and Wolfgang Renz. In addition, Ahmad Doroudian serves as our Chief Executive Officer; Hooshmand Sheshbaradaran serves as Chief Operating Officer of our fully-owned subsidiary, Altum; and Moira Ong serves as our Chief Financial Officer. BetterLife also has the following two senior consultants: Patrick Kroupa is Chief Psychedelic Officer and Justin Kirkland is Chief Psychedelic Scientist. See Item 6 for further information. The business address for all directors and senior management is: 1275 West 6th Avenue, #300, Vancouver, British Columbia, Canada V6H 1A6.

Our PCAOB registered independent auditors are MNP LLP, Chartered Professional Accountants, Toronto, ON, Canada. For further information, see the consolidated financial statements under Item 8.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following selected information should be read in conjunction with our consolidated financial statements, and notes, filed with this Form 20-F/A. This information, and all other financial information in this Form 20-F/A, is stated in Canadian dollars unless otherwise noted.

The financial information is presented on the basis of International Financial Reporting Standards.

Selected Consolidated Financial and Operating Data

Operating Data		January 31, 2021		January 31, 2020		January 31, 2019
Revenue	$	nil	$	nil	$	nil
Operating expenses	$	7,915,367	$	9,336,298	$	6,908,952
Other income (expenses)	$	(28,435,423)	$	(10,252,464)	$	(2,345,838)
Net loss	$	(36,350,790)	$	(19,588,762)	$	(9,254,790)
Net loss per share, basic and fully diluted	$	(1.35)	$	(1.30)	$	(1.03)
Weighted average number of shares outstanding – basic and diluted		27,027,028		15,035,909		9,020,139

Consolidated Balance Sheet Data		January 31, 2021		January 31, 2020		January 31, 2019
Operating cash	$	154,722	$	2,681,704	$	74,800
Working capital (deficiency)	$	(4,517,523)	$	2,520,474	$	(5,185,332)
Total assets	$	1,336,425	$	8,250,779	$	10,306,750
Total long-term liabilities	$	131,603	$	4,634,154	$	1,408,486
Shareholders' equity (deficiency)	$	(4,612,255)	$	2,656,561	$	3,495,512
Number of shares outstanding		51,445,842		17,208,112		9,689,966

Exchange Rates

In this Form 20-F/A, references to "dollars", "$" are to Canadian dollars, unless otherwise specified. As at January 31, 2021, the exchange rage, as quoted by the Bank of Canada, was $1.278 for each US dollar.

B. Capitalization and Indebtedness

Refer to "Selected Financial Data".

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Forward Looking-Statements and Risk Factors

Forward-looking Statements

In this document, we are showing you a picture which is part historical (events which have happened) and part predictive (events which we believe will happen). Except for the historical information, all of the information in this document comprises "forward looking" statements. Specifically, all statements (other than statements of historical fact) regarding our financial position, business strategy and plans and objectives are forward-looking statements. These forward-looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to management. These statements involve known and unknown risks, including the risks resulting from economic and market conditions, accurately forecasting operating and capital expenditures and capital needs, successful anticipation of competition which may not yet be fully developed, and other business conditions. Our use of the words "anticipate", "believe", "estimate", "expect", "may", "will", "continue" and "intend", and similar words or phrases, are intended to identify forward-looking statements (also known as "cautionary statements"). These statements reflect our current views with respect to future events. They are subject to the realization in fact of assumptions, but what we now believe will occur may turn out to be inaccurate or incomplete. We cannot assure you that our expectations will prove to be correct. Actual operating results and financial performance may prove to be very different from what we now predict or anticipate. The "risk factors" below specifically address all of the factors now identifiable by us that may influence future operating results and financial performance.

Risk Factors

Risks Related to the Business

The COVID-19 pandemic and related government responses could have a material and adverse effect on BetterLife's business, financial condition and results of operations.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Our business and financial condition may be adversely impacted by the effects of COVID-19 and other infectious diseases.

The extent to which COVID-19 and other infectious diseases may impact our business, operations, financial condition and the market for our securities will depend on future developments and government responses, which are highly uncertain and cannot be predicted. These include the duration, severity and scope of the outbreak and the actions taken by governmental entities to address and mitigate the pandemic. Our business and operations could be adversely affected by the continued global spread of COVID-19 and any government actions to slow the spread of the infectious disease. Areas that may be impacted include, but without limitation, workforce productivity and health, disruptions to supply chains, limitations on travel and ability to successfully commercialize our product portfolios and deliver end products to customers.

Given the uncertainty and lack of predictability surrounding COVID-19, we are not able to the length and severity of impact to our business and operations. As a result, risks associated with COVID-19 may impact key estimates and assumptions used in our consolidated financial statements.

There is substantial doubt as to whether we will continue operations. If we discontinue operations, you could lose your investment.

Our financial statements have been prepared on the going concern basis, which assumes that we will be able to realize our assets and discharge our liabilities in the normal course of business. However, as at January 31, 2021, we have not earned any revenues and had an accumulated deficit of $91,011,306. We anticipate that we will incur increased expenses and there is a risk we will not realize sufficient revenues to offset those expenses. Our ability to continue our operations is dependent on obtaining additional financing and generating future revenues, and no assurance can be given that we will successfully be able to do so. Accordingly, our financial statements contain disclosure of management's determination that these factors raise substantial doubt about our ability to continue as a going concern. Importantly, the inclusion in our financial statements of a going concern opinion may negatively impact our ability to raise future financing and achieve future revenue. The threat of our ability to continue as a going concern will be removed only when, in the opinion of our auditor, our revenues have reached a level that is able to sustain our business operations.

If we are unable to obtain additional financing from outside sources and eventually generate enough revenues, we may be forced to sell a portion or all of our assets, or curtail or discontinue our operations. If any of these happens, you could lose all or part of your investment. Our financial statements do not include any adjustments to our recorded assets or liabilities that might be necessary if we become unable to continue as a going concern.

We have incurred operating losses in each year since our inception and we may continue to incur substantial and increasing losses for the foreseeable future. We also have negative capital cash flows from operating activities. If we cannot generate sufficient revenues to operate profitably or with positive cash flow from operating activities, we may suspend or cease our operations.

We have not generated any revenue since our inception on June 10, 2002 and we have incurred operating and net losses in each year of our existence. We experienced a net loss of $36,350,790 for the year ended January 31, 2021, compared to a net loss of $19,588,762 for the year ended January 31, 2020. We expect to incur substantial and increasing losses for the foreseeable future as we research, develop and commercialize our products. If our products do not achieve market acceptance, we may never generate any revenue. We also cannot assure you that we will be profitable even if we successfully commercialize our products. If we fail to generate sufficient revenues to operate profitability, or if we are unable to fund our continuing losses, you could lose all or part of your investment.

We will require substantial additional funds to complete our development and commercialization activities, and if such funds are not available we may need to significantly curtail or cease our operations.

We will require substantial funds to develop, manufacture and market our products. If we do not raise sufficient funds, our plan of operation will be delayed until such time as we raise sufficient funds, provided we are able to do so. Further, the cost of carrying out our operating activities and development activities is not fixed, and our cash levels may at any time prove to be insufficient to finance them. Our financing needs may change substantially because a number of factors which are difficult to predict or which may be outside of our control. These include increased competition, the costs of licensing existing drugs and protecting rights to our proprietary technology and the time required to obtain required licenses.

We may not succeed in raising the additional funds that we require because such funds may not be available to us on acceptable terms, if at all. We intend to seek additional funding through strategic alliances or through public or private sales of our equity securities, and we may also obtain equipment leases and pursue opportunities to obtain debt financing in the future. If we are unable to obtain sufficient funding on a timely basis, we may be forced to significantly curtail or cease our operations.

Our inability to complete our development projects in a timely manner could have a material adverse effect of our results of operations, financial condition and cash flows.

If our projects are not completed in a timely fashion, our Company could experience:

- additional competition in the industry for our products; and
- delay in obtaining future inflow of cash from financial or partnership activities, any of which could have a material adverse effect of our results of operations, financial condition and cash flows.

Any products that we may develop as a pharmaceutical product will be subject to extensive governmental regulations relating to development activities, conduct of clinical trials, manufacturing and commercialization. In the United States, for example, the prospective products that we intend to develop and market are regulated by the FDA under its new drug development and review process. Before such products can be marketed, we must obtain clearance from the FDA by submitting an investigational new drug application, then by successfully completing human testing under three phases of clinical trials, and finally by submitting a new drug application.

The time required to obtain approvals for our prospective products from the FDA and other agencies in foreign locales with similar processes is unpredictable. We expect to be able to accelerate the approval process and to increase the chances of approval by using existing and approved drugs as the basis for our own technology. However, we cannot guarantee that our expectations will be realized, and there is no assurance that we will ever receive regulatory approval to use our proprietary substances, methods and processes. If we do not obtain such regulatory approval, we may never become profitable.

We may not commence clinical testing for any of our prospective pharmaceutical products and the commercial value of any clinical study that we may conduct will depend significantly upon our choice of indication and our patient population selection. If we are unable to commence clinical testing or if we make a poor choice in terms of clinical strategy, we may never achieve revenues.

In order to commence clinical testing, we must successfully complete and obtain positive scientific results from pre-clinical studies and, in the case of an existing drug that we are re-profiling for a new indication, adopt existing pre-clinical or early stage clinical studies to our own research. If we successfully complete any clinical study of our own, the commercial value of any such study will significantly depend upon our choice of indication and our patient population selection for that indication.

We will rely on third parties to conduct our research, development and manufacturing activities. If these third parties do not perform as contractually required, fail to meet our manufacturing requirements and applicable regulatory requirements or otherwise expected, we may not be able to commercialize our products, which may prevent us from becoming profitable.

We will rely on contract manufacturers as a source suppliers for our products.

Because of our planned reliance on contract manufacturers, we may also be exposed to additional risks, including those related to intellectual property and the failure of such manufacturers to comply with strictly-enforced regulatory requirements, manufacture components to our specifications, or deliver sufficient component quantities to us in a timely manner. For example, a contract manufacturer working on our behalf may violate the intellectual property rights of a third party in manufacturing a component of one of our products, and if such a violation occurs without our knowledge, we may be held vicariously liable for the acts of our contractor, incur related costs and court mandated damages, or become enjoined from selling products which violate those third-party intellectual property rights. Similarly, if a contract manufacturer working on our behalf is found to be in violation of FDA or other national regulatory standards regarding the manufacture, packaging or labeling of any of our products, we could face any number of adverse consequences including costly regulatory investigations and fines, interruptions in the flow of our products or materials, product recalls, or liability to consumers regarding any of our products that do not meet such regulatory requirements. If any of these events occurs, if our relationship with any of our potential contract manufacturers terminates, or if any such manufacturer is unable fulfill its obligations to us for any reason, our product development and commercialization efforts could suffer and we may never realize a profit.

If we are unable to establish a sales, marketing and distribution infrastructure or enter into collaborations with partners to perform these functions, we may not be successful in commercializing our product candidates.

In order to successfully commercialize any of our product candidates, we must either develop a satisfactory sales, marketing and distribution infrastructure or enter into collaborations with partners to perform these services for us. We will require substantial resources to create such an infrastructure, and we may never possess the resources to do so. For example, we may be unable to recruit and retain an adequate number of effective sales and marketing personnel or we may incur unforeseen costs and expenses in connection with developing the necessary infrastructure.

Although we plan to develop our own sales and marketing organizations in some markets, we intend to enter into partnering, co-promotion and other distribution arrangements to commercialize our products in most markets. We may not be able to enter into collaborations on acceptable terms, if at all, and we may face competition in our search for partners with whom we may collaborate. If we are not able to build a satisfactory sales, marketing and distribution infrastructure or collaborate with one or more partners to perform these functions, we may not be able to successfully commercialize our product candidates, which could cause us to cease our operations.

Our product candidates may never gain market acceptance, which could prevent us from generating revenues.

The success of our products will depend on their acceptance by customers and the public, among other things. Market acceptance of, and demand for, any product that we develop and commercialize will depend on many factors, including:

- our ability to provide acceptable evidence of safety and efficacy;
- the effectiveness of our or our collaborators' sales, marketing and distribution strategy; and
- publicity concerning our products or competing products.

If our product candidates fail to gain market acceptance, we may be unable to generate sufficient revenue to continue our business.

We face potential product liability exposure, and any claim brought against us may cause us to divert resources from our normal operations or terminate selling, distributing and marketing any of our products. This may cause us to cease our operations as it relates to that product.

The sale of any of our products may expose us to product liability claims from consumers. Although we plan to obtain product liability insurance coverage with limits that we hope will be customary and adequate to provide us with coverage for foreseeable risks, our insurance coverage may be insufficient to reimburse us for the actual expenses or losses we may suffer.

Even if we are able to successfully defend ourselves against any potential claims, we will likely incur substantial costs in the form of unanticipated expenses and negative publicity. This could result in decreased demand for our products, an impaired business reputation, revenue loss or an inability to continue commercializing our products. Any of these consequences could cause us to cease our operations.

The manufacturing of all of our products will be subject to ongoing regulatory requirements, and may therefore be the subject of regulatory or enforcement action. The associated costs could prevent us from achieving our goals or becoming profitable.

Our products, third-party manufacturing facilities and processes and advertising and promotional activities will be subject to significant review and ongoing and changing regulation by various regulatory agencies. Our failure to comply with any regulatory requirements may subject us to administrative and judicial sanctions, which may include warning letters, civil and criminal penalties, injunctions, product seizures or detention, product recalls, total or partial suspension of production, or the denial of pending product marketing applications.

Regulatory or enforcement actions could adversely affect our ability to develop, market and sell our products successfully and harm our reputation, which could lead to reduced market demand for such products. Consequently, the costs associated with any such action could cause our business to suffer and prevent us from achieving our goals or becoming profitable.

Since certain of our directors are located outside of Canada, you may be limited in your ability to enforce Canadian civil actions against them for damages to the value of your investment.

We plan to indemnify our directors and officers against liability to us and our security holders, and such indemnification could increase our operating costs.

Our Articles allow us to indemnify our directors and officers against claims associated with carrying out the duties of their offices. Our Articles also allow us to reimburse them for the costs of certain legal defenses. Insofar as indemnification for liabilities arising under relevant securities legislation may be permitted to our directors, officers or control persons, certain securities regulations may deem that such indemnification is against public policy and is therefore unenforceable in that jurisdiction.

Since our officers and directors are aware that they may be indemnified for carrying out the duties of their offices, they may be less motivated to meet the standards required by law to properly carry out such duties, which could increase our operating costs. Further, if our officers and directors file a claim against us for indemnification, the associated expenses could also increase our operating costs.

Your legal recourse as a United States investor could be limited.

The Company is incorporated under the laws of Canada. Most of the assets now are located outside of Canada or the United States. Only our audit firm and some of our lawyers are residents of Canada. As a result, if any of our Canadian or US shareholders were to bring a lawsuit in the Canada or the United States against the officers, directors or experts in Canada, it may be difficult to effect service of legal process on those people who reside outside of the United States or Canada, based on civil liability under the Securities Act of 1933 or the Securities Exchange Act of 1934 or equivalent Canadian securities laws. In addition, we have been advised that a judgment of a United States court based solely upon civil liability under these laws would probably be enforceable in Canada, but only if the U.S. court in which the judgments were obtained had a basis for jurisdiction in the matter. We also have been advised that there is substantial doubt whether an action could be brought successfully in Canada in the first instance on the basis of liability predicated solely upon the United States' securities laws.

Risks Related to Our Stock

Trading on the OTC Bulletin Board and the Canadian Securities Exchange (the "CSE") may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.

Our common stock is quoted on the OTCQB service of the Financial Industry Regulatory Authority and is traded on the CSE. Trading in stock quoted on the OTC Bulletin Board or listed on the CSE is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of their shares.

Our stock is a penny stock. Trading of our stock may be restricted by the SEC's penny stock regulations and FINRA's sales practice requirements, which may limit a stockholder's ability to buy and sell our stock.

Our stock is a penny stock. The Securities and Exchange Commission in the United States (the "SEC") has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the Financial Industry Regulatory Authority believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The Financial Industry Regulatory Authority requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

You will experience dilution or subordinated stockholder rights, privileges and preferences as a result of our financing efforts.

We must raise additional capital from external sources to carry out our business plan over the next two years. To do so, we may issue debt securities, equity securities or a combination of these securities; however, we may not be able to sell these securities, particularly under current market conditions. Even if we are successful in finding buyers for our securities, such buyers could demand high interest rates or require us to agree to onerous operating covenants, which could in turn harm our ability to operate our business by reducing our cash flow and restricting our operating activities. If we choose to sell shares of our common stock, this will result in dilution to our existing stockholders. In addition, any shares of common stock we may issue may have rights, privileges and preferences superior to those of our current stockholders.

We do not intend to pay dividends and there will thus be fewer ways in which you are able to make a gain on your investment, if at all.

We have never paid dividends and do not intend to pay any dividends for the foreseeable future. To the extent that we may require additional funding currently not provided for in our financing plan, our funding sources may prohibit the declaration of dividends. Because we do not intend to pay dividends, any gain on your investment will need to result from an appreciation in the price of our common stock. There will therefore be fewer ways in which you are able to make a gain on your investment, if at all. There is also no guarantee that your investment will appreciate.

Risks Related to Our Intellectual Property

If we are unable to maintain and enforce our proprietary intellectual property rights, we may not be able to operate profitably.

Our commercial success will depend, in part, on obtaining and maintaining patent protection, trade secret protection and regulatory protection of our technologies and patents as well as successfully defending third-party challenges to such technologies and patents. We will be able to protect our technologies and patents from use by third parties only to the extent that valid and enforceable patents, trade secrets or regulatory protection cover them and we have exclusive rights to use them. The ability of our licensors, collaborators and suppliers to maintain their patent rights against third-party challenges to their validity, scope or enforceability will also play an important role in determining our future.

In addition, our commercial success will depend, in part, on maintaining patent rights we have licensed and plan to license in the future, related to products we may market in the future. Since we will not fully control the patent prosecution of any licensed patent applications, it is possible that our licensors will not devote the same resources or attention to the prosecution of the licensed patent applications as we would if we controlled the prosecution of the applications ourselves. Consequently, the resulting patent protection, if any, may not be as strong or comprehensive as it would be had we done so.

The patent positions of biopharmaceutical companies can be highly uncertain and involve complex legal and factual questions that include unresolved principles and issues. No consistent policy regarding the breadth of claims allowed regarding such companies' patents has emerged to date in the United States, and the patent situation outside the United States is even more uncertain. Changes in either the patent laws or in interpretations of patent laws in the United States or other countries may diminish the value of our intellectual property. Accordingly, we cannot predict with any certainty the range of claims that may be allowed or enforced concerning our patents or third-party patents.

We also rely on trade secrets to protect our technologies, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. While we seek to protect confidential information, in part, through confidentiality agreements with our consultants and scientific and other advisors, they may unintentionally or willfully disclose our information to competitors. Enforcing a claim against a third party related to the illegal acquisition and use of trade secrets can be expensive and time consuming, and the outcome is often unpredictable. If we are not able to maintain patent or trade secret protection on our technologies and product candidates, then we may not be able to exclude competitors from developing or marketing competing products, and we may not be able to operate profitability.

If we are the subject of an intellectual property infringement claim, the cost of participating in any litigation could cause us to go out of business.

There has been, and we believe that there will continue to be, significant litigation and demands for licenses in our industry regarding patent and other intellectual property rights. Although we anticipate having a valid defense to any allegation that our current product candidates, production methods and other activities infringe the valid and enforceable intellectual property rights of any third parties, we cannot be certain that a third party will not challenge our position in the future. Other parties may own patent rights that we might infringe with our products or other activities, and our competitors or other patent holders may assert that our products and the methods we employ are covered by their patents. These parties could bring claims against us that would cause us to incur substantial litigation expenses and, if successful, may require us to pay substantial damages. Some of our potential competitors may be better able to sustain the costs of complex patent litigation, and depending on the circumstances, we could be forced to stop or delay our research, development, manufacturing or sales activities. Any of these costs could cause us to go out of business.

We may in the future be required to license patent rights from third-party owners in order to develop our products candidates. If we cannot obtain those licenses or if third-party owners do not properly maintain or enforce the patents underlying such licenses, we may not be able to market or sell our planned products.

We have licensed patent-protected technologies with certain parties and we may also license other intellectual property from other third parties, if we believe it is necessary or useful to use additional third-party intellectual property to develop our products. Typically, we would seek to negotiate and obtain any required third party licenses immediately following the completion of preliminary research to establish a concept and plan of development for a new product candidate. We will also be required to pay license fees, certain milestones or royalties or both to obtain such licenses, and there is no guarantee that such licenses will be available on acceptable terms, if at all. Even if we are able to successfully obtain a license, certain rights may be non- or co-exclusive, and this would give our competitors access to some of the intellectual property as us, which could ultimately prevent us from commercializing a product.

Upon obtaining a license, our business prospects will depend, in part, on the ability of our licensors to obtain, maintain and enforce patent protection on our licensed intellectual property. Our licensors may terminate our license, may not pursue and successfully prosecute any potential patent infringement claim, may fail to maintain their patent applications, or may pursue any litigation less aggressively than we would. Without protection for the intellectual property that we license, other companies may be able to offer substantially similar products for sale, and we may not be able to market or sell our planned products or generate any revenues.

Item 4. Information on the Company

A. History and Development of the Company

We are a publicly traded corporation incorporated on June 10, 2002 in the Province of British Columbia, Canada under the name “649186 B.C. Ltd.”. On September 9, 2003, we changed our name to “Xerxes Health Corp.”. On June 26, 2007, we changed our name to “Neurokine Pharmaceuticals Inc.”. On April 7, 2015, we changed our name to “Pivot Pharmaceuticals Inc.” and on December 5, 2019, we changed our name to “BetterLife Pharma Inc.”.

Our registered office is located at c/o Alexander Holburn Beaudin + Lang LLP, 2700 - 700 West Georgia Street, Vancouver, British Columbia V7Y 1B8, Canada.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov. Our website address is http://www.abetterlifepharma.com.

B. Overview

We are a biopharmaceutical company engaged in the development and commercialization of patented and differentiated pharmaceuticals. Our company’s wholly-owned subsidiary, Altum Pharmaceuticals Inc. (“Altum”) (acquired by way of amalgamation on August 31, 2020) has three products in its pipeline: AP-001 (a topical cream formulation of interferon-alpha 2b based on Altum’s patented Biphasics formulation system), AP-002 (novel gallium-based anti-cancer agent) and AP-003 (a patent pending proprietary IFNa2b inhalation formulation). Through its acquisition of the assets of Nutraneeds LLC (“Nutraneeds”) on December 18, 2020, we added two neuro-psychiatric products to our product portfolio: TD-0148A and TD-010. TD-0148A is a non-hallucinogenic second-generation Lysergic Acid Diethylamide (“LSD”) derivative molecule that mimics the projected therapeutic potential of LSD in the treatment of disorders such as depression, post-traumatic stress disorder (“PTSD”), and migraines. TD-010 is novel formulation of a derivative of dihydrohonokiol, a known anti-anxiety compound, with potential for us to treat such as benzodiazepine dependency, anxiety and spasticity.

Our management team has implemented a business-minded and cost-conscious approach to product research and development and will use contract development and manufacturing organizations on a fee for service basis to perform any research, development or production that is required.

On February 28, 2018, we completed the acquisition of Pivot Naturals, LLC (previously ERS Holdings, LLC) (“Pivot Naturals”) pursuant to an Exchange Agreement dated as of February 10, 2018 among the Company, Pivot Naturals and the members of Pivot Naturals. As consideration for the purchase, the Company paid US$333,333 in cash on closing, US$333,333 in September 2018 and US$333,333 in May 2019 for total cash payment of US$1 million. In addition, we also issued 500,000 common shares and may pay royalties on future net sales. Pursuant to the acquisition of Pivot Naturals, we acquired a patented technology called “RTIC” Ready-To-Infuse-Cannabis (“RTIC”), relating to the transformation of cannabis oil into powder for infusion into a variety of products. By April 2020, we transferred 100% of our membership interest of Pivot Naturals and BetterLife has strategically exited the California cannabis market.

On March 2, 2018, we completed the acquisition of Thrudermic, LLC ("Thrudermic") and worldwide rights to Thrudermic's patented Transdermal Nanotechnology for the development and commercialization of transdermal cannabinoids pursuant to an exchange agreement dated March 2, 2018 among the Company, Dr. Joseph Borovsky, Dr. Leonid Lurya and Thrudermic. As consideration for the purchase, we paid $1 in cash on closing and issued 50,000 common shares.

On December 17, 2018, we entered into a joint venture arrangement whereby BetterLife holds 50% of the issued and outstanding shares of Pivot-Cartagena Joint Venture Inc. ("Pivot-Cartagena JV"). Pivot-Cartagena JV will develop and commercialize cannabis-infused non-alcoholic beverages combining the industry expertise of Licorera del Sur with our patented RTIC™ powderization technologies. To date, we have not made any investment related to this joint venture and do not intend to further pursue this venture.

In March 2020, we completed the acquisition of SolMic AG ("Solmic") and the patented Solmic solubilization drug delivery technology for oral platform. Consideration for the acquisition included CHF10,000 for the acquisition of Solmic and EUR50,000 for the patents.

On July 3, 2020, we signed an amalgamation agreement with Altum Pharmaceuticals Inc. ("Altum") pursuant to which Altum will be amalgamated with 12167573 Canada Ltd. (the "Amalgamation"), our wholly-owned subsidiary incorporated on June 30, 2020 for purposes of the Amalgamation. On August 31, 2020, we completed the Amalgamation and Altum became our wholly-owned subsidiary. Pursuant to the Amalgamation, we issued 18,217,239 common shares to Altum shareholders, granted 856,880 stock options, with exercise prices ranging between $0.03 and US$2.47 and expiry dates between September 7, 2020 and February 28, 2023, and granted 252,595 share purchase warrants with exercise price of US$1.44 and expiring on August 6, 2022.

In June 2020, we effected a consolidation of its issued and outstanding common shares on a ten (10) old for one (1) new common share. References to common shares in this report have been adjusted for the consolidation. Exercise or conversion prices and the number of common shares issuable under any of our outstanding warrants, restricted stock units, performance stock units and stock options have also been proportionately adjusted to reflect the consolidation.

On October 2, 2020, we signed a share purchase agreement with an unrelated third party (the "Purchaser") for the sale of 100% of the issued and outstanding common shares of Pivot Pharmaceuticals Manufacturing Corp. ("Pivot"), one of our fully-owned subsidiaries. Pursuant to the sale of Pivot, our lease of the manufacturing facility in Dollard-des-Ormeaux, Quebec, Canada (the "Facility") and our in-process Health Canada license application (the "Application") will be transferred to the Purchaser. Upon closing of the share purchase agreement in December 2020, we are no longer be pursuing the Application for processing of cannabis products in Canada. We remain as guarantor of the lease.

On December 18, 2020, we acquired 100% of the assets in Nutraneeds in an all-stock transaction. Pursuant to the acquisition, we issued 13,333,333 common shares to principals of Nutraneeds. The assets of Nutraneeds address unmet mental health needs through the development of patented next generation psychedelic therapeutics including the Lysergic Acid Diethylamide ("LSD") derivative 2-Bromo-LSD ("TD-0148A").

Platform Technologies

TD-0148A

TD-0148A is a non-hallucinogenic second-generation LSD derivative molecule that mimics the projected therapeutic potential of LSD in the treatment of disorders such as depression, post traumatic stress disorder ("PTSD"), and migraines. Human clinical trials have been conducted several decades ago with TD-0148A synthesized from LSD. The very strict controlled substance classification of LSD (Schedule 1) prevented further research in this arena. Our TD-0148A issued patent is a manufacturing process pathway that is fully non-controlled, i.e. it does not start with nor generates LSD at any stage. TD-0148A synthesis is therefore not subject to Schedule 1 controlled substance restrictions, and we can move ahead with TD-0148A large scale synthesis and clinical trials without these restrictions. TD-0148A's patented process allows for cost effective manufacturing of TD-0148A. LSD has been studied for the treatment of people with a number of psychiatric conditions, including depression, alcoholism, and PTSD throughout the 1950s and 1960s and research is currently experiencing a renaissance, with a number of publications referencing the efficacy of LSD to alleviate or reverse certain mental health conditions. TD-0148A's chemical name is 2-bromo-lysergic acid diethylamide ("2-Bromo-LSD"). This modification on the LSD structure is proposed to alter the pharmacological effect of compound on the serotonin 5HT2A receptor, and lead to its non-hallucinogenic properties compared to LSD. TD-0148A is orally administered. We plan to develop 2-bromo-LSD to treat mental health disorders including Treatment-resistant Depression ("TRD") and migraines. TRD is a term used in clinical psychiatry to describe a condition that affects patients diagnosed with major depressive disorder who do not respond adequately to a course of appropriate antidepressant medication within a certain time. Studies have shown TRD has been associated with lower long-term quality of life as well as more instances of relapse than depression that is responsive to treatment. 2-bromo-LSD is being developed as a patient self-administered medication prescribed by a psychiatrist. 2-bromo-LSD has been tested in studies in humans, mainly in healthy subjects. Most of these studies were conducted in the 1950s. In 2010 a case series study in cluster headaches was reported showing that treatment with 2-bromo-LSD was effective against cluster headaches. 2-bromo-LSD has not been investigated in TRD in any of the published studies.

TD-010

TD-010's active pharmaceutical ingredient is dihydrohonokiol-B ("DHH-B"). DHH-B is a derivative of honokiol, which is the active anxiolytic (anti-anxiety) ingredient of magnolia bark extracts. Magnolia bark extracts have been used in traditional Chinese medicines for centuries as anxiolytic medication. Several animal studies on safety and anxiolytic efficacy of honokiol/magnolia bark extract have been published[1]. Only two human clinical trials have been published on honokiol (given as magnolia bark extract)[2]. Magnolia bark extract/honokiol is sold as a nutraceutical. DHH-B has been shown in animal studies to have significantly (20x) more anxiolytic activity than its parent molecule honokiol[3]. Animal studies have also shown that DHH-B does not have the side effects of benzodiazepines[4] and not to be addictive like benzodiazepines[5]. No human clinical trials have been conducted on DHH-B. TD-010 is DHH-B formulated in our patented formulation (provisional) to overcome DHH-B's insolubility and poor bioavailability for potential treatment of anxiety and other neuro-psychiatric disorders.

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1 Review Sarrica et al 2018

2 Kalman et al 2008; Campus et al 2011

3 Kuribara et al 2000 J Pharm Pharmacol

4 Benzodiazepines include Xanax™, Valium™, Klonopin™ and Ativan™

5 Kuribara et al 2000 J Pharmacol Biochem & Behaviour; Maruyama et al 2001

AP-003

AP-003 is a patent pending proprietary recombinant human IFNa2b inhalation formulation. In recent studies IFNa2b has been shown to be effective in slowing SARS-CoV-2 viral replication. In the study published Friday May 15, 2020 in Frontiers of Immunology titled "Interferon-a2b Treatment for COVID-19", the authors examined the course of disease in a cohort of 77 individuals with confirmed COVID-19 admitted to Union Hospital, Tongii Medical College, Wuhan, China, between January 16 and February 20, 2020. To the knowledge of the authors the findings presented in the study were the first to suggest therapeutic efficacy of IFNa2b in COVID-19 disease.

Cautionary note: We are not making any express or implied claims that AP-003 or any other product has the ability to treat, eliminate, cure or contain the COVID-19 (or SARS-2 Coronavirus) at this time. Further, the safety and efficacy of AP-003 are under investigation and market authorization has not yet been obtained.

AP-003

AP-003 is a patent pending proprietary Interferon α2b ("IFN α2b") inhalation formulation. In recent studies IFN α2b has been shown to be effective in slowing viral replication. In the study published in May 2020 in Frontiers of Immunology titled "Interferon-a2b Treatment for COVID-19", the authors examined the course of disease in a cohort of 77 individuals with confirmed COVID-19 admitted to Union Hospital, Tongii Medical College, Wuhan, China, between January 16 and February 20, 2020. To the knowledge of the authors, the findings presented in the study were the first to suggest therapeutic efficacy of IFN-a2b in Covid-19 disease. Altum is planning a randomized, double-blind, placebo controlled trial of AP-003 in early stage COVID-19 patients is to start in the near future.

Cautionary note: We are not making any express or implied claims that Altum's AP-003 or any other product has the ability to treat, eliminate, cure or contain the COVID-19 (or SARS-2 Coronavirus) at this time. Further, the safety and efficacy of Altum's AP-003 are under investigation and market authorization has not yet been obtained.

AP-001

AP-001 is a topical formulation of recombinant human IFNa2b based on the patented Biphasix™ drug formulation technology. The Biphasix formulation allows stable cream formulation of IFNa2b and its delivery across the dermis/mucosa, with minimal systemic exposure. AP-001 is being developed as topical cream for local intravaginal use to treat HPV-induced Cervical Intraepithelial Neoplasia ("CIN"), the precursor to cervical neoplasia. Current treatments of advanced CIN are all based on invasive surgical procedures. AP-001 is being developed to be a non-invasive, self-administered treatment for CIN, with minimal side effects. Small human AP-001 Phase 1-2 trials have been completed.

AP-002

AP-002 is an organo-gallium complex whose drug substance is: tris (8-quinolinolato) gallium(III). The finished drug product is an enteric protected tablet for oral administration. Preclinical studies show that AP-002 has distinct direct anti-tumor activity as well as direct anti-osteoclast activity. The activity profile of AP-002 makes it a promising development candidate to potentially treat cancers which give rise to bone metastases, which include breast, lung and prostate cancers.

Other Platform Technologies

Thrudermic Transdermal Nanotechnology (Topical Platform)
We acquired the worldwide rights to Thrudermic's patented Transdermal Nanotechnology for the development and commercialization of transdermal cannabinoids. Developed in Israel, the Thrudermic lipid-based nano dispersion technology for topical cannabinoids uses FDA approved materials. The technology has the ability to specifically formulate individual drugs to control and prolong drug release while maintaining steady therapeutic concentrations, The technology can handle water soluble and water insoluble drugs with no change to the skin morphology, no sensitivity to the digestive system, no pain from injections and no observed adverse reactions.

Solmic Solubilization Drug Delivery Technology (Oral Platform)
Through its acquisition of Solmic, we acquired the worldwide rights to the Solmic's Micelle oral drug delivery technology for cannabinoids.

Ready-To-Infuse Cannabis Technology
Our patented RTIC process technology creates precise and repeatable dosing of cannabis by transforming concentrated cannabis oil into a stable, emulsifiable, odorless and flavorless powder form. The derived powder may then be encapsulated and infused for use in beverages, edibles, lotions and additional health and personal care products. The RTIC process is conducive for manufacturing of a wide array of products.

C. Organizational Structure

Our company operates through several wholly-owned subsidiaries as follows:

- Altum Pharmaceuticals Inc. (Canada)
- Pivot Pharmaceuticals Manufacturing Corp. (Canada)
- Blife Therapeutics Inc. (Canada)
- Altum S1M US Corp. (U.S.A.)
- BetterLife Pharma US Inc. (U.S.A.)
- Thrudermic, LLC (U.S.A.)
- BetterLife Europe Pharmaceuticals AG (Lichtenstein)
- Solmic AG (Switzerland)
- Altum Pharma (Australia) Pty Ltd. (Australia)
- Altum Pharmaceuticals (HK) Limited (Hong Kong)

D. Property, Plants and Equipment

We currently lease our head office in Vancouver, British Columbia, Canada.

We plan on relying on contract manufacturers to produce sufficient quantities for large scale commercialization. These contract manufacturers will be subject to extensive government regulations. Regulatory authorities in the markets that we intend to serve require that drugs be manufactured, packaged and labeled in conformity with current GMP as set by the FDA. In this regard, we engage only contract manufacturers who have the capability to manufacture products in compliance with current GMP in bulk quantities for commercialization. We also safeguard our intellectual property when working with contract manufacturers by working only with manufacturers who in our estimation have a strong track record of safeguarding confidential information and who are willing to enter into agreements with us that impose upon them strict intellectual property protection measures.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

A. Operating Results

	YEAR ENDED		
	January 31, 2021	January 31, 2020	January 31, 2019
Revenue	$nil	$nil	$nil
Operating expenses	(7,915,367)	(9,336,298)	(6,900,096)
Other income (expense):			
Accretion expense on convertible debentures	(33,054)	(380,754)	(1,078,141)
Change in unrealized gains/losses on derivative liabilities	(73,885)	nil	nil
Financial guarantee expense	(182,200)	nil	nil
Interest expense	(7,046)	(48,024)	(4,862)
Interest income	265	4,479	4,196
Gain on repayment of promissory note	nil	nil	8,890
Gain (loss) on sale/abandonment of assets, net	804,429	(1,303,278)	nil
Loss on extinguishment of convertible debentures	nil	nil	(1,240,773)
Loss on impairment of equipment	nil	(3,901)	nil
Loss on impairments and write-offs of inventory and other	nil	(1,466,377)	(8,856)
Loss on impairment of intangible assets	(12,116,908)	(6,625,246)	nil
Loss on impairment of loan receivable	nil	(213,085)	nil
Other	(40,358)	48,382	(35,148)
Settlement of legal claims	(120,000)	(264,660)	nil
Unidentifiable assets acquired	(16,666,666)	nil	nil
Net loss	$ (36,350,790)	$ (19,588,762)	$ (9,254,790)

Net loss for the year ended January 31, 2021 increased as compared to the year ended January 31, 2020. The increase was due to a non-recurring expense of $16,666,666 related to unidentifiable assets acquired. On December 7, 2020, our company entered into an asset purchase agreement with Nutraneeds whereby we issued 13,333,333 common shares to acquire intellectual property, including patented technology, in connection with the compounds known as 2-bromo-LSD. The intangible assets acquired were determined to be too-early stage to meet the definition of intangible asset. Accordingly, our company accounted for this transaction as an asset acquisition and measured the transaction using the fair value of the consideration paid with amount paid being recognized as a non-recurring expense related to unidentifiable assets acquired.

Also contributing to the increase was an increase in impairment of intangible assets during the year ended January 31, 2021. During the current year, our company recorded an impairment loss totaling $11,362,000 on its AP-001 and AP-003 intangible assets. An impairment assessment was performed from which we concluded both assets to be in such early stage of development that a reasonable estimate of recoverable amount could not be estimate. During the year, our company also recorded impairment losses on its BiPhasix license, Thrudermic non-patented technology and Solmic patents as it had exited the cannabis manufacturing and commercialization industry. For the year ended January 31, 2020, our company recorded a loss on impairment of intangible assets related to its RTIC patents.

This increase was offset by decreases in operating expenses (see below), loss on sale/abandonment of assets, loss on impairments and write-offs of inventory and other, loss on impairment of intangible assets and loss on impairment of loan receivable. During the year ended January 31, 2020, the following occurred, which resulted in other expenses being recorded:

- Our company advanced $1,441,600 to SolMic GmbH ("Solmic GmbH"), a Dusseldorf, Germany based developer and manufacturer of nutraceuticals, cosmeceuticals, and pharmaceuticals for its initial production order for micellized cannabinoid solution. Our company also advanced SolMic GmbH a loan of €150,000 with a term of six months and interest rate of 18% per annum. Solmic GmbH entered into insolvency proceedings and has been restructured. As our company did not expect to recover payments made, it wrote-off the amount paid for the production order of $1,441,600 and recorded an impairment of the loan receivable. No such losses were incurred in fiscal 2021.
- Our company made a strategic decision to exit the California cannabis manufacturing industry and determined that several assets initially held for US operations purposes had a recoverable value of $nil and were impaired for a total amount of $1,303,278. The main asset impaired related to the right-of-use asset previously recognized relating to the lease on 3595 Cadillac Avenue.

During the year ended January 31, 2021, our company shifted its strategic focus from manufacture and commercialization of cannabis/hemp products to research and development of pharmaceuticals, which resulted in other income or expenses being recorded as follows: Our company recorded a net gain on sale/abandonment of assets. A gain on abandonment of assets related to Pivot Naturals of $1,481,829 was recorded and consisted mainly of the gain on extinguishment of the lease liability on 3595 Cadillac Avenue. This gain was offset by a loss on disposal of assets related to the disposal of Pivot and a loss on abandonment of hemp-related activities in the U.S.A.

Net loss for the year ended January 31, 2020 increased as compared to the year ended January 31, 2019. The increase was attributable to an increase in operating expenses and losses recognized on impairment of abandoned assets, equipment, intangible asset and loan receivable and settlement of legal claim. This was offset by a decrease in amortization of discount on convertible debentures and other items recorded in 2019 but not in 2020, such as loss on extinguishment of convertible debentures.

Expenses

	YEAR ENDED		
	January 31, 2021	January 31, 2020	January 31, 2019
Amortization and depreciation of equipment and intangible assets	$ 157,760	$ 985,895	$ 900,651
Amortization of right-of-use assets	(69,849)	361,502	235,586
Consulting fees	1,982,846	1,608,692	1,022,055
Due diligence costs	nil	nil	251,674
Finders fee expense	nil	100,000	100,000
Foreign exchange (gain) loss	(39,050)	38,057	24,208
General and administrative	1,743,415	923,877	1,297,802
Lease liability expense	479,164	347,445	155,049
Licensing fees	nil	40,029	79,008
Professional fees	1,447,202	1,707,892	930,879
Promotion and marketing	185,952	96,641	11,076
Repairs and maintenance	22,808	45,875	301
Research and development	284,700	63,767	364,784
Wages, salaries and employment expenses	1,720,419	3,016,626	1,527,023
Operating expenses	$ 7,915,367	$ 9,336,298	$ 6,900,096

Operating expenses decreased as compared to the prior year. During the year ended January 31, 2021, the global outbreak of coronavirus ("COVID-19") had a significant impact on businesses through restrictions placed by the Canadian and U.S. federal, provincial/state and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result of the uncertainties that arose from the pandemic, we put measures in place to reduce expenses and minimize cash outflows. Significant decrease in expenses was in the area of wages, salaries and employment expenses, in which numerous positions determined not to be core to our pharmaceutical research and development activities were terminated. Other decreases to operating expenses included the following:

- Decrease in amortization and depreciation of equipment and intangible assets, which resulted upon impairments of cannabis-related patents.
- Decrease in amortization of right-of-use assets, which resulted when the leases on Cadillac Avenue, Costa Mesa and Kesmark Street, Dollard-des-Ormeaux were assigned together with the assignment of Pivot Naturals and Pivot, respectively.
- Decrease in professional fees as a result of our continued efforts at cash conservation.

These decreases in operating expenses were offset by the following increases:

- Though consulting fees increased from the prior year, the majority of the increase was due to share-based payment expenses utilized to compensate consultants while allowing us to conserve cash.
- General and administrative expenses increased and is discussed below.

Operating expenses for the year ended January 31, 2020 increased as compared to the year ended January 31, 2019. In May 2019, we closed on a non-brokered private placement of $15 million by issuing 60 million units, consisting of one common share and one share purchase warrant entitling the holder to purchase one common share at $0.35 per share and with an expiry term of two years. Closing of this private placement allowed BetterLife to progress on its prior business plans, including incurring expenditures required to prepare for commercialization of products in the US and strengthening of its leadership team, which led to an increase in operating expenses such as consulting fees, professional fees and wages, salaries and employment expenses. Increases in operating expenses during fiscal 2020 were due to the following activities:

- We engaged services of consultants for our corporate promotional strategy and branding strategy related to commercialization of our branded products which, at the time, had been planned to begin in the U.S.A. during 2020.
- Legal counsel costs were incurred to defend various claims against us during the year.
- We engaged advisors to assist with the preparation, completion and submission of our site evidence package to Health Canada for our cannabis formulation, processing and packaging facility in Dollard-des-Ormeaux. The site evidence package submission was the final step required to obtain a license to produce CBD, phytocannabinoid and nutraceutical formulations for commercialization.
- In July 2019, we began strengthening our executive leadership team and entered into contracts with newly appointed executives for the positions of Chief Executive Officer, President and Chief Operating Officer, which increased wages, salaries and employment expenses.

The tables below present material components of general and administrative expense:

	YEAR ENDED		
	January 31, 2021	January 31, 2020	January 31, 2019
Business licenses	$ 41,083	$ 48,671	$ 66,040
Conferences	775	45,557	9,163
Information technology	20,527	22,129	nil
Insurance	24,707	nil	nil
Investor relations	1,191,974	122,221	546,193
Office	142,592	147,772	154,457
Press release	91,914	35,010	101,860
Printing	nil	20,741	nil
Public listing expense	125,477	59,564	65,897
Shareholder expense	10,205	10,303	9,914
Telecommunications	4,803	22,777	24,747
Travel, meals and entertainment	51,664	309,852	285,160
Utilities	19,499	25,743	1,541
Website costs	18,196	53,537	32,830
	$ 1,743,415	$ 923,877	$ 1,297,802

General and administrative expense for the year ended January 31, 2021 increased as compared to the prior year. In May 2020, our company announced that it was pursuing an Amalgamation with Altum. Our company disseminated a number of news releases to update the market regarding Altum and the Amalgamation process and filed a listing statement pursuant to the Amalgamation, increasing its press release and public listing expenses. Our company also engaged public and investor relations companies to provide media services and assist with communications to the public of its corporate activities, which resulted in an increase to investor relations expense. The majority of the increase in investor relations expense was due to share-based payment expenses utilized to compensate third parties while allowing us to conserve cash. These increases were offset by decreases to conferences, printing, telecommunications, travel, meals and entertainment and website costs.

General and administrative expense decreased in the year ended January 31, 2020 as compared to the year ended January 31, 2019. The decrease was mainly attributable to a decrease in investor relations expense. During the year ended January 31, 2019, we engaged investor relations service providers in both Canada and Europe and incurred higher costs in doing so. We also issued common shares with fair value of $199,300 for investor relations services provided.

B. Liquidity and Capital Resources

We manage our liquidity risk by reviewing, on an ongoing basis, capital requirements and capital structure. We make adjustments to our capital structure in light of changes in economic conditions and the risk characteristics of our assets. To maintain or adjust our capital structure, we may issue new common shares or debenture, acquire or dispose of assets or adjust the amount of cash. As of January 31, 2021, we believe we have adequate available liquidity to meet operating requirements and fund product development initiatives and capital expenditures. While we have incurred losses to date, with an accumulated deficit of $91,011,306 at January 31, 2021, we anticipate the success and eventual profitability from research, development and commercialization of our product portfolio. We also ensure that we have access to public capital markets. However, there can be no assurance, especially in light of the current global outbreak of COVID-19, that we will gain adequate market acceptance for our products or be able to generate sufficient positive cash flow to achieve our business plans. Therefore, we are subject to risks including, but not limited to, inability to raise additional funds through equity and/or debt financing to support ongoing operations. See “Risk Factors”.

Working Capital

The following table presents our working capital as at January 31, 2021 and 2020:

	January 31, 2021	January 31, 2020
Current assets	$ 1,329,554	$ 3,480,538
Current liabilities	5,847,077	960,064
Working capital (deficiency)	$ (4,517,523)	$ 2,520,474

Working capital decreased as compared to January 31, 2020. Our company utilized its cash to fund its working capital, to pursue Amalgamation with Altum and the acquisition of assets from Nutraneeds as well as to progress its research and development programs..

Statements of Cash Flows

The following table presents our cash flows for the years ended January 31, 2021, 2020 and 2019:

	YEAR ENDED		
Net cash provided by (used in):	January 31, 2021	January 31, 2020	January 31, 2019
Operating activities	$ (7,164,882)	$ (7,880,641)	$ (4,708,568)
Investing activities	(71,550)	(1,141,093)	(844,382)
Financing activities	4,089,644	12,226,420	5,548,364
Effect of foreign exchange rate changes on cash	19,806	2,218	82
(Decrease) increase in cash for the period	$ (3,126,982)	$ 3,206,904	$ (4,504)

Cash used in operating activities for the year ended January 31, 2021 decreased as compared to the prior year as our company continued to make efforts to minimize expenditures and cash outflows amid the COVID-19 pandemic. Cash used for investing activities for the current year decreased from the prior period and included the acquisition of Solmic patents. Cash provided by financing activities for fiscal 2020 included our company's private placement completed in May 2019 for gross proceeds of $15 million, offset with repayment of convertible debentures. During fiscal 2021, our company completed a private placement of common shares and share purchase warrants for gross proceeds of $1,361,778 in July/August 2020 and a private placement of special warrants for gross proceeds of $2,944,868 in December 2020.

Cash used in operating activities for the year ended January 31, 2020 increased from the year ended January 31, 2019. The increase was due to a higher net loss incurred during the 2020 period, partially offset by an increase in non-cash expense items impacting net loss. Cash used in investing activities for the year ended January 31, 2020 increased from cash used in investing activities for the year ended January 31, 2019. During the 2020 period, we invested $542,742 in property equipment, primarily related to leasehold improvements made and security system implemented on our Dollard-des-Ormeaux facility for submission of our site evidence package to Health Canada. We also made our last instalment payment of $432,923 (US$340,000) in May 2019 on our acquisition of Pivot Naturals, which had closed on February 28, 2018. During the year ended January 31, 2019, we paid $847,161 (US$659,999) in acquisition costs for Pivot Naturals. Cash provided by financing activities for the year ended January 31, 2020 was $12,226,420 as compared to $5,548,364 for the year ended January 31, 2019. During fiscal 2020, we closed on non-brokered private placements for gross proceeds of $16,310,000. Proceeds from the private placements were used to extend the maturity date of convertible debentures in March 2019 ($250,000) and repay the outstanding balances of convertible debentures in May 2019 ($3,250,000). During the year ended January 31, 2019, we received gross proceeds of $4,559,206 from issuances of convertible debentures and $1,539,315 from the close of a non-brokered private placement, which were offset by repayment of promissory note payable and loan payable totaling $268,062.

Commitments and Contingencies

In September 2019, we were served with a claim from Green Stream Botanicals Corp. for a finder's fee in the amount of $600,000 in relation to the non-brokered private placement of $15 million that it closed in May 2019. In July 2020, this claim was settled for $120,000.

In November 2019, our former Chief Executive Officer filed an originating application with the Superior Court in the province of Quebec for damages stemming from a termination of employment. The former Chief Executive Officer is seeking payment of amounts totaling approximately $1 million, exercisability of his stock options until the original expiry dates, issuance of 600,000 stock options and an order that we not issue further common shares. We believe the claims are unfounded and intend to vigorously defend these claims.

In January 2020, an injunction was filed against us in the Superior Court of Quebec by Bio V Pharma Inc. ("BioV") seeking provisional orders in respect of the premises sub-leased at 285 Kesmark Street and damages of approximately $395,000. In January 2021, this injunction was discontinued.

In September 2020, a judgement for a safeguard order was rendered against us in the Superior Court of Quebec by Olymbec Development Inc. ("Olymbec") ordering us to pay the sum of $45,293, inclusive of GST and QST and representing monthly lease payment on the lease of 285-295 Kesmark Street from September 1, 2020 (September 2020 - paid), and to pay $67,939, representing 50% of the arrears lease due to Olymbec (paid). On November 5, 2020, this matter was settled and the proceedings discontinued.

In March 2021, a judgement for a safeguard order was obtained by Olymbec against Pivot, a former subsidiary, and us, as guarantor of the lease at 285-295 Kesmark Street, Quebec, ordering Pivot and us to jointly pay the full amount of the lease on the first day of each month. Pursuant to the share purchase agreement that closed in December 2020 for the sale of 100% of the issued and outstanding common shares of Pivot, we are indemnified from any and all claims suffered in connection with and as guarantor of the lease.

C. Research and Development, Patents and Licenses, etc.

We rely on a combination of copyright, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary and intellectual property rights. These laws, procedures and restrictions provide only limited protection.

We endeavor to enter into agreements with our employees, contractors, distributors, resellers, business partners and other third parties with which we do business or wish to do business in order to limit access to and disclosure of our proprietary information. We cannot be certain that the steps we have taken will prevent unauthorized use, disclosure or reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive with ours or that infringe our intellectual property rights. The enforcement of our intellectual property rights also depends on any legal actions against these infringers being successful, but these actions may not be successful, even when our rights have been infringed.

Furthermore, effective patent, trademark, copyright and trade secret protection may not be available in every country in which our products, services and solutions are sold. In addition, the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and still evolving.

D. Trend Information

Trend information is included throughout the other sections of this Item 5. In addition, we expect our operating results to continue to fluctuate in future quarters, and in light of the current pandemic situation (see “Risk Factors”).

E. Off-Balance Sheet Arrangements

Not applicable.

F. Tabular Disclosure of Contractual Obligations

Not applicable.

G. Safe Harbor

This annual report contains forward-looking statements about us, our markets and our industry. These statements involve known and unknown substantial risks, uncertainties and other factors as described in detail under “Item 3. Key Information—D. Risk factors” in this annual report that may cause our actual results, levels of activity, performance or achievement to be materially different from those expressed or implied by the forward-looking statements. All statements, other than statements of historical fact, included in this annual report regarding our strategy, future operations, future financial position, future net sales, projected expenses, prospects and plans and objectives of management are forward-looking statements.

In some cases, you can also identify forward-looking statements by terms such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “will,” “would,” “should,” “could,” “can,” “predict,” “potential,” “continue,” “objective,” or the negatives of these terms, and similar expressions intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words.

All forward-looking statements reflect our current views about future events and are based on assumptions and subject to risks and uncertainties. Forward-looking statements in this annual report include, but are not limited to, statements about:

- our business strategies;
- our future prospects, business development, results of operations and financial condition;
- competition from local and international companies, new entrants in the market and changes to the competitive landscape;
- the adoption of new, or changes to existing, laws and regulations;
- the termination of or changes to our relationships with our partners and other third parties;
- our plans to launch and monetize new products;
- our ability to retain key personnel and attract new talent;
- our ability to adequately protect our intellectual property;
- the anticipated costs and benefits of our acquisitions;
- the outcome of ongoing or any future litigation or arbitration, including litigation or arbitration relating to intellectual property rights;
- our legal and regulatory compliance efforts; and
- worldwide economic conditions and their impact on demand of our products and services.

Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements.

Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of this annual report. You should read this annual report and the documents that we have filed as exhibits to this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth the name, positions held and principal occupation of each of our directors, senior management and employees upon whose work the Company is dependent. Information on such persons' share ownership is under Item 7.

Name and Positions Held (Age)	Experience and Principal Business Activities
Ahmad Doroudian (60)	Chief Executive Officer & Director of the Company since 2020
Robert Metcalfe (81)	Director of the Company since 2020
Anthony Pullen (76)	Director of the Company since 2020
Wolfgang Renz (51)	Director of the Company since 2015
Hooshmand Sheshbaradaran (53)	Chief Operating Officer of the Company[1] since 2020
Moira Ong (46)	Chief Financial Officer of the Company since 2010

1. *Chief Operating Officer of our fully-owned subsidiary, Altum Pharmaceuticals Inc., acquired August 2020.*

Ahmad Doroudian

Ahmad Doroudian is an accomplished executive with over 28 years of experience in management and development of private and publicly traded pharmaceutical companies. Dr. Doroudian is the founder of Altum Pharmaceuticals Inc., a private company engaged in the development of therapeutics and acquired by BetterLife in August 2020. From 2009 to February 2014, he was the founder, Chief Executive Officer and Director of Merus Labs Inc., a publicly listed specialty pharmaceutical company (MSL: TSX and MSLI: NASDAQ) engaged in licensing and acquisition of legacy brands and innovative near-market products. From 2003 to 2009, he was involved in early stage financing of private and publicly listed companies. From 1994 to 2002, Dr. Doroudian was the founder and Chief Executive Officer of PanGeo (Pharmex Industries) where he assembled a team that completed over $100 MM in debt and equity and guided numerous acquisitions and licensing transactions. From 1990 to 1996, he was manager of operations at Novapharm (Teva), in charge of management of manufacturing, supply chain and process development facilities in Vancouver, British Columbia. Dr. Doroudian holds an M.Sc. in Pharmaceutics and a PhD in Biopharmaceutics (Pharmacokinetics and drug metabolism) from the University of British Columbia.

Robert Metcalfe

Robert Metcalfe is a lawyer and has served as President, CEO, Lead Director, Chairman and Committee member on numerous publicly listed natural resource and industry company corporate boards in Canada, the USA, England, South America and Africa. He was a senior partner with the law firm Lang Michener LLP for 20 years. He is the former President and Chief Executive Officer of Armadale Properties and Counsel to all of the Armadale Group of Companies, with significant holdings across numerous industries including finance, construction of office buildings, airport ownership, management and refurbishing, land development, automotive dealerships as well as newspaper publishing, radio and television stations. Mr. Metcalfe was a director of Canada Lands Company Limited, one of the largest real estate corporations in Canada, and was a director and Chairman of the Board of CN Tower Limited, the tallest communications structure in the world. Throughout his career Mr. Metcalfe has served as a director of public and private corporations including publicly listed Radiant Energy Corp. (airplane de-icing company operating in the US), Alberta Oil Sands (Chairman of the Board); LeadFX (in Australia), Director and Chairman of the Board, and member of the Audit Committee; PetroMagdalena Inc. (oil and gas in Colombia, South America); LSC Lithium in Argentina SA and currently serves as director of the publicly listed companies Gran Colombia Gold Corp., (Lead Director and Chairman of the Corporate Governance Committee as well as a member of the Audit Committee); WPC Resources Limited (a gold mining company in Nunavut); As a director and shareholder, Mr. Metcalfe has been engaged in numerous acquisitions, divestitures, corporate reorganizations, financings and corporate improvements, as well as serving on numerous special committees across many sectors. He is a member of the Institute of Corporate Directors and a member in good standing of the Law Society of Upper Canada.

Anthony Pullen
Anthony Pullen is one of the most experienced investment bankers in Canada in the healthcare and biotechnology industry sectors. In 1987, Tony was instrumental in the creation and funding of MDS Capital Corp., Canada's largest venture capital fund dedicated to the life sciences, now known as Lumira Capital. Most recently, Tony was an investment banker in the healthcare and biotechnology industries with Dominick Capital Corp.

Wolfgang Renz
Wolfgang Renz is President of International Business at Physicians Interactive. Formerly, Dr. Renz served as Corporate Vice President of Business Model & Healthcare Innovation at Boehringer Ingelheim, one of the world's largest pharmaceutical companies. For over a decade, he has been involved in developing medicines and technology to help people lead healthier, more productive lives. At Boehringer Ingelheim, he led a team of specialists to find, test, and develop the disruptive technologies that will shape the way health care will be delivered in the future. In addition, he also serves as Adjunct Professor of Surgery at McGill University's Faculty of Medicine in Montreal, Canada. Prof. Renz holds a medical degree and a PhD from Freiburg University and is board certified in Germany in emergency medicine.

Hooshmand Sheshbaradaran
Hooshmand Sheshbaradaran has over 21 years of experience in the pharmaceutical and biotechnology sectors, in drug development, marketing, business development, financing, and executive operations. Previously, Dr. Sheshbaradaran has held senior global marketing and business development executive positions in several leading pharmaceutical companies, including Global Director of Oncology Business Development at Roche and Global Director of Oncology, New Products Marketing at Pharmacia/Pfizer. He also has extensive small biotech experience, including holding positions such as Chief Business Officer at PsiOxus Therapeutics Ltd, Head of the US subsidiary of Zeneus Pharma Ltd. (acquired by Cephalon, Inc. in 2007), and co-founder and CEO of Niiki Pharma Inc (acquired by Intezyne Technologies in 2013). Dr. Sheshbaradaran has been involved in the development of several anti-cancer drugs, including Camptosar, Ellence, Emcyt, Sutent, and Vidaza. Dr. Sheshbaradaran holds a PhD in Virology (1985) from the Karolinska Institute, Stockholm..

Moira Ong
Moira Ong is a Chartered Professional Accountant with over 16 years of experience in accounting and consulting. Moira was the Chief Financial Officer of Neurokine Pharmaceuticals Inc. and was an officer in the finance capacity of Merus Labs International Inc. from March 2010 through December 2012. In addition to holding her Chartered Professional Accountant (CPA, CA) designation, Moira is also a Chartered Financial Analyst (CFA).

B. Compensation

Executive Compensation Plans and Employment Agreements

We have entered into employment agreements with our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

The following table sets forth compensation for our directors and officers for the year ended January 31, 2021:

Name and Positions Held	Compensation	Long-term Incentive Plan Awards	Total
Ahmad Doroudian, Director, Chief Executive Officer and former Chief Business Officer(1)	$ 125,000	$ 96,091	$ 221,091
Hooshmand Sheshbaradaran, Chief Operating Officer(2)	$ 146,482	$ 78,176	$ 224,658
Moira Ong, Chief Financial Officer(3)	$ 179,959	$ 87,133	$ 267,092
Angela Ogden, former Chief Medical Officer(4)	$ 146,482	$ 78,176	$ 224,658
Chris Lucky, former Chief Operating Officer(5)	$ 133,987	$ 11,785	$ 145,772
Wolfgang Renz, Director, former Chief Medical Officer and former Regional Manager - Europe(6)	$ 34,583	$ 15,391	$ 49,974
Robert Metcalfe, Director(7)	$ 30,000	$ 32,471	$ 62,471
Anthony Pullen, Director(8)	$ 29,355	$ 51,463	$ 80,818
Krisztian Toth, former Director and Chairman(10)	$ nil	$ 193,648	$ 193,648

(1) Ahmad Doroudian was appointed Director and Chief Executive Officer on January 20, 2020. He served as Chief Business Officer until December 31, 2019.
(2) Hooshmand Sheshbaradaran serves as Chief Operating Officer of our fully-owned subsidiary, Altum, which was acquired August 31, 2020.
(3) Moira Ong was appointed Chief Financial Officer on December 26, 2010.
(4) Angela Ogden served as Chief Medical Officer of our fully-owned subsidiary, Altum, which was acquired August 31, 2020, until April 9, 2021.
(5) Chris Lucky served as Chief Operating Officer from July 2, 2019 to September 30, 2020.
(6) Wolfgang Renz was appointed Director on February 5, 2015. Mr. Renz was Regional Manager – Europe and Chief Medical Officer until March 13, 2020.
(7) Robert Metcalfe was appointed Director on January 21, 2020.
(8) Anthony Pullen was appointed Director on May 7, 2020
(9) Krisztian Toth served as Chairman and Director from May 30, 2019 to May 5, 2020.

Equity Compensation Plans

Effective October 1, 2019, we adopted a long-term incentive plan. Under this plan, our company may grant share purchase options, restricted stock units, performance stock units or deferred share units to its directors, officers, employees and consultants up to an amount as determined by our company and will be no more than 10% of its outstanding common shares on a fully-diluted basis. The exercise price of the share purchase options will be determined by our company and will be no less than market price on grant date.

The following table sets forth equity compensation plans outstanding as at January 31, 2021:

Type	Outstanding
Share Purchase Options	2,922,712
Restricted Stock Units	25,000
Performance Stock Units	25,000

C. Board Practices

Each director holds office until the next annual general meeting of our company unless his office is earlier vacated in accordance with the corporate laws of the province of British Columbia and the bylaws of our company.

During the most recently completed fiscal year, there are no arrangements (standard or otherwise) under which directors of our company were compensated by our company or its subsidiaries for services rendered in their capacity as directors, nor were any amounts paid to the directors for committee participation or special assignments except as disclosed under B. Compensation. There were no arrangements under which the directors would receive compensation or benefits in the event of the termination of that office.

Our Board of Directors also serve as our audit committee. The audit committee is responsible for selecting, evaluating and recommending our company's auditors to the Board of Directors for shareholder approval; evaluating the scope and general extent of the auditors' review; overseeing the work of the auditors; recommending the auditors' compensation to the Board of Directors; and assisting with the resolution of any disputes between management and the auditors regarding financial reporting. The audit committee is also responsible for reviewing the Company's annual and interim financial statements and recommending their approval to the Board of Directors; reviewing the Company's policies and procedures with respect to internal controls and financial reporting; and establishing procedures for dealing with complaints regarding accounting, internal controls or auditing matters.

Our company does not have a compensation or corporate governance committee at the present time. The Company is trading on the Other OTC as a foreign private issuer and as such it believes that it is not required to have such committees. Our company is also not required to have such committees in its home jurisdiction.

D. Employees

As at January 31, 2021, the Company had three (3) officers/employees.

E. Share Ownership

Our directors and officers own the indicated shares of common stock as at the date hereof; percentages are based on issued and outstanding shares outstanding as of the date hereof.

Name	No. of shares of Common Stock	Percentage of Common Shares outstanding at May 31, 2021
Ahmad Doroudian	5,155,162(1)	6.63%
Hooshmand Sheshbaradaran	1,386,281	1.78%
Moira Ong	637,825	0.82%
Robert Metcalfe	30,000	0.04%
Wolfgang Renz	36,500	0.05%

(1) Of these, 303,995 are held by Sassel Investments Inc., a company controlled by Mr. Doroudian and 1,175,304 are held by the spouse of Mr. Doroudian.

Item 7. Major Shareholders and Related Party Transactions.

A. Major Shareholders

To our knowledge, three individuals beneficially own, directly or indirectly, or exercise control or direction over, common shares carrying more than 5% of the voting rights based on the common shares outstanding at May 31, 2021 as follows:

Name	No. of shares of Common Stock	Percentage of Common Shares outstanding at May 31, 2021
Ahmad Doroudian	5,155,162	6.63%
Patrick Kroupa	4,133,333	5.31%
Justin Kirkland	4,133,333	5.31%

The Company has approximately 207 shareholders of record at May 31, 2021, including 56 shareholders of record (19%) who are residents of the United States.

To our knowledge, we are not owned by any foreign government, nor are there any arrangements which may result in a change of control of the Company.

B. Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. Details of transactions between the Company and other related parties are disclosed in the consolidated financial statements. All related party transactions were in the ordinary course of business and were measured at their exchange amounts.

C. Interest of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Refer to the consolidated financial statements under Item 17.

B. Significant Changes

Not applicable.

Item 9. The Offer and Listing

A. Offer and Listing Details

The following table sets forth the high and low sales prices of our common shares listed on the CSE for the periods indicated below:

Quarter Ended	High	Low
January 31, 2021	$ 2.27	$ 0.50
October 31, 2020	$ 2.45	$ 0.43
July 31, 2020	$ 2.59	$ 0.52
April 30, 2020	$ 1.48	$ 0.30
January 31, 2020	$ 2.85	$ 0.56
October 31, 2019	$ 3.40	$ 0.85
July 31, 2019	$ 5.40	$ 2.00
April 30, 2019	$ 3.58	$ 0.16

B. Plan of Distribution

Not applicable.

C. Markets

Our common shares are quoted on the Canadian Securities Exchange, listed for quotation on December 19, 2017, under the Symbol "BETR". Our common stock is also quoted on the OTCQB, listed for quotation on April 13, 2010, under the Symbol "BETRF".

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Authorized

An unlimited number of common shares without par value are authorized in the articles of incorporation.

Issued and Outstanding

As of May 31, 2021, 77,796,672 common shares were issued and outstanding.

B. Memorandum and Articles of Association

BetterLife is registered under the *Business Corporations Act* in British Columbia.

C. Material Contracts

Except as otherwise disclosed in this Form 20-F/A, we are not currently, and have not been in the last two years, party to any material contract, other than contracts entered into in the ordinary course of business.

D. Exchange Controls

There are no laws, decrees or regulations in Canada relating to restrictions on the export or import of capital, or affecting the remittance of interest, dividends or other payments to non-resident holders of our shares of common stock.

E. Taxation

The Company is a Canadian corporation which, since it has not earned any revenues in Canada, has not paid taxes in Canada.

Canadian Holders are subject to Canada taxation regarding their capital gains and losses.

Canadian Federal Income Tax Information for United States Residents

The following is a discussion of material Canadian federal income tax considerations generally applicable to holders of our common shares who acquire such shares in the Company and who, for purposes of the Income Tax Act (Canada) and the regulations thereunder, (or the "Canadian Tax Act"):

- deal at arm's length and are not affiliated with us;
- hold such shares as capital property;
- do not use or hold (and will not use or hold) and are not deemed to use or hold our common shares, in or in the course of carrying on business in Canada;
- have not been at any time residents of Canada; and
- are, at all relevant times, residents of the United States, or U.S. Residents, under the Canada-United States Income Tax Convention (1980), (the Convention).

TAX MATTERS ARE VERY COMPLICATED AND THE CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR COMMON SHARES WILL DEPEND UPON THE STOCKHOLDER'S PARTICULAR SITUATION. THE SUMMARY OF MATERIAL CANADIAN FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW IS INTENDED TO PROVIDE ONLY A GENERAL SUMMARY AND IS NOT INTENDED TO BE A COMPLETE ANALYSIS OR DESCRIPTION OF ALL POTENTIAL CANADIAN FEDERAL INCOME TAX CONSEQUENCES.

THIS DISCUSSION DOES NOT INCLUDE A DESCRIPTION OF THE TAX LAWS OF ANY PROVINCE OR TERRITORY WITHIN CANADA. ACCORDINGLY, HOLDERS AND PROSPECTIVE HOLDERS OF OUR COMMON SHARES ARE ENCOURAGED TO CONSULT WITH THEIR OWN TAX ADVISERS ABOUT THE TAX CONSEQUENCES TO THEM HAVING REGARD TO THEIR OWN PARTICULAR CIRCUMSTANCES, INCLUDING ANY CONSEQUENCES OF PURCHASING, OWNING OR DISPOSING OF OUR COMMON SHARES ARISING UNDER CANADIAN FEDERAL, CANADIAN PROVINCIAL OR TERRITORIAL, U.S. FEDERAL, U.S. STATE OR LOCAL TAX LAWS OR TAX LAWS OF JURISDICTIONS OUTSIDE THE UNITED STATES OR CANADA.

This summary is based on the current provisions of the Canadian Income Tax Act, proposed amendments to the Canadian Income Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments"), and the provisions of the Canada-US Tax Convention as in effect on the date hereof. No assurance can be given that the Proposed Amendments will be entered into law in the manner proposed, or at all. No advance income tax ruling has been requested or obtained from the Canada Revenue Agency to confirm the tax consequences of any of the transactions described herein.

This summary is not an exhaustive description of all possible Canadian federal income tax consequences for U.S. Residents, and other than the Proposed Amendments, does not take into account or anticipate any changes in law, whether by legislative, administrative, governmental or judicial decision or action, nor does it take into account Canadian provincial, U.S. or foreign tax considerations which may differ significantly from those discussed herein. No assurances can be given that subsequent changes in law or administrative policy will not affect or modify the opinions expressed herein.

A U.S. Resident will not be subject to tax under the Canadian Tax Act in respect of any capital gain on a disposition of our common shares unless such shares constitute "taxable Canadian property", as defined in the Canadian Tax Act, of the U.S. Resident and the U.S. Resident is not eligible for relief pursuant to the Convention. Our common shares will not constitute "taxable Canadian property" if, at any time during the 60-month period immediately preceding the disposition of the common shares, the U.S. Resident, persons with whom the U.S. Resident did not deal at arm's length, or the U.S. Resident together with all such persons, did not own 25% or more of the issued shares of any class or series of shares of our capital stock. In addition, the Convention generally will exempt a U.S. Resident who would otherwise be liable to pay Canadian income tax in respect of any capital gain realized by the U.S. Resident on the disposition of our common shares from such liability provided that the value of our common shares is not derived principally from real property situated in Canada. The Convention may not be available to a U.S. Resident that is a U.S. LLC which is not subject to tax in the U.S.

Amounts in respect of our common shares paid or credited or deemed to be paid or credited as, on account or in lieu of payment of, or in satisfaction of, dividends to a U.S. Resident will generally be subject to Canadian non-resident withholding tax at the rate of 25%. Currently, under the Convention the rate of Canadian non-resident withholding tax will generally be reduced to:

- 5% of the gross amount of dividends if the beneficial owner is a company that is resident in the U.S. and that owns at least 10% of our voting shares; or
- 15% of the gross amount of dividends if the beneficial owner is some other resident of the U.S.

United States Federal Income Tax Information for United States Holders

The following is a general discussion of material U.S. federal income tax consequences of the ownership and disposition of our common shares by U.S. Holders (as defined below). This discussion is based on the United States Internal Revenue Code of 1986, as amended, Treasury regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect at the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion only addresses the tax consequences for U.S. Holders that will hold their common shares as a "capital asset" and does not address U.S. federal income tax consequences that may be relevant to particular U.S. Holders in light of their individual circumstances or U.S. Holders that are subject to special treatment under certain U.S. federal income tax laws, such as:

- tax-exempt organizations and pension plans;
- persons subject to an alternative minimum tax;
- banks and other financial institutions;
- insurance companies;
- partnerships and other pass-through entities (as determined for United States federal income tax purposes);
- broker-dealers;
- persons who hold their common shares as a hedge or as part of a straddle, constructive sale, conversion transaction, and other risk management transaction; and
- persons who acquired their common shares through the exercise of employee stock options or otherwise as compensation.

As used herein, the term "U.S. Holder" means a beneficial owner of our common shares that is:

- an individual citizen or resident of the United States;
- a corporation, a partnership or entity treated as a corporation or partnership for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; and
- a trust if both a United States Court is able to exercise primary supervision over the administration of the trust; and one or more United States persons have the authority to control all substantial decisions of the trust.

TAX MATTERS ARE VERY COMPLICATED AND THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR COMMON SHARES WILL DEPEND UPON THE STOCKHOLDER'S PARTICULAR SITUATION. THE SUMMARY OF MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW IS INTENDED TO PROVIDE ONLY A GENERAL SUMMARY AND IS NOT INTENDED TO BE A COMPLETE ANALYSIS OR DESCRIPTION OF ALL POTENTIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES.

NOTE THAT THIS DISCUSSION DOES NOT INCLUDE A DESCRIPTION OF THE TAX LAWS OF ANY STATE OR LOCAL GOVERNMENT WITHIN THE UNITED STATES. ACCORDINGLY, HOLDERS AND PROSPECTIVE HOLDERS OF OUR COMMON SHARES ARE ENCOURAGED TO CONSULT THEIR TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR COMMON SHARES.

Ownership of Shares

The gross amount of any distribution received by a U.S. Holder with respect to our common shares generally will be included in the U.S. Holder's gross income as a dividend to the extent attributable to our current and accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent a distribution received by a U.S. Holder is not a dividend because it exceeds the U.S. Holder's pro rata share of our current and accumulated earnings and profits, it will be treated first as a tax-free return of capital and reduce (but not below zero) the adjusted tax basis of the U.S. Holder's shares. To the extent the distribution exceeds the adjusted tax basis of the U.S. Holder's shares, the remainder will be taxed as capital gain (the taxation of capital gain is discussed under the heading "Sale of Shares" below).

For taxable years beginning before January 1, 2009, dividends received by non-corporate U.S. Holders from a qualified foreign corporation are taxed at the same preferential rates that apply to long-term capital gains. A foreign corporation is a "qualified foreign corporation" if it is eligible for the benefits of a comprehensive income tax treaty with the United States (the income tax treaty between Canada and the United States is such a treaty) or the shares with respect to which such dividend is paid is readily tradable on an established securities market in the United States (such as the Nasdaq Capital Market). Notwithstanding satisfaction of one or both of these conditions, a foreign corporation is not a qualified foreign corporation if it is a passive foreign investment company ("PFIC") for the taxable year of the corporation in which the dividend is paid or the preceding taxable year. (Whether a foreign corporation is a PFIC is discussed below under the heading "Passive Foreign Investment Companies"). A foreign corporation that is a PFIC for any taxable year within a U.S. person's holding period generally is treated as a PFIC for all subsequent years in the U.S. person's holding period. Although we have not been, are not now, and do not expect to be a PFIC, and we don't expect to pay dividends, you should be aware of the following matters in the event that we do become a PFIC and do pay dividends.

If we were to become a PFIC, then U.S. Holders who acquire our common shares may be treated as holding shares of a PFIC throughout their holding period for the purpose of determining whether dividends received from us are dividends from a qualified foreign corporation. As a consequence, dividends received by U.S. Holders may not be eligible for taxation at the preferential rates applicable to long-term capital gains.

If a distribution is paid in Canadian dollars, the U.S. dollar value of such distribution on the date of receipt is used to determine the amount of the distribution received by a U.S. Holder. A U.S. Holder who continues to hold such Canadian dollars after the date on which they are received, may recognize gain or loss upon their disposition due to exchange rate fluctuations. Generally, such gains and losses will be ordinary income or loss from U.S. sources.

U.S. Holders may deduct Canadian tax withheld from distributions they receive for the purpose of computing their U.S. federal taxable income (or alternatively a credit may be claimed against the U.S. Holder's U.S. federal income tax liability as discussed below under the heading "Foreign Tax Credit"). Corporate U.S. Holders generally will not be allowed a dividend received deduction with respect to dividends they receive from us.

Foreign Tax Credit

Generally, the dividend portion of a distribution received by a U.S. Holder will be treated as income in the passive income category for foreign tax credit purposes. Subject to a number of limitations, a U.S. Holder may elect to claim a credit against its U.S. federal income tax liability (in lieu of a deduction) for Canadian withholding tax deducted from its distributions. The credit may be claimed only against U.S. federal income tax attributable to a U.S. Holder's passive income that is from foreign sources.

If we were to become a qualified foreign corporation with respect to a non-corporate U.S. Holder, dividends received by such U.S. Holder will qualify for taxation at the same preferential rates that apply to long-term capital gains. In such case, the dividend amount that would otherwise be from foreign sources is reduce by multiplying the dividend amount by a fraction, the numerator of which is the U.S. Holder's preferential capital gains tax rate and the denominator of which is the U.S. Holder's ordinary income tax rate. The effect is to reduce the dividend amount from foreign sources, thereby reducing the U.S. federal income tax attributable to foreign source income against which the credit may be claimed. Canadian withholding taxes that cannot be claimed as a credit in the year paid may be carried back to the preceding year and then forward 10 years and claimed as a credit in those years, subject to the same limitations referred to above.

The rules relating to the determination of the foreign tax credit are very complex. U.S. Holders and prospective U.S. Holders should consult their own tax advisors to determine whether and to what extent they would be entitled to claim a foreign tax credit.

Sale of Shares

Subject to the discussion of the "passive foreign investment company" rules below, a U.S. Holder generally will recognize capital gain or loss upon the sale of our shares equal to the difference between: (a) the amount of cash plus the fair market value of any property received; and (b) the U.S. Holder's adjusted tax basis in such shares. This gain or loss generally will be capital gain or loss from U.S. sources, and will be long-term capital gain or loss if the U.S. Holder held its shares for more than 12 months. Generally, the net long-term capital gain of a non-corporate U.S. Holder from the sale of shares is subject to taxation at a top marginal rate of 15%. A Capital gain that is not long-term capital gain is taxed at ordinary income rates. The deductibility of capital losses is subject to certain limitations.

Passive Foreign Investment Companies

We will be a PFIC if, in any taxable year either: (a) 75% or more of our gross income consists of passive income; or (b) 50% or more of the value of our assets is attributable to assets that produce, or are held for the production of, passive income. Subject to certain limited exceptions, if we meet the gross income test or the asset test for a particular taxable year, our shares held by a U.S. Holder in that year will be treated as shares of a PFIC for that year and all subsequent years in the U.S. Holder's holding period, even if we fail to meet either test in a subsequent year.

If we were a PFIC in the future, gain realized by a U.S. Holder from the sale of PFIC Shares and certain dividends received on such shares would be subject to tax under the excess distribution regime, unless the U.S. Holder made one of the elections discussed below. Under the excess distribution regime, federal income tax on a U.S. Holder's gain from the sale of PFIC Shares would be calculated by allocating the gain rateably to each day the U.S. Holder held its shares. Gain allocated to years preceding the first year in which we were a PFIC in the U.S. Holder's holding period, if any, and gain allocated to the year of disposition would be treated as gain arising in the year of disposition and taxed as ordinary income. Gain allocated to all other years would be taxed at the highest tax rate in effect for each of those years. Interest for the late payment of tax would be calculated and added to the tax due for each of the PFIC Years, as if the tax was due and payable with the tax return filed for that year. A distribution that exceeds 125% of the average distributions received on PFIC Shares by a U.S. Holder during the 3 preceding taxable years (or, if shorter, the portion of the U.S. Holder's holding period before the taxable year) would be taxed in a similar manner.

A U.S. Holder may avoid taxation under the excess distribution regime by making a qualified electing fund ("QEF") election. For each year that we would meet the PFIC gross income test or asset test, an electing U.S. Holder would be required to include in gross income, its pro rata share of our net ordinary income and net capital gains, if any. The U.S. Holder's adjusted tax basis in our shares would be increased by the amount of such income inclusions. An actual distribution to the U.S. Holder out of such income generally would not be treated as a dividend and would decrease the U.S. Holder's adjusted tax basis in our shares. Gain realized from the sale of our shares covered by a QEF election would be taxed as a capital gain. U.S. Holders will be eligible to make QEF elections, only if we agree to provide to the U.S. Holders, which we do, the information they will need to comply with the QEF rules. Generally, a QEF election should be made by the due date of the U.S. Holder's tax return for the first taxable year in which the U.S. Holder held our shares that includes the close of our taxable year for which we met the PFIC gross income test or asset test. A QEF election is made on IRS Form 8621.

A U.S. Holder may also avoid taxation under the excess distribution regime by timely making a mark-to-market election. An electing U.S. Holder would include in gross income the increase in the value of its PFIC Shares during each of its taxable years and deduct from gross income the decrease in the value of its PFIC Shares during each of its taxable years. Amounts included in gross income or deducted from gross income by an electing U.S. Holder are treated as ordinary income and ordinary deductions from U.S. sources. Deductions for any year are limited to the amount by which the income inclusions of prior year's exceed the income deductions of prior years. Gain from the sale of PFIC Shares covered by an election is treated as ordinary income from U.S. sources while a loss is treated as an ordinary deduction from U.S. sources only to the extent of prior income inclusions. Losses in excess of such prior income inclusions are treated as capital losses from U.S. sources. A mark-to-market election is timely if it is made by the due date of the U.S. Holder's tax return for the first taxable year in which the U.S. Holder held our shares that includes the close of our taxable year for which we met the PFIC gross income test or asset test. A mark-to-market election is also made on IRS Form 8621.

As noted above, a PFIC is not a qualified foreign corporation and hence dividends received from a PFIC are not eligible for taxation at preferential long-term capital gain tax rates. Similarly, ordinary income included in the gross income of a U.S. Holder who has made a QEF election or a market-to-market election, and dividends received from corporations subject to such election, are not eligible for taxation at preferential long-term capital gain rates. The PFIC rules are extremely complex and could, if they apply, have significant, adverse effects on the taxation of dividends received and gains realized by a U.S. Holder. Accordingly, prospective U.S. Holders are strongly urged to consult their tax adviser concerning the potential application of these rules to their particular circumstances.

Controlled Foreign Corporation

Special rules apply to certain U.S. Holders that own stock in a foreign corporation that is classified as a "controlled foreign corporation" ("CFC"). We do not expect to be classified as a CFC. However, future ownership changes could cause us to become a CFC. Prospective U.S. Holders are urged to consult their tax advisor concerning the potential application of the CFC rules to their particular circumstances.

Information Reporting and Backup Withholding

United States information reporting and backup withholding requirements may apply with respect to distributions to U.S. Holders, or the payment of proceeds from the sale of shares, unless the U.S. Holder: (a) is an exempt recipient (including a corporation); (b) complies with certain requirements, including applicable certification requirements; or (c) is described in certain other categories of persons. The backup withholding tax rate is currently 28%. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules may be credited against any U.S. federal income tax liability of the U.S. Holder and may entitle the U.S. Holder to a refund.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

Not applicable.

I. Subsidiary Information

Refer to the notes to the consolidated financial statements under Item 17.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 12. Description of Securities Other Than Equity Securities

Effective October 1, 2019, we adopted a long-term incentive plan. Under this plan, our company may grant share purchase options, restricted stock units, performance stock units or deferred share units to its directors, officers, employees and consultants up to an amount as determined by our company and will be no more than 10% of its outstanding common shares on a fully-diluted basis. The exercise price of the share purchase options will be determined by our company and will be no less than market price on grant date.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Management's Report on Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, our management evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of January 31, 2021 and determined that they were not effective.

Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our president (our principal executive officer) and our chief financial officer (our principal financial officer and principal accounting officer), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our president (our principal executive officer) and our chief financial officer (our principal financial officer and principal accounting officer), we conducted an evaluation of the effectiveness of our internal control over financial reporting as of January 31, 2021 using the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company's annual or interim financial statements will not be prevented or detected on a timely basis. In its assessment of the effectiveness of internal control over financial reporting as of January 31, 2021, our company determined that there were control deficiencies that constituted material weaknesses, as described below:

1. We did not maintain appropriate financial reporting controls – As at January 31, 2021, our company did not have sufficient financial reporting controls with respect to the ability to process complex accounting issues. To remediate the material weakness, our company will obtain necessary external assistance to ensure that the performance of complex accounting issues can be performed accurately and on a timely basis.

Accordingly, our company concluded that these control deficiencies resulted in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by the company's internal controls.

As a result of the material weaknesses described above, management has concluded that our company's internal control over financial reporting was not effective as of January 31, 2021 based on criteria established in Internal Control—Integrated Framework issued by COSO.

MNP, LLP, our independent registered public auditors, was not required to and has not issued an attestation report concerning the effectiveness of our internal control over financial reporting as of January 31, 2021 pursuant to temporary rules of the Securities and Exchange Commission that permit our company to provide only management's report in this annual report.

Changes in Internal Controls

During the period ended January 31, 2021, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that none of our the members of our audit committee qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K. Dr. Wolfgang Renz, Mr. Robert Metcalfe and Mr. Anthony Pullen are "independent" as the term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended.

Our company has a formal audit committee which was formed in May 2010, but currently does not have a financial expert. Our audit committee consists of Dr. Ahmad Doroudian, Dr. Wolfgang Renz, Mr. Robert Metcalfe and Mr. Anthony Pullen. Financial information relating to quarterly reports was disseminated to all board members for review. The audited financial statements for the years ended January 31, 2021 and 2020 were provided to each member of the board in which any concerns by the members were directed to management and the auditors.

We believe that the members of our board of audit committee and our entire board of directors are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. We believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have not generated any material revenues to date. In addition, we currently do not have nominating, compensation or audit committees or committees performing similar functions nor do we have a written nominating, compensation or audit committee charter. Our board of directors does not believe that it is necessary to have such committees because it believes the functions of such committees can be adequately performed by our board of directors.

Our company has an audit committee charter which was adopted and approved by our board of directors on May 25, 2010.

Item 16B. Code of Ethics

Effective April 20, 2011, our company's board of directors adopted a code of business conduct and ethics that applies to, among other persons, members of our board of directors, our company's officers including our president, chief executive officer and chief financial officer, employees, consultants and advisors. As adopted, our code of business conduct and ethics sets forth written standards that are designed to deter wrongdoing and to promote:

1. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications made by us;
3. compliance with applicable governmental laws, rules and regulations;
4. the prompt internal reporting of violations of the code of business conduct and ethics to an appropriate person or persons identified in the code of business conduct and ethics; and
5. accountability for adherence to the code of business conduct and ethics.

Our code of business conduct and ethics requires, among other things, that all of our company's senior officers commit to timely, accurate and consistent disclosure of information; that they maintain confidential information; and that they act with honesty and integrity.

In addition, our code of business conduct and ethics emphasizes that all employees, and particularly senior officers, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal and state securities laws. Any senior officer who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to our company. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company policy to retaliate against any individual who reports in good faith the violation or potential violation of our company's code of business conduct and ethics by another.

Our code of business conduct and ethics was included as an exhibit to our annual report on Form 10-K filed with the SEC on May 11, 2011. We will provide a copy of the code of business conduct and ethics to any person without charge, upon request. Requests can be sent to: BetterLife Pharma Inc., 1275 West 6th Avenue, #300, Vancouver, British Columbia V6H 1A6.

Item 16C. Principal Accountant Fees and Services

The aggregate fees billed for the most recently completed fiscal year ended January 31, 2021 and for the fiscal year ended January 31, 2020 for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the financial statements included in our quarterly reports on Form 10-Q, where applicable, and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	Year Ended	
	January 31, 2021 $	January 31, 2020 $
Audit Fees	143,000	110,000
Audit Related Fees	Nil	20,000
Tax Fees	Nil	Nil
All Other Fees	114,000	Nil
Total	257,000	130,000

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Not applicable.

Item 16H. Mine Safety Disclosure

Not applicable.

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PART III

Item 17. Financial Statements

The following consolidated financial statements are filed as Exhibit 99.1 with this FORM 20-F/A. All of the financial information is presented in accordance with International Financial Reporting Standards.

- Consolidated Audited Financial Statements for the years ended January 31, 2021, 2020 and 2019.

Item 18. Financial Statements

Refer to Exhibit 99.1.

Item 19. Exhibits

Exhibit No.	Description of Exhibit
12.1	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
12.2	Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
13.1	Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
13.2	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
99.1	Consolidated Financial Statements for the years ended January 31, 2021, 2020 and 2019*

* Filed herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F/A and that it has duly caused and authorized the undersigned to sign this registration statement on its behalf.

BETTERLIFE PHARMA INC.

Date: June 23, 2021

/s/ Ahmad Doroudian
Ahmad Doroudian
Chief Executive Officer

EXHIBIT 12.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dr. Ahmad Doroudian, certify that:

1. I have reviewed this annual report on Form 20-F of BETTERLIFE PHARMA INC. (the "Company") for the fiscal year ended January 31, 2021;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: June 23, 2021

/s/ Ahmad Doroudian
Dr. Ahmad Doroudian
Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 12.2

CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Moira Ong, certify that:

1. I have reviewed this annual report on Form 20-F of BETTERLIFE PHARMA INC. (the "Company") for the fiscal year ended January 31, 2021;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: June 23, 2021

/s/ Moira Ong
Moira Ong
Chief Financial Officer
(Principal Accounting Officer
and Principal Financial Officer)

EXHIBIT 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of BETTERLIFE PHARMA INC. (the "Company") on Form 20-F/A for the year ended January 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Ahmad Doroudian, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 23, 2021

/s/ Ahmad Doroudian
Dr. Ahmad Doroudian
Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of BETTERLIFE PHARMA INC. (the "Company") on Form 20-F/A for the year ended January 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Moira Ong, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 23, 2021

/s/ Moira Ong
Moira Ong
Chief Financial Officer
(Principal Accounting Officer and Principal Financial Officer)

BETTERLIFE PHARMA INC.
Consolidated Financial Statements
Years ended January 31, 2021, 2020 and 2019
(Expressed in Canadian dollars)

MNP SENCRL srl / LLP

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of BetterLife Pharma Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of BetterLife Pharma Inc. as of January 31, 2021 and January 31, 2020, and the related consolidated statements of comprehensive loss, consolidated statements of shareholders' equity, and consolidated statements of cash flows for each of the years in the three-year period ended January 31, 2021 and the related notes and schedules (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of January 31, 2021 and 2020, and the results of its consolidated operations and its consolidated cash flows for each of the years in the three-year period ended January 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 of the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

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Going concern assessment

Description of the matter

As described in note 1 to the consolidated financial statements, the consolidated financial statements of the Company are prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. As at January 31, 2021, the Company has not earned any revenue and has an accumulated deficit of $91,011,306 and expects to incur additional losses in the future. The ability of the Company to continue as a going concern is dependent on raising capital to fund its initial business plan and ultimately to attain profitable operations. Accordingly, the Company has determined that these factors raise substantial doubt as to the Company's ability to continue as a going concern for a period of one year from the issuance of these financial statements. Management intends to continue to fund its business by way of equity issuances as may be required, in order satisfy the Company's obligations as they come due for at least one year from the financial statement issuance date. However, the Company has not concluded that these plans alleviate the substantial doubt related to its ability to continue as a going concern.

How the Critical Audit Matter Was Addressed in the Audit

We determined the Company's ability to continue as a going concern is a critical audit matter due to the estimation and uncertainty regarding the Company's available capital and the risk of bias in management's judgments and assumptions in their determination. Our audit procedures related to the Company's assertion on its ability to continue as a going concern included the following, among others:

- We enquired of Company management and reviewed company records to assess whether there are additional factors that contribute to the uncertainties disclosed.
- We assessed whether the Company's determination that there is substantial doubt about its ability to continue as a going concern was adequately disclosed.
- We evaluated the probability that the Company will be able to achieve successful equity financings.
- We evaluated the probability that the Company will be able to reduce capital expenditures and other operating expenditures if required
- We assessed management's plans in the context of other audit evidence obtained during the audit to determine whether it supported or contradicted the conclusion reached by management

Acquisition of Altum Pharmaceuticals Inc.

Description of the matter

As described in notes 6(b) and 9 to the consolidated financial statements, on August 31, 2020, the amalgamation between the Company, Altum Pharmaceuticals Inc. ("Altum"), an entity with common officers and director with the Company, and 12167573 Canada Ltd., a fully-owned subsidiary of the Company, was ratified by the Canadian Securities Exchange. Upon the close of the amalgamation, Altum became a fully owned subsidiary of the Company and immediately after the transaction, the former shareholders of Altum and Betterlife Pharma Inc. each owned approximately 50% of the Company's resulting outstanding common shares. Management concluded that the Company's former shareholders retained control of the Company. Additionally, management determined that the transaction did not meet the definition of a business and therefore accounting for the transaction as an asset acquisition.

How we addressed the matter in the Audit

Auditing the Company's accounting for the acquisition of Altum was complex due to the significant judgment required to assess control subsequent to the transaction and due to the significant estimation required by management to determine the fair value of the intangible assets which consisted of patents pending and in-process research and development. The Company used a cost approach to estimate the fair value of the acquired intangible assets. Additionally, the determination of whether the acquisition met the definition of a business required significant judgment taking into consideration the existence of inputs, processes that were considered substantive, and outputs.

We assessed the adequacy of the accounting treatment by reviewing all signed agreements related to the transaction and reviewed the accounting position paper prepared by management.

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To test the accuracy of the estimated fair value of the intangible assets acquired, we performed audit procedures that included comparing estimated costs to develop the acquired intellectual property to supporting evidence. We involved internal valuation specialists to assist in our evaluation of the developer premiums used by management to adjust historical development costs and inflation rates to reflect fair values at the acquisition date.

To assess whether Altum met the definition of a business, we reviewed the position paper prepared by management, and considered whether the inputs and processes applied to those inputs were substantive. We also vouched to supporting evidence to corroborate management's assertions.

Acquisition of NutraNeeds LLC

Description of the matter

As described in Note 6a) on December 7, 2020, the Company entered into an asset purchase agreement with Nutraneeds LLC ("Nutraneeds") whereby the Company issued 13,333,333 common shares (Note 12(f)) to acquire intellectual property, including patented technology, in connection with the compounds known as 2-bromo-LSD.

Management determined that the acquisition of assets did not meet the definition of a business and that the intangibles assets acquired were too early stage to meet the definition of an intangible asset.

How we addressed the matter in the Audit

We assessed the adequacy of the accounting treatment by reviewing all signed agreements related to the transaction and reviewed the accounting position paper prepared by management. We considered whether the inputs and processes applied to those inputs were substantive. We also vouched to supporting evidence to corroborate management's assertions.

Impairment of intangible assets

Description of the matter

As described in note 9 to the consolidated financial statements, management recognized impairment losses of approximately $2.9 million on intangible assets, effectively impairing all of its intangible assets, for the year ended January 31, 2021.

We considered this a key audit matter due to the estimates made by management in determining the recoverable amount of the intangible assets. We assessed the estimates as having a high degree of subjectivity and therefore ensured sufficient audit effort was performed to test the related key assumptions.

How we addressed the matter in the Audit

To test the accuracy of the impairment losses on the intangible assets, we performed audit procedures that included, discussing with management and the Company's specialists to obtain an understanding of the status of each project and management's intentions to pursue each project in the future, as well as evaluating how management determined the recoverable amounts of each project. We also assessed management's plans in the context of other audit evidence obtained during the audit to determine whether it supported or contradicted the conclusion reached by management.

Assessment of financial guarantee liability

Description of the matter

As described in notes 5(a) and 10 to the consolidated financial statements, the Company sold 100% of its equity interests in its fully owned subsidiary, Pivot Pharmaceuticals Manufacturing Corp. ("Pivot"), to an unrelated third party. Subsequent to the sale, the Company remains a guarantor on the lease at 285-295 Kesmark Street which was transferred to the third-party as part of the sale. The Company recognized a financial guarantee liability based on its best estimate of the consideration required to settle the present obligation at January 31, 2021, taking into account the risks and uncertainties surrounding the obligation.

Auditing the estimated financial guarantee liability is complex and judgmental due to the level of uncertainty involved in management's estimate of the amount and likelihood of potential payout in case of payment default by the lessee, as at January 31, 2021.

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How we addressed the matter in the Audit

To test the accuracy and completeness of the Company's estimated financial guarantee liability, our procedures included:

- We enquired with management regarding the Company's position on whether it had a present obligation for which it could make a reliable estimate of its obligation to fulfill the guarantee.
- We also enquired as to the financial position of the new lessee to assess reasonability of management's estimated likelihood.
- We further enquired with the Company's external legal counsel to obtain an understanding of the Company's exposure as a result of the lease agreement and relating guarantee clause, and assess the reasonability of the estimated amount and likelihood of payout.
- We performed sensitivity analyses to determine the effect of changes in assumptions on the financial guarantee liability.

We have served as the Company's auditor since 2019.

Montreal, Canada

MNP SENCRL, srl

June 22, 2021

[1] FCPA auditor, FCA, public accountancy permit no. A122514

MNP SENCRL srl / LLP

BETTERLIFE PHARMA INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	January 31, 2021 $	January 31, 2020 $
Assets		
Current assets		
Cash	154,722	2,681,704
Cash – restricted (Note 7)	–	600,000
Amounts receivable	520,122	137,367
Prepaids and other current assets	654,710	61,467
Total current assets	1,329,554	3,480,538
Non-current assets		
Deposits	–	177,300
Property and equipment, net (Note 8)	36,871	540,245
Intangible assets, net (Note 9)	–	801,058
Right-of-use assets (Note 10)	–	3,251,638
Total assets	1,336,425	8,250,779
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	4,503,217	890,138
Due to related parties (Note 18)	661,660	1,788
Financial guarantee liability (Notes 10 and 21(c))	182,200	–
Lease liability (Note 10)	–	68,138
Convertible debentures (Note 11)	500,000	–
Total current liabilities	5,847,077	960,064
Non-current liabilities		
Lease liability (Note 10)	–	4,634,154
Warrant liabilities (Note 13(a))	131,603	–
Total liabilities	5,978,680	5,594,218
Shareholders' (Deficit) Equity		
Common shares (Note 12)	63,670,860	37,519,448
Reserves (Notes 13(b), 14 and 15)	22,618,544	19,625,602
Accumulated other comprehensive income	109,647	172,027
Accumulated deficit	(91,011,306)	(54,660,516)
Total shareholders' (deficit) equity	(4,612,255)	2,656,561
Total liabilities and shareholders' equity	1,366,425	8,250,779

Nature of operations and going concern (Note 1), commitments and contingencies (Note 21) and events after the reporting date (Note 26)

Approved on behalf of the Board of Directors

"Ahmad Doroudian" Director

"Ralph Anthony Pullen" Director

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

BETTERLIFE PHARMA INC.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Years Ended		
	January 31, 2021 $	January 31, 2020 $	January 31, 2019 $
Expenses			
Amortization and depreciation of equipment and intangible assets (Notes 8 and 9)	157,760	985,895	900,651
Amortization of right-of-use assets (Note 10)	(69,849)	361,502	235,586
Consulting fees	1,982,846	1,608,692	1,022,055
Due diligence costs	–	–	251,674
Finders fee expense	–	100,000	100,000
Foreign exchange (gain) loss	(39,050)	38,057	24,208
General and administrative	1,743,415	923,877	1,297,802
Lease liability expense (Note 10)	479,164	347,445	155,049
Licensing fees	–	40,029	79,008
Professional fees	1,447,202	1,707,892	930,879
Promotion and marketing	185,952	96,641	11,076
Repairs and maintenance	22,808	45,875	301
Research and development	284,700	63,767	364,784
Wages, salaries and employment expenses	1,720,419	3,016,626	1,527,023
Total expenses	7,915,367	9,336,298	6,900,096
Loss from operations	(7,915,367)	(9,336,298)	(6,900,096)
Other income (expenses)			
Accretion expense (Note 11)	(33,054)	(380,754)	(1,078,141)
Change in unrealized gains/losses on warrant liabilities (Note 13(a))	(73,885)	–	–
Financial guarantee expense (Notes 10 and 21(c))	(182,200)	–	–
Interest expense	(7,046)	(48,024)	(4,862)
Interest income	265	4,479	4,196
Gain on repayment of promissory note	–	–	8,890
Gain (loss) on sale/abandonment of assets, net (Notes 4 and 5)	804,429	(1,303,278)	–
Loss on extinguishment of convertible debentures (Note 11(a))	–	–	(1,240,773)
Loss on impairment of equipment (Note 8)	–	(3,901)	–
Loss on impairments and write-offs of inventory and other (Note 17(c))	–	(1,466,377)	(8,856)
Loss on impairment of intangible assets (Note 9)	(12,116,908)	(6,625,246)	–
Loss on impairment of loan receivable (Notes 17(a) and 17(b))	–	(213,085)	–
Other	(40,358)	48,382	(35,148)
Settlement of legal claims (Notes 4 and 21(a))	(120,000)	(264,660)	–
Unidentifiable assets acquired (Note 6(a))	(16,666,666)	–	–
Total other income (expenses)	(28,435,423)	(10,252,464)	(2,354,694)
Net loss for the year	(36,350,790)	(19,588,762)	(9,254,790)
Other comprehensive income (loss)			
Foreign currency translation adjustment of foreign operations	(62,380)	48,962	123,065
Net comprehensive loss for the year	(36,413,170)	(19,539,800)	(9,131,725)
Net loss per share, basic and diluted	(1.34)	(1.30)	(1.03)
Weighted average shares outstanding, basic and diluted	27,027,028	15,035,909	9,020,139

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

BETTERLIFE PHARMA INC.
Consolidated Statements of Shareholders' (Deficit) Equity
(Expressed in Canadian dollars)

	Common Shares		Common Shares Issuable	Reserves	Accumulated Other Comprehensive Income - Foreign Currency Translation	Deficit	Total
	Shares(i) #	Amount $	$	$	$	$	$
Balance – January 31, 2018	8,237,355	10,047,733	–	15,713,439	–	(25,816,964)	(55,792)
Common shares issued for services (Notes 12(r) and 12(s))	119,786	663,435	10,000	–	–	–	673,435
Common shares issued for settlement of convertible debenture (Notes 11 and 12(t))	375,000	1,668,226	–	932,631	–	–	2,600,857
Common shares issued for asset acquisition (Notes 6(e) and 12(p))	500,000	6,650,000	–	–	–	–	6,650,000
Common shares issued for asset acquisition (Notes 6(d) and 12(q))	50,000	830,000	–	–	–	–	830,000
Common shares and warrants issued for cash (Note 12(u))	407,825	1,536,605	–	–	–	–	1,536,605
Warrants issued for finder's fee	–	–	–	174,813	–	–	174,813
Beneficial conversion feature	–	–	–	185,753	–	–	185,753
Share-based payments	–	–	–	31,566	–	–	31,566
Foreign currency translation adjustment of foreign operations	–	–	–	–	123,065	–	123,065
Net loss	–	–	–	–	–	(9,254,790)	(9,254,790)
Balance – January 31, 2019	9,689,966	21,395,999	10,000	17,038,202	123,065	(35,071,754)	3,495,512
Common shares issued for services (Notes 12(i) and 12(k))	123,790	215,129	(10,000)	–	–	–	205,129
Common shares issued for settlement of accounts payable and accrued liabilities (Note 12(j))	169,032	338,065	–	–	–	–	338,065
Common shares issued for conversion of debentures (Note 12(o))	59,524	261,821	–	(11,821)	–	–	250,000
Common shares and warrants issued for cash (Notes 12(l) and 12(m))	6,695,000	16,390,000	–	–	–	–	16,390,000
Common shares and warrants issued as share issue costs (Notes 12(l) and 12(n))	470,800	(1,081,566)	–	1,001,566	–	–	(80,000)
Share-based payments (Note 15)	–	–	–	1,597,655	–	–	1,597,655
Foreign currency translation adjustment of foreign operations	–	–	–	–	48,962	–	48,962
Net loss	–	–	–	–	–	(19,588,762)	(19,588,792)
Balance – January 31, 2020	17,208,112	37,519,448	–	19,625,602	172,027	(54,660,516)	2,656,561
Common shares issued for services (Note 12(a))	1,235,399	1,762,813	–	(411,006)	–	–	1,351,807
Common shares and warrants issued for cash, net (Notes 12(b) and 12(c))	716,725	1,185,794	–	103,549	–	–	1,289,343
Common shares issued for asset acquisitions (Notes 6, 12(d) and 12(f))	31,550,572	22,760,816	–	100,312	–	–	22,861,128
Common shares issued on exercise of special warrants and warrants (Notes 12(e) and 12(h))	646,000	339,600	–	(150,000)	–	–	189,600
Common shares issued on conversion of convertible debenture (Note 12(g))	89,034	102,389	–	–	–	–	102,389
Equity component of convertible debentures	–	–	–	12,671	–	–	12,671
Special warrants issued for cash, net (Note 12(e))	–	–	–	2,510,784	–	–	2,510,784
Share-based payments (Note 15)	–	–	–	826,632	–	–	826,632
Foreign currency translation adjustment of foreign operations	–	–	–	–	(62,380)	–	(62,380)
Net loss	–	–	–	–	–	(36,350,790)	(36,350,790)
Balance – January 31, 2021	51,445,842	63,670,860	–	22,618,544	109,647	(91,011,306)	(4,612,255)

(i) After the effect of the common share consolidation on a ten (10) old for one (1) new common share basis (Note 12).

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

BETTERLIFE PHARMA INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years Ended		
	January 31, 2021 $	**January 31, 2020 $**	**January 31, 2019 $**
Operating activities			
Net loss	(36,350,790)	(19,588,762)	(9,254,790)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization and depreciation of equipment and intangible assets	157,760	985,895	900,651
Amortization of right-of-use assets	185,053	421,984	235,586
Change in unrealized gains/losses on warrant liabilities	73,885	–	–
Common shares issued for services	1,351,808	185,129	673,435
Financial guarantee liability	182,200	–	–
Foreign exchange loss (gain)	(39,050)	(11,085)	(29,737)
Gain on repayment of promissory note	–	–	(8,890)
Gain (loss) on sale/abandonment of assets, net	(804,429)	1,303,278	–
Interest accretion	12,671	294,000	638,134
Loss on extinguishment of convertible debentures	–	–	1,240,773
Loss on impairment of equipment	–	3,901	–
Loss on impairment of intangible assets	12,116,908	6,625,246	–
Share-based payments	826,632	1,597,655	31,566
Unidentifiable assets acquired	16,666,666	–	–
Changes in working capital accounts:			
Amounts receivable	(349,896)	(92,879)	(39,368)
Prepaids and other current assets	(269,998)	10,415	1,181
Deposit	–	(177,300)	–
Accounts payable and accrued liabilities	(993,932)	1,050,328	429,204
Due to related parties	69,631	(329,446)	317,279
Deferred revenue	–	(159,000)	156,408
Net cash used in operating activities	(7,164,881)	(7,880,641)	(4,708,568)
Investing activities			
Acquisition obligation	–	(432,923)	–
Cash acquired through acquisitions	25,065	–	2,779
Loans receivable, net	–	(165,428)	–
Purchase of property and equipment	(10,153)	(542,742)	–
Purchase of intangible assets	(86,462)	–	(847,161)
Net cash used in investing activities	(71,550)	(1,141,093)	(844,382)
Financing activities			
Lease payments	(499,929)	(559,580)	(282,095)
Payment for debt modification	–	(250,000)	
Proceeds from (repayment of) convertible debenture	600,000	(3,250,000)	4,559,206
Proceeds from exercise of warrants	189,600	–	
Proceeds from issuance of common shares and warrants, net	1,289,343	16,310,000	1,539,315
Proceeds from issuance of special warrants, net	2,510,630	–	
Repayment of loan payable	–	–	(20,757)
Repayment of promissory note	–	(24,000)	(247,305)
Net cash provided by financing activities	4,089,644	12,226,420	5,548,364
Effects of exchange rate changes on cash	19,805	2,218	82
Net change in cash	(3,126,982)	3,206,904	(4,504)
Cash – beginning of period	3,281,704	74,800	79,304
Cash – end of period	154,722	3,281,704	74,800

Supplemental cash flow disclosures (Note 16)

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

1. Nature of Operations and Going Concern

BetterLife Pharma Inc. (the "Company") was incorporated in British Columbia under the Business Corporations Act on June 10, 2002 whose common shares are publicly traded on the Canadian Securities Exchange under the symbol "BETR". The Company is a biopharmaceutical company engaged in the development and commercialization of patented, differentiated and premium quality pharmaceuticals.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, no adjustments to the carrying value of the assets and liabilities have been made in these audited consolidated financial statements should the Company no longer be able to continue as a going concern. Any such adjustments could be material. As at January 31, 2021, the Company has not earned any revenue and has an accumulated deficit of $91,011,306. The continued operations of the Company are dependent on its ability to generate future cash flows through additional financing or commercialization, which have been impacted as a result of the global outbreak of coronavirus ("COVID-19") (Note 2(d)). Management intends to continue to pursue additional financing through issuances of equity. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. These events or conditions indicate that a material uncertainty exists that casts substantial doubt on the company's ability to continue as a going concern.

The head office and principal address of the Company is located at 1275 West 6th Avenue, #300, Vancouver, BC, Canada, V6H 1A6.

2. Significant Accounting Policies

(a) Basis of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared in accordance with the accounting policies presented below and are based on IFRS and IFRIC interpretations issued and effective as of January 31, 2021.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on June 22, 2021.

(b) Basis of Measurement and Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for share-based payment transactions and certain financial instruments which are measured at fair value, and are presented in Canadian dollars.

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Subsidiaries are fully consolidated from the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same period as the parent company, using consistent accounting policies. The Company has consolidated the assets, liabilities, revenues and expenses of its subsidiaries after the elimination of inter-company transactions and balances.

The consolidating entities include:

	% of ownership	**Jurisdiction**
BetterLife Pharma Inc.	Parent	Canada
Altum Pharmaceuticals Inc. (acquired August 2020) (Note 6(b))	100%	Canada
Pivot Pharmaceuticals Manufacturing Corp. (divested December 2020) (Note 5(a))	100%	Canada
Blife Therapeutics Inc. (acquired May 2020) (Note 6(c))	100%	Canada
Pivot Green Stream Health Solutions Inc. (dissolved January 2020)	100%	Canada
Altum S1M US Corp.	100%(1)	U.S.A.
BetterLife Pharma US Inc.	100%	U.S.A.
Pivot Naturals, LLC (divested February 2020) (Note 4)	100%	U.S.A.
Thrudermic, LLC	100%	U.S.A.
BetterLife Europe Pharmaceuticals AG	100%	Lichtenstein
Solmic AG	100%	Switzerland
Altum Pharma (Australia) Pty Ltd.	100%(1)	Australia
Altum Pharmaceuticals (HK) Limited	100%(1)	Hong Kong
Altum Pharmaceuticals International Inc. (dissolved December 2020)	100%(1)	Barbados
Altum Pharmaceuticals Barbados Inc. (dissolved December 2020)	100%(1)	Barbados

(1) Fully-owned subsidiaries of Altum Pharmaceuticals Inc.

(d) Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. **Significant Accounting Policies** (continued)

The following are the critical judgments and estimates that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Impairment of non-financial assets
Property and equipment and definite life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The assessment of the existence of impairment indicators is based on various internal and external factors and involves management's judgment. Indefinite life intangible assets, including goodwill, are tested for impairment annually. For the purposes of determining the recoverable amount, assets are aggregated into cash generating units ("CGUs") based on an assessment of the lowest level which there are separately identifiable cash inflows. The determination of individual CGUs is based on management's judgement regarding shared infrastructure, geographical proximity and similar exposure to market risk. The recoverable amount is the greater of an asset's fair value less costs of disposal and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable amount.

Functional currency
The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Business combinations
Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case-by-case basis. As outlined in IFRS 3 Business Combinations, the components of a business must include inputs, processes and outputs.

Determination of share-based payments
The estimation of share-based payments (including warrants and stock options) requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of the grant. The Company makes estimates as to the volatility, the forfeiture rate, the expected life, dividend yield and the time of exercise, as applicable. The expected volatility is based on the average volatility of share prices of similar companies over the period of the expected life of the applicable warrants and stock options. The expected life is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

2. Significant Accounting Policies (continued)

Incremental borrowing rate and lease terms

IFRS 16 "Leases" requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Leases requires lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Going concern

The global outbreak of coronavirus ("COVID-19") has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S. federal, provincial/state and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition. Refer to Note 1 for additional factors impacting going concern assessment done by management.

(e) Investments in Joint Arrangements

These consolidated financial statements incorporate the Company's share of the results of its joint venture, Pivot-Cartagena Joint Venture Inc. using the equity method of accounting (Note 20). Investments in joint ventures are recognized initially at cost and adjusted thereafter to include the Company's share of income or loss and comprehensive income on an after-tax basis. Dividends or distributions received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investments.

Investments are reviewed for impairment at each reporting period by comparing recoverable amount to carrying amount when there is an indication of impairment.

2. Significant Accounting Policies (continued)

(f) Foreign Currency

The Company's presentation currency is the Canadian dollar. The functional currency of the parent entity, BetterLife Pharma Inc., and its subsidiaries, Altum Pharmaceuticals Inc., Pivot Pharmaceuticals Manufacturing Corp., Blife Therapeutics Inc. and Pivot Green Stream Health Solutions Inc., is the Canadian dollar. The functional currency of the U.S. subsidiaries, Altum S1M US Corp., BetterLife Pharma US Inc., Pivot Naturals, LLC and Thrudermic, LLC, is the U.S. dollar. The functional currency of the European subsidiaries, BetterLife Europe Pharmaceuticals AG and Solmic AG, is Swiss Francs. The functional currency of the Hong Kong based subsidiary, Altum Pharmaceuticals (HK) Limited, is the Hong Kong dollar. The functional currency of the Australian subsidiary, Altum Pharma (Australia) Pty Ltd., is the Australian dollar. The functional currency of the Barbadian subsidiaries, Altum Pharmaceuticals International Inc. and Altum Pharmaceuticals Barbados Inc. is the U.S. dollar.

<u>Foreign currency transactions</u>
Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rates in effect at the financial position date. The resulting exchange gains and losses are recognized in the consolidated statements of comprehensive loss. Non-monetary assets and liabilities denominated in other than the functional currency that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in other than the functional currency are translated using the exchange rate at the date of transaction.

<u>Foreign operations</u>
For consolidation purposes, the assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rates of exchange during the period. All resulting exchange differences are recorded as other comprehensive income (loss) and accumulated in a separate component of shareholders' equity, described as foreign currency translation adjustment.

(g) Financial Instruments

<u>Financial instruments - classification and measurement</u>

Financial Assets
The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

• Amortized cost
Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's amounts receivable is classified in this category.

2. Significant Accounting Policies (continued)

• Fair value through other comprehensive income ("FVTOCI")
Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

• Fair value through profit or loss ("FVTPL")
Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. The Company's cash is classified in this category.

Financial Liabilities
All financial liabilities are initially recognized at fair value plus or minus transactions costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL. The Company's accounts payable and accrued liabilities, due to related parties, convertible debentures and other liabilities are measured at amortized cost. The Company's warrant liabilities are measured at FVTPL.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified. Financials assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

<u>Financial instruments - impairment of financial assets</u>
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the consolidated statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

a. Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;

b. Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and

c. Level 3 – inputs for the asset or liability are not based on observable market data.

(h) Cash and Cash Equivalents

Cash in the consolidated statement of financial position is comprised of cash and short-term deposits which have an original maturity of three months or less or are readily convertible into a known amount of cash. At January 31, 2021 and 2020, the Company had no cash equivalents.

2. Significant Accounting Policies (continued)

(i) Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using the straight-line method to depreciate the cost of property and equipment the useful lives for which an asset is expected to be available for use as follows:

Computer equipment	2 years
Equipment	5 years
Leasehold improvements	5 to 10 years
Security system	5 years

(j) Intangible Assets

Intangible assets consist of costs incurred to acquire patents, unpatented technology and in-progress research and development programs. Development expenditures are capitalized as intangible assets only if the expenditure can be measured reliably, the process is technically and commercially feasible, future economic benefits are probable to the Company and the Company has sufficient resources to complete the development and use or sell the asset. Otherwise, it is recognized in the consolidated statements of comprehensive loss as incurred. Research costs are expensed in the period that they are incurred.

Intangible assets that are considered finite life assets are recorded at cost less accumulated amortization and accumulated impairment. Intangible assets that are considered indefinite life assets are recorded at cost less accumulated impairment.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of loss and comprehensive loss when the asset is derecognized.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the asset. Amortization is recorded using the straight-line method and is intended to amortize the intangible assets over their estimated useful lives:

Patents	10 years
Unpatented technology	10 years

2. Significant Accounting Policies (continued)

(k) Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (if any). The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is determined to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the consolidated statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Intangible assets with indefinite useful lives, goodwill and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

(l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(m) Leases

A contract is a lease or contains a lease if it conveys the right to control the use of an asset for a time period in exchange for consideration. To identify a lease, the Company (1) considers whether an explicit or implicit asset is specified in the contract and (2) determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

When assessing the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. This judgment is based on factors such as contract rates compared to market rates, economic reasons, significance of leasehold improvements, termination and relocation costs, installation of specialized assets, residual value guarantees, and any sublease term.

2. Significant Accounting Policies (continued)

The Company does not recognize lease assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less. The lease payments are recognized in expenses over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid. The Company elected to not separate non-lease components from lease components and to account for the non-lease and lease components as a single lease component.

The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated.

The lease liability is subsequently measured at amortized cost using the effective interest method and is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

(n) Equity

Common shares
Common shares represent the amount received on the issue of common shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If common shares are issued when stock options and warrants are exercised, the common shares account also comprised the compensation costs previously recorded as reserves. In addition, if common shares were issued as consideration for the acquisition of a form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements
Proceeds from unit placements are allocated between common shares and share purchase warrants issued using the residual method. Proceeds are first allocated to common shares according to the quoted price of existing common shares at the time of issuance and any residual in the proceeds is allocated to warrants. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value is reclassified to contributed surplus within equity. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued.

The Company may modify the terms of warrants originally granted. When modifications exist, the Company will maintain the original fair value of the warrant.

Other elements of equity
Reserves include charges related to stock options, compensation options and share purchase warrants until such stock options and share purchase warrants are exercised.

(o) Share-based Payments

The Company grants share purchase options, restricted stock units ("RSUs"), performance stock units ("PSUs") and deferred share units ("DSUs") under its Long-term Incentive Plan described in Note 15 to employees, consultants, directors and others providing similar services.

2. Significant Accounting Policies (continued)

The fair value of share purchase options granted is measured at the grant date using an option pricing model. Subsequently, the fair value of share purchase options ultimately expected to vest is charged to operations over the vesting period. Share purchase options granted to third parties in exchange for goods or services are measured at the fair value of the goods or services received and charged to operations over the vesting period.

The fair values of RSUs, PSUs and DSUs granted are measured at grant dates share prices and the expense is allocated over the vesting period based on the best available estimate of the number of RSUs, PSUs and DSUs expected to vest. Non-market vesting conditions are included in assumptions about the number of RSUs, PSUs and DSUs that are expected to be issued or paid. Estimates are subsequently revised if there was any indication that the number of RSUs, PSUs or DSUs expected to vest differed from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of RSUs, PSUs or DSUs that are ultimately issued or paid are different to that estimated on vesting. The accumulated charges related to RSUs, PSUs and DSUs recorded in reserves are transferred to common shares on issuance of common shares in payment of vested RSUs, PSUs and DSUs.

(p) Comprehensive Income (Loss)

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Financial assets that are measured at fair value through other comprehensive income will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the consolidated statement of financial position. Certain gains and losses on the translation of amounts between the functional and presentation currency of the Company are included in other comprehensive income or loss.

(q) Income (Loss) Per Share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(r) Taxes

Tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

2. Significant Accounting Policies (continued)

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred 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 tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(s) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(t) Segment Reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the Chief Executive Officer and the Board of Directors. The allocation of resources between the different operating segments and the assessment of the performance of the operating segments is the responsibility of the Chief Executive Officer.

The Company has determined that it has only one operating segment: development and commercialization of patented, differentiated and premium quality pharmaceuticals.

3. New Accounting Pronouncements

The following new accounting standards and interpretations have been adopted by the Company as of February 1, 2020.

(a) IAS 1 – Presentation of Financial Statements ("IAS 1")

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

3. New Accounting Pronouncements (continued)

IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of February 1, 2020, the Company adopted IAS 1. The adoption of IAS 1 had no significant impact on the Company's consolidated financial statements.

(b) IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IAS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of February 1, 2020, the Company adopted IAS 8. The adoption of IAS 8 had no significant impact on the Company's consolidated financial statements.

The following new accounting standards and interpretations will be adopted by the Company subsequent to January 31, 2021.

(c) IAS 1 – Presentation of Financial Statements

IAS 1 has been revised to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Earlier application is permitted.

IAS 1 has also been amended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company does not expect the revisions to have a material impact on its consolidated financial statements.

(d) IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8 has been amended to introduce the definition of an accounting estimate and include other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The Company does not expect the amendment to have a material impact on its consolidated financial statements.

3. New Accounting Pronouncements (continued)

(e) IAS 16 – Property, Plant and Equipment ("IAS 16")

IAS 16 has been amended to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The Company does not expect the amendment to have a material impact on its consolidated financial statements.

(f) IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

IAS 37 has been amended to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The Company does not expect the amendment to have a material impact on its consolidated financial statements.

4. Settlement and Asset Abandonment

On February 13, 2020, the Company signed a Settlement Agreement and Release Agreement ("Settlement Agreement") with two of its former employees in Pivot Naturals, LLC ("Pivot Naturals") to settle the following legal matters:

- A demand for arbitration filed by these former employees before the American Arbitration Association alleging claims for breach of the written employment contracts, fraud, illegal retaliation in violation of California's whistleblower statute and tortious discharge in violation of public policy seeking, among other things, recovery of damages for breach of employment contracts, including recovery of severance amounts, damages for breach of alleged option rights, waiting time penalties, as well as other general and punitive damages on the tort claims; and

- A suit filed in British Columbia by the Company against the former employees for declaratory relief and related matters concerning control and use of the Company's assets.

Consideration for the Settlement Agreement included:

- Assignment of Pivot Naturals to Goodbuzz Inc. as follows: 1) 80% of membership interest on the initial closing date ("Initial Closing Date") (completed February 2020), and 2) 20% on a second closing date which is the earlier of April 30, 2020 and a date upon with certain conditions are met ("Second Closing Date") (completed April 2020).

- \$264,660 (US\$200,000) payment to be made as follows: 1) \$165,413 (US\$125,000) upon Initial Closing Date (completed in February 2020), and 2) \$99,247 (US\$75,000) upon Second Closing Date (completed in April 2020). A loss on settlement of legal claims of \$264,660 has been recorded in the consolidated statement of comprehensive loss for the year ended January 31, 2020.

- Payment of the monthly lease due on the lease at 3595 Cadillac Avenue in California, U.S.A. for the months of February, March and April 2020 (completed in February 2020).

(Expressed in Canadian dollars)

4. Settlement and Asset Abandonment (continued)

Together with the assignment of Pivot Naturals, the Company assigned its right-of-use ("ROU") asset related to its lease at 3595 Cadillac Avenue, which had been impaired at January 31, 2020, and extinguished accounts payable and accrued liabilities and obligations related to this lease. The following gain on abandonment of assets has been included in the consolidated statement of comprehensive loss for the year ended January 31, 2021:

Year Ended	January 31, 2021 $	January 31, 2020 $
Cash	(347)	–
Right-of-use asset	–	(1,276,779)
Other assets	–	(26,499)
Accounts payable and accrued liabilities	22,391	–
Lease liability	1,459,785	–
Gain (loss) on abandonment of assets	1,481,829	(1,303,278)

The Company evaluated the assignment of Pivot Naturals in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, and determined that it did not meet the definition of discontinued operations.

5. Sale/Abandonment of Assets

(a) On October 2, 2020, the Company signed a share purchase agreement with an unrelated third party (the "Purchaser") for the sale of 100% of the issued and outstanding common shares of Pivot Pharmaceuticals Manufacturing Corp. ("Pivot"), a fully-owned subsidiary. Pursuant to the sale of Pivot, the Company's lease of the manufacturing facility in Dollard-des-Ormeaux, Quebec, Canada (the "Facility") and its in-process Health Canada license application (the "Application") was transferred to the Purchaser and the Company is no longer pursuing the Application for processing of cannabis products in Canada.

Consideration included the following: 1) Purchaser settling Pivot and the Company's outstanding obligations with the lessor of the Facility of $135,879 (completed), 2) Cancellation of any amounts that Pivot or the Company may owe to the Purchaser (completed), 3) Purchaser's assumption of the lease of the Facility as of September 1, 2020 (completed), 4) Cancellation by Pivot of obligations that the Purchaser owes to Pivot (completed), 5) Purchaser's assumption of further obligations with respect to the Application (completed), and 6) Purchaser's discontinuation of its lawsuit filed in the Province of Quebec against Pivot (completed).

(Expressed in Canadian dollars)

5. **Sale/Abandonment of Assets** (continued)

The following loss on disposal of assets has been included in the consolidated statement of comprehensive loss for the year ended January 31, 2021:

Year Ended	**January 31, 2021 $**
Deposit	(177,300)
Equipment	(469,695)
ROU asset	(3,066,586)
Lease liability	3,279,364
Other	2,707
Loss on disposal of assets	(431,510)

The Company evaluated the disposal of Pivot in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, and determined that it did not meet the definition of discontinued operations.

(b) During the year ended January 31, 2021, the Company shifted its strategic focus from manufacture and commercialization of cannabis/hemp products to research and development of pharmaceuticals and recorded a loss on abandonment of assets of $245,890 upon halting hemp-related activities in the U.S.A.

6. **Asset Acquisitions**

(a) On December 7, 2020, the Company entered into an asset purchase agreement with Nutraneeds LLC ("Nutraneeds") whereby the Company issued 13,333,333 common shares (Note 12(f)) to acquire intellectual property, including patented technology, in connection with the compounds known as 2-bromo-LSD.

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets acquired met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. The intangible assets acquired were determined to be too-early stage to meet the definition of intangible asset. Accordingly, the Company accounted for this transaction as an asset acquisition and measured the transaction using the fair value of the consideration paid with amount paid being recognized as an expense through comprehensive loss (Note 9).

The consideration transferred, and assets and unidentifiable assets acquired are as follows:

Consideration paid:	**$**
Common shares issued	16,666,666
Net assets acquired:	**$**
Unidentifiable assets	16,666,666
Fair value of net assets acquired	16,666,666

(Expressed in Canadian dollars)

6. Asset Acquisitions (continued)

(b) On August 31, 2020, the amalgamation between the Company, Altum Pharmaceuticals Inc. ("Altum"), an entity with common officers and director with the Company, and 12167573 Canada Ltd., a fully-owned subsidiary of the Company, was ratified by the Canadian Securities Exchange. Upon the close of the amalgamation, Altum became a fully-owned subsidiary of the Company. Pursuant to the amalgamation, the Company issued 18,217,239 common shares to Altum shareholders in exchange for Altum common shares. In addition, 856,880 stock options were issued to Altum optionees and 252,595 share purchase warrants to Altum's warrant-holders.

Pursuant to the acquisition of Altum, the Company acquired patents related to its AP-001 program and in-process research and development related to its AP-003 program (Note 9).

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets and operations of Altum met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an asset acquisition.

The consideration transferred, assets acquired and liabilities assumed recognized are as follows:

Consideration paid:	$
Common shares issued	6,094,149
Share purchase options granted	100,312
Share purchase warrants granted	57,718
Total purchase price	6,252,179

Net assets acquired:	$
Cash	24,825
Amounts receivable	31,451
Prepaid and other current assets	363,150
Equipment	44,553
Intangible assets	11,362,000
Advances	(1,507,979)
Accounts payable and accrued liabilities	(3,475,581)
Due to related parties	(590,240)
Net value of net assets acquired	6,252,179

(Expressed in Canadian dollars)

6. Asset Acquisitions (continued)

(c) On May 7, 2020, the Company acquired 100% of the outstanding common shares of Blife Therapeutics Inc. ("Blife") from Altum for $1. The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets and operations of Blife met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an asset acquisition.

Net assets acquired:	$
Cash	240
GST receivable	43
Net value of assets acquired	283

(d) On March 2, 2018, the Company entered into an exchange agreement with Thrudermic, LLC ("Thrudermic") and the members of Thrudermic whereby the Company paid US$1.00 for the issued and outstanding units of Thrudermic and issued 50,000 common shares (Note 12(q)) to the members of Thrudermic for their intellectual property portfolio, including unpatented technology, goodwill and know-how in connection with the Thrudermic Transdermal Nanotechnology.

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets and operations of Thrudermic met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an asset acquisition at a cost of $830,000.

(b) On February 28, 2018, the Company completed the acquisition of Pivot Naturals pursuant to an exchange agreement dated as of February 10, 2018. As consideration for the purchase, the Company paid $430,420 (US$333,333) in cash on closing, issued 500,000 common shares (Note 12(p)) and an additional US$333,333 six (6) and twelve (12) months after closing.

Pursuant to the acquisition of Pivot Naturals, the Company acquired a patented technology called "RTIC" Ready-To-Infuse-Cannabis, relating to the transformation of cannabis oil into powder for infusion into a variety of products.

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets and operations of Pivot Naturals met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an asset acquisition.

The consideration transferred, assets acquired and liabilities assumed recognized were as follows:

(Expressed in Canadian dollars)

6. Asset Acquisitions (continued)

Consideration paid:	**$**
Cash paid	430,420
Cash to be paid	778,662
Common shares issued	6,650,000
Transaction costs	154,951
Total purchase price	8,014,033

Net assets acquired:	**$**
Cash	2,779
Equipment	5,213
Ready-to-infuse cannabis ("RTIC") patents	8,008,411
Accounts payable and accrued liabilities	(2,370)
Net value of business purchased	8,014,033

In April 2020, the Company assigned 100% of its membership interest in Pivot Naturals to a third party pursuant to the Settlement Agreement (Note 4).

7. Cash - Restricted

As at January 31, 2020, restricted cash included cash held at the Supreme Court of British Columbia pursuant to the claim from Green Stream Botanicals Corp. (Note 21(a)). In July 2020, this claim was settled for $120,000 and $480,000 was released to the Company.

8. Property and Equipment

Cost	Computer Equipment $	Equipment $	Leasehold Improvements $	Security System $	Total $
Balance, January 31, 2018	–	–	–	–	–
Exchange agreement (Note 6(e))	–	5,213	–	–	5,213
Effect of foreign exchange rate changes	–	94	–	–	94
Balance, January 31, 2019	–	5,307	–	–	5,307
Additions	7,349	65,698	200,084	269,611	542,742
Impairment	–	(5,213)	–	–	(5,213)
Effect of foreign exchange rate changes	–	(94)	–	–	(94)
Balance, January 31, 2020	7,349	65,698	200,084	269,611	542,742
Addition	–	10,153	–	–	10,153
Acquisition (Note 6(b))	–	44,553	–	–	44,553
Impairment (Notes 5(a) and 5(b))	(7,349)	(77,098)	(200,084)	(269,611)	(554,143)
Effect of foreign exchange rate changes	–	1,247	–	–	1,247
Balance, January 31, 2021	–	44,553	–	–	44,553

(Expressed in Canadian dollars)

8. Property and Equipment (continued)

Accumulated Depreciation	**Computer Equipment $**	**Equipment $**	**Leasehold Improvements $**	**Security System $**	**Total $**
Balance, January 31, 2018	–	–	–	–	–
Depreciation	–	1,135	–	–	1,135
Effect of foreign exchange rate changes	–	10	–	–	10
Balance, January 31, 2019	–	1,145	–	–	1,145
Depreciation	306	2,615	–	–	2,921
Impairment	–	(1,312)	–	–	(1,312)
Effect of foreign exchange rate changes	–	(257)	–	–	(257)
Balance, January 31, 2020	306	2,191	–	–	2,497
Depreciation	2,756	22,393	–	–	25,149
Impairment (Notes 5(a) and 5(b))	(3,062)	(16,926)	–	–	(19,988)
Effect of foreign exchange rate changes	–	24	–	–	24
Balance, January 31, 2021	–	7,682	–	–	7,682
Net book value, January 31, 2021	–	36,871	–	–	36,871
Net book value, January 31, 2020	7,043	63,507	200,084	269,611	540,245
Net book value, January 31, 2019	–	4,162	–	–	4,162

During the year ended January 31, 2021, pursuant to signing of the share purchase agreement for the sale of Pivot (Note 5(a)) and the shift in strategic focus (Note 5(b)), the Company impaired property and equipment totaling $534,155 (2019 - $3,901), which has been recorded within gain (loss) on sale/ abandonment of assets, net in the consolidated statements of comprehensive loss.

(Expressed in Canadian dollars)

9. Intangible Assets

Cost	AP-001 Patents and IPR&D $	AP-003 IPR&D $	BiPhasix License $	Thrudermic Non-Patented Technology $	Solmic Patents $	RTIC Patents $	Total $
Balance, January 31, 2018	–	–	319,174	–	–	–	319,174
Exchange agreements (Notes 6(d) and 6(e))	–	–	–	830,000	–	8,008,411	8,838,411
Effect of foreign exchange rate changes	–	–	–	–	–	128,866	128,866
Balance, January 31, 2019	–	–	319,174	830,000	–	8,137,277	9,286,451
Impairment	–	–	–	–	–	(8,202,900)	(8,202,900)
Effect of foreign exchange rate changes	–	–	–	–	–	65,623	65,623
Balance, January 31, 2020	–	–	319,174	830,000	–	–	1,149,174
Addition	–	–	–	–	86,462	–	86,462
Acquisition (Notes 6(a) and 6(b))	9,159,000	2,203,000	–	–	–	–	11,362,000
Impairment	(9,159,000)	(2,203,000)	(319,174)	(830,000)	(86,462)	–	(12,597,636)
Balance, January 31, 2021	–	–	–	–	–	–	–
Accumulated Amortization and Impairment Losses							
Balance, January 31, 2018	–	–	30,825	–	–	–	30,825
Amortization	–	–	79,793	74,325	–	745,398	899,516
Effect of foreign exchange rate changes	–	–	–	–	–	6,288	6,288
Balance, January 31, 2019	–	–	110,618	74,325	–	751,686	936,629
Amortization	–	–	80,174	83,000	–	820,290	983,464
Impairment	–	–	–	–	–	(1,577,654)	(1,577,654)
Effect of foreign exchange rate changes	–	–	–	–	–	5,678	5,678
Balance, January 31, 2020	–	–	190,792	157,325	–	–	348,117
Amortization	–	–	59,681	62,079	10,851	–	132,611
Impairment	–	–	(250,473)	(219,404)	(10,851)	–	(480,728)
Balance, January 31, 2021	–	–	–	–	–	–	–
Net book value, January 31, 2021	–	–	–	–	–	–	–
Net book value, January 31, 2020	–	–	128,383	672,675	–	–	801,058
Net book value, January 31, 2019	–	–	208,556	755,675	–	7,385,591	8,349,822

9. Intangible Assets (continued)

Pursuant to the asset purchase agreement with Nutraneeds (Note 6(a)), the Company acquired the following patent:

(a) TD-0148A: TD-0148A is a nontoxic second-generation Lysergic Acid Diethylamide ("LSD") derivative molecule that mimics the projected therapeutic potential of LSD in the treatment of disorders such as severe depression, substance dependencies, post-traumatic stress disorder, and migraines.

Upon the acquisition of Altum on August 31, 2020 (Note 6(b)), the BiPhasix license, representing an intercompany transaction, has been eliminated in these consolidated financial statements. Also pursuant to the acquisition, the Company acquired the following in-progress research and development ("IPR&D") programs and patents:

(b) AP-001: AP-001 is a topical Interferon α2b ("IFN α2b") product for the treatment of Human Papiloma Virus ("HPV") infection that can cause cervical cancer. In 2017, Altum entered into a patent license agreement with Altum-Avro Pharma Partnership ("AAPP") to license the development of the technology involving the formation of biphasic lipid vesicles for use as a vehicle for administration of a biologically active material ("BiPhasix™ Technology"). The BiPhasix™ Technology is a novel encapsulation and delivery platform technology. BiPhasix-encapsulated interferon IFN α2b for use in treatment of HPV-cervical dysplasia. Consideration of the patent license agreement included:

- Five percent (5%) of the inventory of any and all product produced by Altum to be paid in kind to AAPP.
- Milestone payments:
  - $3 million upon initiation of the first Phase 3 trial in any global territory except for eastern European territories,
  - $5 million upon first submission of New Drug Application or similar for approval in any global territory except for eastern European territories, and
  - $10 million upon first commercial sale in any global territory except for eastern European territories.
- Royalties:
  - 8% on annual net sales up to $50 million,
  - 10% on annual net sales on the next $25 million, and
  - 12.5% on annual net sales above $75 million.
- 30% of any upfront payments that Altum receives from a third person in respect of development, licensing, manufacturing or distribution rights.

Being in such early stage in development, the Company was not able to reasonably estimate recoverable amount and recorded an impairment of its AP-001 patents and IPR&D. Should this impairment loss subsequently reverse in the future, the carrying amount of AP-001 will be increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount originally recognized.

(c) AP-002: AP-002 is an oral gallium-based novel small molecule. The finished drug product is an enteric protected tablet for oral administration.

9. Intangible Assets (continued)

(d) AP-003: AP-003 is a patent pending IFN α2b inhalation formulation for the treatment of viral infections. The AP-003 program is in pre-clinical stage of development. At January 31, 2021, the Company performed an assessment to determine if there were any indications of impairment of its intangible assets. Being in such early stage in development, the Company was not able to reasonably estimate recoverable amount and recorded an impairment of its AP-003 IPR&D. Should this impairment loss subsequently reverse in the future, the carrying amount of AP-003 will be increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount originally recognized.

Other intangible assets include:

(e) Thrudermic non-patented technology: On March 2, 2018, the Company entered into an exchange agreement with Thrudermic, LLC ("Thrudermic") and the members of Thrudermic whereby the Company paid US$1.00 for the issued and outstanding units of Thrudermic and issued 50,000 common shares to the members of Thrudermic for their intellectual property portfolio, including unpatented technology, goodwill and know-how in connection with the Thrudermic transdermal nanotechnology.

At January 31, 2021, the Company performed an assessment to determine if there were any indications of impairment of its intangible assets and concluded that factors indicated impairment within its Thrudermic non-patented technology. With the disposal of Pivot (Note 5(a)) and the shift in strategic focus (Note 5(b)), the Company exited the cannabis manufacturing industry. The Company reduced to $nil its expectations of cash flows from the use of the Thrudermic non-patented technology in manufacture and sale of cannabis products. The Company recorded an impairment loss on its Thrudermic non-patented technology of $610,596.

(f) Solmic patents: On October 22, 2019, the Company entered into a contract to acquire Solmic AG. Consideration for the acquisition was CHF 10,000. In connection with the acquisition, the Company entered into an assignment agreement to assign a patented technology called "Solmic" for payments totaling EUR 50,000.

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets and operations of Solmic AG met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company has accounted for this transaction as an asset acquisition.

At January 31, 2021, the Company performed an assessment to determine if there were any indications of impairment of its intangible assets and concluded that factors indicated impairment within its Solmic patents. With the disposal of Pivot (Note 5(a)) and the shift in strategic focus (Note 5(b)), the Company exited the cannabis manufacturing industry. The Company reduced to $nil its expectations of cash flows from the use of the Solmic patents in manufacture and sale of cannabis products. The Company recorded an impairment loss on its Solmic patents of $75,611.

(Expressed in Canadian dollars)

9. Intangible Assets (continued)

(g) Ready-to-infuse cannabis ("RTIC") patents: On February 28, 2018, the Company completed the acquisition of Pivot Naturals, pursuant to which the Company acquired a patented technology called RTIC, relating to the transformation of cannabis oil into powder for infusion into a variety of products. During the year ended January 31, 2020, the Company performed an assessment to determine if there were any indications of impairment of its intangible assets and concluded that factors indicated impairment within its RTIC patents. With the assignment of Pivot Naturals (Note 4), the Company exited the cannabis industry in California. As a result of the exit, the Company reduced its expectations of cash flows from the use of the RTIC patents and recorded an impairment loss on its RTIC patents of $6,625,246 during the year ended January 31, 2020.

10. Operating Leases

Operating leases of the Company related to building leases.

During the year ended January 31, 2021, the Company's lease at 3595 Cadillac Avenue in California, U.S.A was assigned together with the assignment of Pivot Naturals (Note 4). The related ROU asset was impaired at January 31, 2020 upon management's decision to exit the US cannabis market (Note 9(g)). The related lease liability was extinguished during the year ended January 31, 2021 and a gain on extinguishment of $1,459,787 has been recorded within gain (loss) on sale/abandonment of assets, net on the consolidated statements of comprehensive loss.

During the year ended January 31, 2021, the Company's lease at 285-295 Kesmark Street in Quebec, Canada was assigned together with the sale of Pivot (Note 5(a)). A gain on extinguishment of the lease liability, net of loss on disposal of the ROU asset, totaling $212,777 has been recorded within gain (loss) on sale/abandonment of assets, net on the consolidated statements of comprehensive loss. The Company remains a guarantor on the lease at 285-295 Kesmark Street until the lease expiry date of April 30, 2025 pursuant to which it has recorded a financial guarantee liability of $182,200 (Note 21(c)). Pursuant to the share purchase agreement for the sale of Pivot, the Company is indemnified from any and all claims suffered by the Company in connection with and as guarantor of the lease.

	Right-of-use Assets $
Balance, January 31, 2018	–
Adoption of IFRS 16	1,974,759
Amortization on ROU asset	(235,587)
Effect of foreign exchange rate changes	(3,826)
Balance, January 31, 2019	1,735,346
Additions	3,330,947
Disposal – ROU asset	(466,839)
Disposal – Accumulated amortization on ROU asset	339,519
Impairment of ROU asset	(1,276,779)
Amortization on ROU asset	(421,984)
Effect of foreign exchange rate changes	11,428
Balance, January 31, 2020	3,251,638
Disposal – ROU asset	(3,330,947)
Disposal – Accumulated amortization on ROU asset	264,362
Amortization on ROU asset	(185,053)
Balance, January 31, 2021	–

(Expressed in Canadian dollars)

10. Operating Leases (continued)

During the year ended January 31, 2021, the Company recorded $254,902 (2020 - $60,482; 2019 - $nil) of sub-lease income related to the sub-lease of 285 Kesmark Street, which has been offset against amortization on ROU asset in the consolidated statements of comprehensive loss.

	Lease Liability $	Current $	Long-term $
Balance, January 31, 2018	–	–	–
Adoption of IFRS 16	1,906,403		
Lease liability expense	155,051		
Lease payments	(282,095)		
Effect of foreign exchange rate changes	(3,244)		
Balance, January 31, 2019	1,776,115	(367,629)	1,408,486
Additions	3,246,553		
Disposal	(118,200)		
Lease liability expense	347,446		
Lease payments	(559,580)		
Effect of foreign exchange rate changes	9,958		
Balance, January 31, 2020	4,702,292	(68,138)	4,634,154
Disposal	(4,739,149)		
Lease liability expense	479,164		
Lease payments	(499,929)		
Effect of foreign exchange rate changes	57,622		
Balance, January 31, 2021	–	–	–

11. Convertible Debentures

	Convertible Debentures $
Balance, January 31, 2018	–
Proceeds from issuances of convertible debentures	5,000,000
Transfer of conversion component to equity	(212,209)
Debt discounts	(596,900)
Conversion to common shares	(1,500,000)
Accretion	1,078,141
Interest payments	(292,342)
Balance, January 31, 2019	3,476,690
Repayments	(3,500,000)
Debt modification	(250,000)
Accretion	331,803
Interest payments	(58,493)
Balance, January 31, 2020	–
Proceeds from issuances of convertible debentures	800,000
Transfer of conversion component to equity	(12,671)
Repayment	(200,000)
Conversion to common shares	(100,000)
Accretion	12,671
Balance, January 31, 2021	500,000

11. Convertible Debentures (continued)

(a) On March 2, 2018, the Company issued convertible debentures with two non-related parties totaling $5,000,000. The debentures were secured under a General Security Agreement, bore interest at 10% per annum payable quarterly and matured on March 2, 2019. The notes were convertible into common shares at a conversion price equal to $17.40 per common share. The Company issued 17,241 share purchase warrants with an exercise price of $17.40 and three year expiry as finder's fee for the convertible debentures. The effective interest rate had been determined as 29% per annum after deducting all the loan discounts.

On October 22, 2018, $1,500,000 of the convertible debentures were settled through the issuance of 375,000 units of the Company with each unit consisting of one common share and one share purchase warrant with an exercise price of $6.00 and three year expiry. The common shares issued were valued at $4.30 per share and warrants issued were valued at $2.60 per warrant for total value of $2,600,856. The fair value of warrants was calculated using volatility of 110%, interest-free rate of 2.30%, nil expected dividend yield and expected life of 3 years. The Company considered the settlement to be an extinguishment of the $1,500,000 of the convertible debentures and recorded a loss on extinguishment of debentures of $1,240,773 during the year ended January 31, 2019.

On October 22, 2018, the Company modified the conversion price on the remainder of the convertible debentures, totaling $3,500,000, to $4.20 per common share. The Company did not consider the modification to be an extinguishment of the $3,500,000 of the convertible debentures.

On March 2, 2019, the Company repaid $750,000 of the convertible debentures and extended the maturity of the remainder of the convertible debentures to June 2, 2019 for an extension fee of $250,000. The Company considered the extension to be a modification of the convertible debentures. The effective interest rate for the remaining terms of the convertible debentures had been determined as 46% per annum.

On May 16, 2019, the Company issued 59,524 common shares pursuant to the conversion of $250,000 of the Company convertible debentures (Note 12(o)). On the same date, the Company repaid the remaining principal amount of the convertible debentures of $2,500,000. Interest accretion expense on convertible debentures for the years ended January 31, 2020 and 2019 was $380,754 and $1,078,141, respectively.

(b) On September 4, 2020, the Company issued an unsecured convertible debenture with a non-related party for $500,000. The debenture bears interest at 8% per annum and matures on December 3, 2020 (amended to May 3, 2022 on April 1, 2021). The note is convertible into common shares at a conversion price equal to $1.15 per common share.

On September 23, 2020, the Company issued an unsecured convertible debenture with a non-related party for $200,000. The debenture bears interest at 8% per annum and matures on December 22, 2020. The note is convertible into common shares at a conversion price equal to $1.15 per common share. The principal and accrued interest was repaid in full on November 1, 2020.

11. Convertible Debenture (continued)

On September 25, 2020, the Company issued an unsecured convertible debenture with a non-related party for $100,000. The debenture bears interest at 8% per annum and matures on December 24, 2020. The note is convertible into common shares at a conversion price equal to $1.15 per common share. On January 14, 2021, 89,034 common shares were issued pursuant to the conversion of the outstanding principal and accrued interest on this convertible debenture totalling $102,389 (Note 12(g)).

The convertible debentures contain no financial covenants. The liability components of the convertible debentures were determined by using discounted cash flows to measure the fair values of similar liabilities that exclude convertibility features. The effective interest rates for the above convertible debentures have been determined as 14.4% per annum after deducting all the loan discounts. Accretion expense on convertible debentures for the year ended January 31, 2021 was $12,671 (2020 - $380,754).

12. Common Shares

Authorized: Unlimited number of common shares without par value

In June 2020, the Company effected a consolidation of its issued and outstanding common shares on a ten (10) old for one (1) new common share. All common share figures and references are retrospectively adjusted. During the year ended January 31, 2021:

(a) The Company issued 94,206 common shares, with fair value totaling $98,968, pursuant to the termination of employment agreements, 841,526 common shares with fair value of $1,253,045, to third parties for services rendered and 3,000 common shares with fair value of $5,550 to a director for services rendered (Note 18). Fair values of services were determined using the fair values of the common shares issued as values of services provided could not be estimated reliably. The Company also issued 296,667 common shares valued at $405,250 to former officers, a former director and a third party pursuant to vesting of restricted and performance stock units (Note 18).

(b) In July and August 2020, the Company issued 716,725 units, consisting of one common share and one half of one share purchase warrant, at price of $1.90 per unit for gross proceeds of $1,361,778. Each share purchase warrant entitles the holder to purchase one common share at a price of $2.30 per share and has an expiry term of two (2) years. The residual method was used to allocate the proceeds between the common shares and the warrants which resulted in a value of $nil allocated to the warrants.

(c) Pursuant to the private placement in July and August 2020, finders' fees consisted of cash payments of $72,434 and issuance of 54,142 share purchase warrants, valued at $103,550, entitling the holders to purchase one common share at a price of $2.30 per share and with an expiry term of two (2) years. Fair values of the agent warrants were determined using the fair values of the common shares issued as values of services provided could not be estimated reliably. The Company used the Black-Scholes option pricing model in order to value the warrants.

(d) On September 4, 2020, 18,217,239 common shares, with fair value of $6,094,150, were issued pursuant to the amalgamation agreement with Altum (Note 6(b)).

(Expressed in Canadian dollars)

12. Common Shares (continued)

(e) On December 2, 2020, the Company closed a private placement offering of special warrants of the Company (the "Special Warrants"), pursuant to which the Company issued 5,889,735 Special Warrants at a price of $0.50 per Special Warrant, for aggregate gross proceeds of $2,944,868 (the "Offering"). Each Special Warrant is exercisable, for no additional consideration, into one unit of the Company (each, a "Unit"), with each Unit consisting of one common share and one common share purchase warrant, entitling the holder thereof to acquire one common share at an exercise price of $0.60 and expiry date of December 1, 2023.

All unexercised Special Warrants are automatically exercised on the day that is the earlier of (i) April 3, 2021, and (ii) as soon as reasonably practicable, and in any event no later than the third business day, after a receipt is issued for a final prospectus qualifying the distribution of the Units underlying the Special Warrants and the Units underlying the Compensation Options (as defined below) granted to the agents.

In connection with the Offering, the Company paid an agent's fee consisting of the following: 1) cash fee equal to 8.0% of the gross proceeds from the Offering, and 2) 471,178 compensation options (the "Compensation Options"), valued at $138,175 (Note 14) equal to 8.0% of the total number of Special Warrants sold under the Offering at an exercise price of $0.50 and expiry of 36 months. Other transaction costs totaled $434,237.

The Company will prepare and file with each of the securities regulatory authorities in each of the provinces of Canada, except Quebec, in which the Special Warrants are sold and obtain a receipt for a preliminary short form prospectus and a final short form prospectus (the "Final Prospectus"), qualifying the distribution of the Units underlying the Special Warrants and the Compensation Options, in compliance with applicable securities law, within forty (40) days from December 2, 2020 (not completed). In the event that the Company has not received a receipt for the Final Prospectus within forty (40) days, each unexercised Special Warrant will thereafter entitle the holder to receive upon exercise, at no additional consideration, one-and-one-tenth (1.10) Unit (instead of one Unit) and thereafter at the end of each additional thirty (30) day period, each Special Warrant will be exercisable for an additional 0.02 of a Unit.

On January 18, 2021, 300,000 Special Warrants were exercised pursuant to which the Company issued 330,000 common shares, valued at $150,000, and 330,000 Warrants with an exercise price of $0.60 and expiry date of December 1, 2023.

The following table summarizes the continuity of Special Warrants:

	Number of Special Warrants	Exercised Into	
		Common Shares	**Warrants**
Balance, January 31, 2020, 2019 and 2018	–	–	–
Issued	5,889,735	–	–
Exercised into 1.10 common shares and warrants	(300,000)	330,000	330,000
Balance, January 31, 2021	5,589,735	330,000	330,000

On April 3, 2021, all remaining outstanding Special Warrants were automatically exercised into 1.14 Units (Note 26(d)).

12. Common Shares (continued)

(f) On December 18, 2020, 13,333,333 common shares, with fair value of $16,666,666, were issued pursuant to the asset purchase agreement with Nutraneeds (Note 6(a)).

(g) On January 14, 2021, 89,034 common shares were issued pursuant to conversion of principal and accrued interest of convertible debenture totaling $102,389 (Note 11(b)).

(h) On January 18, 2021, 316,000 common shares were issued pursuant to the exercise of share purchase warrants for gross proceeds of $189,600.

During the year ended January 31, 2020:

(i) In March 2019, the Company issued 10,000 common shares, with fair value totalling $20,000, to a third party as a loan origination fee. During the year ended January 31, 2020, the Company issued 103,571 common shares, with fair value totalling $170,000, to third parties for services provided. Fair values of services were determined using the fair values of the common shares issued as values of services provided could not be estimated reliably. The Company also issued 4,167 common shares, with fair value totalling $10,000, to a past director and officer for services provided.

(j) On March 23, 2019, the Company issued 100,000 common shares to a third party for settlement of accounts payable and 69,032 common shares to directors and officers to settle outstanding compensation. Losses on settlement of $60,000 and $34,315 have been recorded within consulting fees and wages, salaries and employment expenses, respectively, in the consolidated statements of comprehensive loss.

(k) On April 8, 2019, the Company issued 6,052 common shares as an extension fee for an outstanding obligation.

(l) On April 8, 2019, a private placement was closed for an aggregate of 695,000 units, consisting of one common share and one share purchase warrant, at price of $2.00 per unit, for gross proceeds of $1,390,000. Each share purchase warrant entitles the holder to purchase one common share at a price of $3.00 per share and has an expiry term of three (3) years. The exercise price of the warrants was amended on May 7, 2020 to $2.50 (Note 13(b)). Finders' fees consisted of cash payments of $80,000 and issuance of 50,800 common shares and 10,800 share purchase warrants entitling the holders to purchase one common share at a price of $3.00 per share and with an expiry term of three (3) years. The residual method was used to allocate the proceeds between the common shares and the warrants which resulted in a value of $nil allocated to the warrants.

(m) On May 15, 2019, the first tranche of a private placement was closed for an aggregate of 4,613,200 units, consisting of one common share and one share purchase warrant, at price of $2.50 per unit, for gross proceeds of $11,533,000. On May 30, 2019, the last tranche of this private placement was closed for an aggregate of 1,386,800 units, consisting of one common share and one share purchase warrant, at price of $2.50 per unit, for gross proceeds of $3,467,000. Each share purchase warrant entitles the holder to purchase one common share at a price of $3.50 per share and has an expiry term of two (2) years. The exercise price of the warrants was amended on May 7, 2020 to $2.50 (Note 13(b)). The residual method was used to allocate the proceeds between the common shares and the warrants which resulted in a value of $nil allocated to the warrants.

12. Common Shares (continued)

(n) Pursuant to the private placement on May 15, 2019 (Note 12(m)), the Company issued 420,000 units, consisting of one common share and one share purchase warrant entitling the holder to purchase one common share at a price of $3.50 per share and with an expiry term of two (2) years, as share issuance costs. Fair values of services were determined using the fair values of the common shares issued, being $4.45 per share, as values of services provided could not be estimated reliably. The Company used the Black-Scholes option pricing model in order to value the warrants.

(o) On May 16, 2019, the Company issued 59,524 common shares pursuant to the conversion of $250,000 of convertible debentures.

During the year ended January 31, 2019:

(p) On February 28, 2018, 500,000 common shares, with fair value of $6,650,000, were issued pursuant to the exchange agreement with Pivot Naturals and the members of Pivot Naturals (Note 6(e)).

(q) On March 2, 2018, 50,000 common shares, with fair value of $830,000, were issued pursuant to the exchange agreement with Thrudermic and the members of Thrudermic (Note 6(d)).

(r) During the year ended January 31, 2019, the Company issued 92,017 common shares, with fair value totaling $508,938, to third parties for services rendered. 3,571 common shares, with fair value of $10,000, remain to be issued as at January 31, 2019 and were issued on March 23, 2019. Fair values of services were determined using the fair values of the common shares issued as values of services provided could not be estimated reliably.

(s) During the year ended January 31, 2019, the Company issued 27,769 common shares, with fair value totaling $154,497, as compensation pursuant to employment agreements entered into as part of the acquisitions of the Thrudermic (Note 6(d)) and Pivot Naturals (Note 6(e)).

(t) On October 22, 2018, 375,000 units of the Company, with each unit consisting of one common share and one share purchase warrant with an exercise price of $6.00 and three year expiry, were issued pursuant to settlement of $1,500,000 of convertible debentures (Note 11(a)).

(u) In October and November 2018, 407,825 units of the Company, with each unit consisting of one common share and one share purchase warrant with an exercise price of $6.00 and three year expiry, were issued for subscription proceeds of $1,631,300. Pursuant to the private placement, the Company paid finders' fee of $88,104 in cash and issued 22,026 share purchase warrants with an exercise price of $6.00 and three year expiry. Other share issue costs totaled $6,591.

13. Share Purchase Warrants

(a) Warrant liabilities

In connection with the asset acquisition (Note 6(b)), 252,595 share purchase warrants were issued with exercise prices denominated in US dollars. When non-compensatory warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Canadian dollar), the warrants are treated as a financial liabilities. These warrants are therefore classified as a financial liabilities with changes in fair value recognized in the statements of comprehensive loss. The warrant liabilities are measured using Level 3 inputs within the fair value hierarchy.

The following table summarizes the continuity of liability-classified common share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price US$	Liability Amount $
Balance, January 31, 2020, 2019 and 2018	–	–	–
Granted pursuant to acquisition (Note 6(b))	252,595	1.44	57,718
Change in fair value	–	–	73,885
Balance, January 31, 2021	252,595	1.44	131,603

At January 31, 2021, the following liability-classified share purchase warrants were outstanding:

Number of Warrants	Exercise Price US$	Expiry Date	Weighted average remaining contractual life (years)
252,595	1.44	August 6, 2022	1.51

The fair value of warrant liabilities at January 31, 2021 was determined using the Black-Scholes option pricing model, using the following assumptions:

(Expressed in Canadian dollars)

13. Share Purchase Warrants (continued)

- Risk free interest rate: 0.11%
- Volatility: 101%
- Market price of common shares on valuation date: $1.06
- Expected dividends: Nil%
- Expected life: 1.5 years
- Exercise price: US$1.44

(b) Equity-classified warrants

The following table summarizes the continuity of equity-classified share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance, January 31, 2018	26,513	4.50
Granted	822,092	6.20
Balance, January 31, 2019	848,605	6.18
Granted	7,125,800	3.45
Expired	(26,513)	(4.47)
Balance, January 31, 2020	7,947,892	2.94
Granted (Notes 12(b), 12(c) and 12(e))	742,504	1.54
Exercised (Note 12(h))	(316,000)	(0.60)
Balance, January 31, 2021	8,374,396	2.90

On May 7, 2020, the Company amended the exercise price of the following outstanding warrants that were issued pursuant to private placements completed in 2019: 1,386,800 warrants issued on May 30, 2019 and expiring on May 29, 2021, 4,613,200 warrants issued on May 15, 2019 and expiring on May 14, 2021 and 695,000 warrants issued on April 8, 2019 and expiring on March 16, 2022. The exercise prices of these warrants were amended to $2.50 per warrant. Previous exercise prices were $3.00 and $3.50.

At January 31, 2021, the following equity-classified share purchase warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date
17,241	17.40	March 1, 2021
335,325	6.00	September 21, 2021
800	6.00	October 1, 2021
90,726	6.00	October 18, 2021
378,000	6.00	October 22, 2021
695,000	2.50	March 16, 2022
10,800	3.00	March 16, 2022
4,613,200	2.50	May 14, 2021
1,386,800	2.50	May 29, 2021
420,000	3.50	May 29, 2021
211,283	2.30	July 30, 2022
201,221	2.30	August 6, 2022
14,000	0.60	December 1, 2023
8,374,396		

(Expressed in Canadian dollars)

13. Share Purchase Warrants (continued)

The fair values of equity-classified warrants issued pursuant to private placements (Notes 12(b), 12(l) and 12(m)) were estimated using the residual value method and allocated a fair value of $nil. The fair values of equity-classified warrants issued as finders fees (Notes 12(c), 12(l) and 12(n)) were estimated using the Black-Scholes option pricing model and the following assumptions:

- Dates of grant: April 8, 2019, May 30, 2019, July 31, 2020 and August 7, 2020
- Risk free interest rate: 0.23 % to 1.59%
- Volatility: 133% to 170%
- Market price of common shares on grant date: $2.45 to $2.50
- Expected dividends: Nil%
- Expected life: Two (2) to three (3) years
- Exercise price: $$2.30 to $3.00

14. Compensation Options

The following table summarizes the continuity of Compensation Options:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding, January 31, 2020, 2019 and 2018	–	–	–
Granted (Note 12(e))	471,178	0.50	3.00
Outstanding, January 31, 2021	471,178	0.50	2.83

The fair value of Compensation Options of $0.31 per option was estimated using the Black-Scholes option pricing model and the following assumptions:

- Date of grant: December 2, 2020
- Risk free interest rate: 0.34%
- Volatility: 94%
- Market price of common shares on grant date: $0.50
- Expected dividends: Nil%
- Expected life: Three (3) years
- Exercise price: $0.50

Fair value of $138,175 was recorded as transaction cost of the Special Warrants (Note 12(e)) and offset against equity within the consolidated statements of financial position.

(Expressed in Canadian dollars)

15. Long-term Incentive Plans

Effective October 1, 2019, the Company adopted a long-term incentive plan. Under this plan, the Company may grant share purchase options, RSUs, PSUs or deferred share units to its directors, officers, employees and consultants up to an amount as determined by the Company and will be no more than 10% of its outstanding common shares on a fully-diluted basis. RSUs, PSUs and deferred share units are settled in common shares. The exercise price of the share purchase options will be determined by the Company and will be no less than market price on grant date.

(a) Restricted Stock Units

The following table summarizes the continuity of the Company's RSUs:

	Number of RSUs
Outstanding, January 31, 2019 and 2018	–
Granted	275,000
Outstanding, January 31, 2020	275,000
Granted	30,000
Common shares issued on vesting (Notes 12(a) and 18)	(271,667)
Forfeited (Note 18)	(8,333)
Outstanding, January 31, 2021	25,000

The fair value of share-based payment expense was determined using market value of the share price on grant date. RSUs are settled by delivery of a notice of settlement by the RSU holder or, if no notice of settlement is delivered, on the last vesting date. At January 31, 2021, no outstanding RSUs were vested (January 31, 2020 – 83,334). During the year ended January 31, 2021, the Company recognized $219,360 of share-based payments related to its RSUs (2020 - $171,011; 2019 - $nil) within consulting fees and wages, salaries and employment expenses in its consolidated statements of comprehensive loss.

(b) Performance Stock Units

The following table summarizes the continuity of the Company's PSUs:

	Number of PSUs
Outstanding, January 31, 2019 and 2018	–
Granted	75,000
Outstanding, January 31, 2020	75,000
Common shares issued on vesting (Notes 12(a) and 18)	(25,000)
Expired (Note 18)	(25,000)
Outstanding, January 31, 2021	25,000

(Expressed in Canadian dollars)

15. Long-term Incentive Plans (continued)

PSUs vest as follows: 25,000 PSUs vested on November 14, 2019, 25,000 PSUs vest upon financing greater than $2,500,000 obtained before July 30, 2020 (non-market performance condition) (not met) and 25,000 PSUs vest on March 31, 2021.

PSUs are settled by delivery of a notice of settlement by the PSU holder. At January 31, 2021, no outstanding PSUs were vested (January 31, 2020– 187,500). During the year ended January 31, 2021, the Company recognized a reversal of share-based compensation related to its PSUs of $6,359 (2020 – expense of $61,013; 2019 - $nil) within consulting fees in its consolidated statements of comprehensive loss, due to the PSU holder not meeting the non-market performance condition.

(c) Share Purchase Options

The following table summarizes the continuity of the Company's share purchase options:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding, January 31, 2018	1,362,083	4.60	3.26
Granted	30,000	12.50	4.32
Forfeited/cancelled	(22,900)	(4.30)	–
Outstanding, January 31, 2019	1,369,183	4.60	3.26
Granted	807,500	3.19	4.38
Forfeited/cancelled	(704,183)	(5.01)	–
Outstanding, January 31, 2020	1,472,500	3.82	3.08
Granted (Note 18)	1,430,000	1.03	3.01
Granted pursuant to acquisition (Note 6(a))	856,880	3.05	0.35
Forfeited (Note 18)	(836,668)	(2.68)	–
Outstanding, January 31, 2021	2,922,712	2.56	2.19

(Expressed in Canadian dollars)

15. Long-term Incentive Plans (continued)

Additional information regarding share purchase options as of January 31, 2021, is as follows:

Options Outstanding	Options Exercisable	Exercise Price $	Expiry Date
250,000	250,000	9.65	February 22, 2021
582,620	582,620	3.09	June 30, 2021
200,000	200,000	1.33	December 14, 2021
19,421	19,421	3.23	February 17, 2022
19,421	17,803	3.23	February 28, 2022
40,000	-	1.80	January 4, 2023
10,000	5,000	2.50	January 20, 2023
1,100,000	550,000	0.77	December 8, 2023
200,000	200,000	4.00	June 11, 2024
43,750	43,750	3.90	July 1, 2024
10,000	10,000	2.60	September 29, 2024
15,000	15,000	1.55	October 15, 2024
15,000	15,000	2.50	October 15, 2024
7,500	2,500	1.50	November 3, 2024
100,000	100,000	2.50	November 13, 2024
20,000	20,000	2.50	December 26, 2024
210,000	48,333	1,80	May 5, 2025
50,000	8,333	2.40	May 10, 2025
10,000	2,500	2.25	May 11, 2025
20,000	3,333	1.80	May 21, 2025
2,922,712	2,093,593		

The fair value of share-based payment expense was estimated using the Black-Scholes option pricing model and the following assumptions:

- Dates of grant: June 12, 2019 to January 5, 2021
- Risk free interest rate: 0.20% to 1.46%
- Volatility: 79.61 to 100%
- Market price of common shares on grant date: $0.77 to $4.00
- Expected dividends: Nil%
- Expected life: Ten (10) months to five (5) years
- Exercise price: $0.77 to $4.00

Fair values of the options at each measurement date ranged between $0.45 to $3.20. For the year ended January 31, 2021, share-based payments related to share purchase options totaling $613,631 and have been recorded in the Company's consolidated statements of comprehensive loss (2020 - $1,365,631; 2019 - $31,566). $475,774 of share-based payment expense have yet to be recognized and will be recognized in future periods.

(Expressed in Canadian dollars)

16. Supplemental Cash Flow Disclosures

	January 31, 2021 $	January 31, 2020 $
Components of cash:		
Cash	154,722	2,681,704
Cash – restricted	–	600,000
	154,722	3,281,704

	January 31, 2021 $	January 31, 2020 $	January 31, 2019 $
Supplemental disclosures:			
Interest paid	480,636	415,964	473,849
Income tax paid	–	–	–
Non-cash investing and financing activities:			
Common shares issued for services	1,351,808	185,129	673,435
Common shares issued for settlement of accounts payable	–	338,064	–
Common shares issued for loan origination fees	–	20,000	–
Common shares issued for conversion of debentures	102,389	261,821	–
Common shares issued as share issue costs	–	1,996,000	–
Common shares issued for asset acquisition	16,666,666	–	7,480,000
Common shares, share purchase options and share purchase warrants issued for asset acquisition	6,252,180	–	–
Units issued for settlement of convertible debentures	–	–	1,668,226
Warrants issued for finder's fee	103,549	1,001,565	174,813
Beneficial conversion feature related to convertible debentures	–	–	185,753

17. Loss on Impairments and Write-off of Inventory and Other

(a) On September 19, 2019, the Company entered into a loan agreement with principal amount of €150,000, term of six months and interest rate of 18% per annum. On January 31, 2020, the Company impaired the loan receivable and accrued interest. A loss on impairment of $176,450 has been included in the consolidated statements of comprehensive loss for the year ended January 31, 2020.

(b) In February 2020, the Company terminated the acquisition of IAMHEALTH CBD UG ("IAH"). The Company impaired an advance made to IAH and recorded a loss on impairment of $36,635 in its consolidated statements of comprehensive loss.

(c) In May 2019, the Company advanced $1,441,600 to SolMic GmbH ("Solmic GmbH"), a Dusseldorf, Germany based developer and manufacturer of nutraceuticals, cosmeceuticals, and pharmaceuticals for its initial production order for micellized cannabinoid solution. Solmic GmbH entered into insolvency proceedings and has been restructured. The Company recorded a write-off of $1,441,600 in its consolidated statements of comprehensive loss as at January 31, 2020.

(Expressed in Canadian dollars)

18. Related Party Transactions

Key Management Compensation

During the year ended January 31, 2021, compensation of key management and directors, including former key management and directors, of the Company totaled $1,558,585 (2020 – $1,509,822; 2019 – $1,072,373), and consisted of salaries, consulting fees, directors' fees and share-based payments. During the year ended January 31, 2021:

- 1,200,000 stock options were granted to directors, officers and a former officer,
- 256,250 stock options for former officers and a former director were forfeited or expired for non-performance,
- 291,667 common shares were issued to former officers and directors pursuant to vesting of RSUs and PSUs, and
- 33,334 RSUs and PSUs for former officers and director were forfeited or expired for non-performance.

Pursuant to the amalgamation (Note 6(b)), 582,620 stock options were granted to officers, a director and a former officer of Altum, upon which the Altum stock options held by such individuals terminated. Key management includes those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

As at January 31, 2021, the Company owed $661,660 to current and former key management and directors (2020 - $16,647).

19. Income Tax

The following schedule reconciles the expected income tax expense (recovery) at the Canadian combined federal and provincial statutory rate of 27% (2020 - 27%) to the amounts recognized in the consolidated statements of comprehensive loss:

	January 31, 2021 $	January 31, 2020 $	January 31, 2019 $
Net loss before taxes	(36,350,790)	(19,588,762)	(9,254,790)
Statutory rate	27.00%	27.00%	27.00%
Expected tax recovery	(9,814,710)	(5,288,966)	(2,498,793)
Foreign tax rate differences	219,740	(36,227)	(23,235)
Permanent differences and other	115,020	194,935	130,163
Write-off and impairments	3,017,450	–	–
Abandoned assets	52,490	–	–
Change in deferred tax assets not recognized	6,410,010	5,130,258	2,391,865
Income tax provision	–	–	–

(Expressed in Canadian dollars)

19. Income Tax (continued)

The following table summarizes the components of deferred tax:

	2021 $	2020 $
Right-of-use assets – CDA	–	(877,943)
Lease liability - CDA	–	886,753
Non-capital loss – CDA	1,950	8,150
Equipment	(820)	(34,741)
Intangible assets	(1,130)	–
Tax loss carryforwards - USA	–	17,781
Net deferred tax asset (liability)	–	–

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2021 $	2020 $
Tax loss carryforwards – CDA	33,038,280	24,293,651
Tax loss carryforwards - USA	539,080	10,303,206
Tax loss carryforwards – Europe	839,770	400,570
Tax loss carryforwards – Australia	434,550	–
Intangible assets	17,472,600	119,978
Property and equipment	49,740	–
Lease liability	–	1,418,024
Financing costs	5,242,820	3,568,281
Capital loss	4,605,190	568,786
Total unrecognized deductible temporary differences	62,222,030	40,672,496

As at January 31, 2021, the Company's US net operating loss carryforwards total $539,080 (2020 - $10,303,206), under Section 382 of the code the use of these losses may be limited. These losses can be carried forward indefinitely. As at January 31, 2021, the Company's Liechtenstein net operating loss carryforwards total $839,770 (2019 - $400,570). These losses can be carried forward indefinitely, but the carryover is limited to 70% of taxable net gain. Financing fees will be fully amortized in 2024. The remaining unrecognized deferred tax assets will carry forward indefinitely.

The Company's unrecognized Canadian non-capital income tax losses expire as follows:

(Expressed in Canadian dollars)

19. Income Tax (continued)

Expiry Date	Non-Capital Loss $
2031	111,506
2032	657,883
2034	687,128
2035	1,499,363
2036	4,769,156
2037	1,267,151
2038	806,642
2039	4,937,403
2040	10,314,288
2041	7,987,760
	33,038,280

20. Joint Venture

On December 17, 2018, the Company entered into a joint venture arrangement whereby the Company holds 50% of the issued and outstanding shares of Pivot-Cartagena JV. Pivot-Cartagena JV will develop and commercialize cannabis-infused non-alcoholic beverages using the industry expertise of its joint venture partner. The Company and its joint venture partner each have 50% interest in the net assets and net income or loss of Pivot-Cartagena JV.

As of January 31, 2021, the Company has not made any investment related to Pivot-Cartagena JV. During years ended January 31, 2021 and 2020, there were no balances or transactions related to Pivot-Cartagena JV.

21. Commitments and Contingencies

(a) In September 2019, the Company was served with a claim from Green Stream Botanicals Corp. for a finder's fee in the amount of $600,000 in relation to non-brokered private placements totaling $15 million completed in May 2019. In July 2020, the Company settled this claim for $120,000. For the year ended January 31, 2021, the Company recorded a settlement of legal claim of $120,000 within the consolidated statements of comprehensive loss.

(b) In November 2019, the Company's former Chief Executive Officer filed an originating application with the Superior Court in the province of Quebec for damages stemming from a termination of employment. The former Chief Executive Officer is seeking payment of amounts totaling approximately $1 million, exercisability of his stock options until the original expiry dates, issuance of 600,000 stock options and an order that the Company not issue further common shares. The Company believes the claim is unfounded and intends to vigorously defend these claims. The Company has not accrued any amounts as of January 31, 2021 as management is not able to assess the likelihood and amount of payment.

(c) In January 2020, an injunction was filed against the Company in the Superior Court of Quebec by Bio V Pharma Inc. ("BioV") seeking provisional orders in respect of the premises sub-leased at 285 Kesmark Street and damages of approximately $395,000. In January 2021, this injunction was discontinued.

(Expressed in Canadian dollars)

21. Commitments and Contingencies (continued)

(d) In September 2020, a judgement for a safeguard order was rendered against the Company in the Superior Court of Quebec by Olymbec Development Inc. ("Olymbec") ordering the Company to pay the sum of $45,293, inclusive of GST and QST and representing monthly lease payment on the lease of 285-295 Kesmark Street from September 1, 2020 (September 2020 - paid), and to pay $67,939, representing 50% of the arrears lease due to Olymbec (paid). On November 5, 2020, this matter was settled and the proceedings discontinued.

(e) The Company is a guarantor on the lease at 285-295 Kesmark Street in Quebec, Canada (Note 10), which was assigned together with the sale of Pivot (Note 5(a)) pursuant to which the Company has recorded a financial guarantee liability of $182,200 based on its best estimate of potential future loss.

22. Operating Segment

The Company operates in one industry segment, development and commercialization of patented, differentiated and premium quality pharmaceuticals, within four geographical areas, Canada, U.S, Australia and the E.U.

	Canada $	U.S. $	Australia $	E.U. $	Total $
Year ended January 31, 2021					
Revenue	–	–	–	–	–
Year ended January 31, 2020					
Revenue	–	–	–	–	–
Year ended January 31, 2019					
Revenue	–	–	–	–	–
As at January 31, 2021					
Non-current assets	36,871	–	–	–	36,871
As at January 31, 2020					
Non-current assets	4,706,733	63,508	–	–	4,770,241

23. Fair Value Measurements

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of the significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,
- Level 3: unobservable inputs for the assets or liabilities.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At January 31, 2021 and 2020, cash was measured and recognized in the consolidated statement of financial position using Level 1 inputs in the fair value hierarchy. At January 31, 2021 and 2020, warrant liabilities are measured and recognized in the consolidated statement of financial position at fair values that are categorized as Level 3 in the fair value hierarchy above. There were no transfers between level 1, 2 and 3 inputs during the year.

(Expressed in Canadian dollars)

24. Management of Financial Risk

The Company's financial instruments are exposed to certain risks as summarized below:

(a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through reputable financial institutions in Canada, U.S. and Liechtenstein. The carrying amount of cash represent the maximum exposure to credit risk. As at January 31, 2021, this amounted to $154,722 (January 31, 2020 - $3,303,002).

(b) Interest rate risk

Interest rate risk is the risk that fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure (Note 25). Accounts payable and accrued liabilities, due to related parties and other liabilities are due within the current operating period.

The table below summarizes the maturity profile of the Company's financial liabilities at January 31, 2021 and 2020 based on contractual undiscounted payments:

	0 – 12 Months	**12 – 24 Months**
	$	**$**
Accounts payable and accrued liabilities	4,503,217	–
Convertible debentures	500,000	–
Financial guarantee liability	182,200	–
Warrant liabilities	–	131,603

(d) Currency risk

Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. A 5% change in exchange rates will decrease the Company's loss by approximately $123,000. The Company does not invest in derivatives to mitigate these risks.

24. Management of Financial Risk (continued)

(e) COVID-19

The COVID-19 pandemic has created worldwide macro-economic uncertainty and disruptions to businesses and financial markets. Many countries have been taking measures to limit the continued spread of COVID-19, including workplace closures, travel restrictions, restrictions on gatherings and closure of international borders. The pandemic and measures undertaken by countries may dramatically affect the Company's ability to conduct its business effectively. Adverse impact to the Company may include, but is not limited to welfare and safety of personnel, ability of the Company to initiate trials for its programs, and travel and other activities essential for maintaining on-going activities. The Company cannot reasonably estimate the impact to its future results of operations, cash flows or financial conditions as there remains uncertainty surrounding the continued spread of COVID-19 and continued protective measures that must be taken. The unknown scale and duration of the pandemic have macro and micro negative effects on the financial markets and global economy which could result in an economic downturn that could affect the Company's ability to continue raising funds needed to progress its programs and have a material adverse effect on its operations and financial results, earnings, cash flow and financial condition.

25. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and commercialization of patented, differentiated and premium quality pharmaceuticals, and to maintain a flexible capital structure. The Company considers its capital to be its shareholders' equity.

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

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing development efforts, the Company does not pay out dividends. There are no external restrictions on the Company's capital.

26. Events After the Reporting Date

(a) Subsequent to January 31, 2021, the Company issued 1,167,339 common shares as follows:

- 7,500 common shares were issued pursuant to vesting of RSUs,
- 446,460 common shares were issued for services rendered,
- 23,724 common shares were issued for settlement of an outstanding obligation with a former officer, and
- 689,655 common shares were issued pursuant to a settlement agreement.

(b) In February 2021, the Company and its fully-owned subsidiary, Altum, entered into term loan agreements with the Canada Emergency Business Account pursuant to which each company received a $60,000 term loan with 0% interest rate until December 31, 2022 and 5% interest rate thereafter until maturity date of December 31, 2025.

26. Events After the Reporting Date (continued)

(c) In February and March 2021, the Company closed on a non-brokered private placement pursuant to which it issued 1,779,833 common shares for gross proceeds of $2,491,766. In connection with the private placement, the Company issued 76,000 common shares as finder's fee. In May 2021, the Company closed on a non-brokered private placement pursuant to which it issued 1,142,857 common shares for gross proceeds of US$800,000.

(d) In March 2021, a judgement for a safeguard order was obtained by Olymbec Development Inc. ("Olymbec") against Pivot, a former subsidiary, and the Company, as guarantor of the lease at 285-295 Kesmark Street, Quebec, ordering Pivot and the Company to jointly pay the full amount of the lease on the first day of each month. Pursuant to the share purchase agreement that closed in December 2020 for the sale of 100% of the issued and outstanding common shares of Pivot (Note 5(a)), the Company is indemnified from any and all claims suffered by the Company in connection with and as guarantor of the lease.

(e) On April 3, 2021, the Company issued 6,372,298 common shares and 6,372,298 share purchase warrants with exercise price of $0.60 and expiry date of December 2, 2023 pursuant to the automatic exercise of 5,589,735 Special Warrants, representing the balance of all outstanding Special Warrants exercised into 1.14 Units.

(f) On March 30, 2021, the Company issued 200,000 share purchase warrants with an exercise price of $1.21 and two year expiry to a third party for services. On April 28, 2021, the Company granted 700,000 stock options to officers with an exercise price of $0.63 and a two year term.

(g) On April 26, 2021, the Company filed and obtained a receipt for a final base shelf prospectus (the "Shelf Prospectus") filed with the securities regulatory authorities in British Columbia, Alberta and Ontario, Canada. The Shelf Prospectus will be valid for a 25-month period, during which time the Company may issue an aggregate offering amount of up to $100 million of common shares, preferred shares, warrants, subscription receipts, units, and debt securities (the "Securities") in amounts and at prices on the terms based on market conditions at the time of sale and set forth in an accompanying prospectus supplement ("Prospectus Supplement"). Unless otherwise specified in a Prospectus Supplement, the net proceeds from the sale of Securities may be used for general corporate and working capital requirements, funding product program costs, or for other corporate purposes. Each Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of the Securities. There is no certainty that any Securities will be offered or sold under the Shelf Prospectus within the 25-month period.

On May 25, 2021, the Company filed a prospectus supplement (the "Prospectus Supplement") to the Shelf Prospectus qualifying the distribution of 13,750,000 units ("Unit") at a price of $0.40 per Unit for gross proceeds of $5,500,000. Each Unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share at an exercise price of $0.50 with a maturity date of 36 months. The Company has granted to the underwriter an option (the "Over-Allotment Option") to increase the size of the offering by up to an additional number of Units, and/or the components thereof, that in aggregate would be equal to 15% of the total number of Units to be issued under the offering. On May 28, 2021, the Company closed on a bought-deal public offering ("Bought-Deal Offering") pursuant to which the Company issued 15,812,500 units of the Company (the "Units") at a price of $0.40 per Unit for aggregate gross proceeds of $6,325,000, including the full exercise of the over-allotment option. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at an exercise price of $0.50 for a period of 36 months from closing.

26. Events After the Reporting Date (continued)

In connection with the Bought-Deal Offering, the Company paid an agent's fee consisting of the following: 1) cash fee equal to 8.0% of the gross proceeds from the Bought-Deal Offering, and 2) 1,265,000 compensation options equal to 8.0% of the total number of Units sold under the Bought-Deal Offering at an exercise price of $0.40 and expiry of 36 months.

On June 2, 2021, the Company filed another prospectus supplement (the "Prospectus Supplement No. 2") to the Shelf Prospectus qualifying the distribution of 6,525,000 Units at a price of $0.40 per Unit for gross proceeds of $2,610,000. Each Unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share at an exercise price of $0.50 with a maturity date of 36 months. The Company has granted to the underwriter an option (the "Over-Allotment Option") to increase the size of the offering by up to an additional number of Units, and/or the components thereof, that in aggregate would be equal to 15% of the total number of Units to be issued under the offering. On June 7, 2021, the Company closed on a marketed public offering ("Marketed Offering") pursuant to which the Company issued 6,525,000 Units of the Company at a price of $0.40 per Unit for aggregate gross proceeds of $2,610,000. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at an exercise price of $0.50 for a period of 36 months from closing.

In connection with the Marketed Offering, the Company paid an agent's fee consisting of the following: 1) cash fee equal to 10.0% of the gross proceeds from the Marketed Offering, and 2) 652,500 compensation options equal to 10.0% of the total number of Units sold under the Marketed Offering at an exercise price of $0.40 and expiry of 36 months.