

1253766 B.C. LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

Nine Months Ended January 31, 2022

(Unaudited – Prepared by Management)

(EXPRESSED IN CANADIAN DOLLARS)

1253766 B.C. LTD.

(formerly Nirvana Life Sciences Inc.)

INTERIM STATEMENTS OF FINANCIAL POSITION

(EXPRESSED IN CANADIAN DOLLARS)

(Unaudited – Prepared by Management)

	Note	January 31, 2022	April 30, 2021
ASSETS			
Current assets			
Cash		\$ 40,783	\$ 624,529
Receivables	4	13,999	7,128
Prepaid expenses and deposits	5	16,162	37,104
Loan receivable from related party	9	307,000	100,000
		377,944	768,761
Non-current asset			
Equipment	6, 9	365,555	434,289
Total assets		\$ 743,499	\$ 1,203,050
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 4,900	\$ 18,125
Loans payable	8	185,000	-
Total liabilities		189,900	18,125
Equity			
Share capital	10	1,797,128	1,797,128
Deficit		(1,243,529)	(612,203)
Total equity		553,599	1,184,925
Total liabilities and equity		\$ 743,499	\$ 1,203,050

Nature of business and going concern (Note 1)**Event after the reporting period** (Note 16)

The financial statements were authorized for issue by the board of directors on March 30, 2022 and were signed on its behalf by:

“Bruce Clark”

Director

“Annie Storey”

Director

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

1253766 B.C. LTD.

(formerly Nirvana Life Sciences Inc.)

INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(EXPRESSED IN CANADIAN DOLLARS)

(Unaudited – Prepared by Management)

	Note	Three Months Ended January 31, 2022	Three Months Ended January 31, 2021	Nine Months Ended January 31, 2022	From incorporation on June 17, 2020 to January 31, 2021
EXPENSES					
Accounting and audit		\$ -	\$ -	\$ 6,000	\$ -
Consulting	9	37,100	19,500	128,500	45,500
Depreciation		22,912	-	68,734	-
Legal		3,551	-	13,887	-
Marketing		10,785	-	19,702	-
Office and miscellaneous		396	461	24,292	576
Professional fees		17,900	-	29,039	-
Rent	9	17,755	16,700	53,266	38,967
Research and development	9, 12	155,881	198,902	296,504	289,533
Loss before items below		(266,280)	(229,563)	(639,924)	(374,576)
Interest income		3,870	-	8,598	-
Loss and comprehensive loss for the period		\$ (262,410)	\$ (229,563)	\$ (631,326)	\$ (374,576)
Basic and diluted loss per common share	10	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding		36,688,508	34,283,041	38,777,095	32,722,950

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INTERIM STATEMENT OF CHANGES IN EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

(Unaudited – Prepared by Management)

	Note	Number of Shares	Share capital	Deficit	Total equity
Balance, April 30, 2021		39,827,095	\$ 1,797,128	\$ (612,203)	\$ 1,184,925
Shares returned to treasury	10	(13,750,000)	-	-	-
Comprehensive loss for the period		-	-	(631,326)	(631,326)
Balance, January 31, 2022		26,077,095	\$ 1,797,128	\$ (1,243,529)	\$ 553,599

	Note	Number of Shares	Share capital	Deficit	Total equity
Balance, June 17, 2020		-	\$ -	\$ -	-
Shares issued for private placements	10	36,292,095	1,740,236	-	1,740,236
Shares issued for intellectual rights	10	3,500,000	70,000	-	70,000
Shares issued for finder's fee	10	35,000	-	-	-
Share issuance costs	10	-	(13,108)	-	(13,108)
Comprehensive loss for the period		-	-	(374,576)	(374,576)
Balance, January 31, 2021		39,827,095	\$ 1,797,128	\$ (374,576)	\$ 1,422,552

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1253766 B.C. LTD.
(formerly Nirvana Life Sciences Inc.)
INTERIM STATEMENT OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited – Prepared by Management)

	Nine Months Ended January 31, 2022	From incorporation on June 17, 2020 to January 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (631,326)	\$ (374,576)
Items not affecting cash:		
Accrued interest income	(8,598)	-
Depreciation	68,734	-
Shares issued for intellectual rights	-	70,000
Changes in non-cash working capital items:		
Receivables	1,727	-
Prepaid expenses and deposits	20,942	(49,000)
Accounts payable and accrued liabilities	(13,225)	500
Net cash used in operating activities	(561,746)	(353,076)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(371,447)
Loan advanced to related party	(207,000)	-
Net cash used in investing activities	(207,000)	(371,447)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	1,740,236
Share issuance costs	-	(13,108)
Proceeds from loans payable	185,000	-
Net cash provided by financing activities	185,000	1,727,128
Change in cash during the period	(583,746)	1,002,605
Cash, beginning of the period	624,529	-
Cash, end of the period	\$ 40,783	\$ 1,002,605

There were no significant non-cash transactions during the nine months ended January 31, 2022 and the period from incorporation on June 17, 2020 to January 31, 2021.

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

1253766 B.C. LTD.

(formerly Nirvana Life Sciences Inc.)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

NINE MONTHS ENDED JANUARY 31, 2022

(Unaudited – Prepared by Management)

1. NATURE OF BUSINESS AND GOING CONCERN

1253766 B.C. Ltd. (formerly Nirvana Life Sciences Inc.) (the “Company” or “1253BC”) was incorporated on June 17, 2020 under the laws of British Columbia, Canada and maintains its head office at Suite 600, 905 West Pender Street, Vancouver, British Columbia, Canada, V6X 1L3. Its registered office is located at 1251 West Cordova Street, Vancouver, British Columbia, Canada, V6C 3P9. The Company is primarily engaged in the scientific research and development of therapeutic products derived from psychedelics. The Company is also focused on developing methodologies for standardized, quality-controlled extraction and purification of psychoactive compounds.

On June 4, 2021, the Company and its shareholders signed a share exchange agreement with Nirvana Life Sciences Inc. (formerly Endocan Solutions Inc.) (“Endocan”) whereby Endocan agreed to acquire all of the 39,827,095 issued and outstanding common shares in the capital of 1253BC, by issuing each 1253BC shareholder one share of Endocan as consideration for each 1253BC share held by such shareholder (the “Transaction”). Under the amendment signed on August 16, 2021, Endocan will acquire 39,455,095 issued and outstanding common shares in the capital of 1253BC. On January 10, 2022, three shareholders of 1253BC surrendered a total of 13,750,000 common shares of 1253BC for cancellation. As a result, the share exchange agreement was further amended to reflect the fact that Endocan would acquire 25,905,095 common shares of 1253BC, which constitutes 99.34% of the issued and outstanding shares of 1253BC. On March 10, 2022, Endocan changed its name to Nirvana Life Sciences Inc. On March 16, 2022, Endocan received the final approval for listing on the CSE. Endocan’s common shares commenced trading on the CSE on March 17, 2022 under the symbol “NIRV”. The Transaction constituted a Reverse Takeover (“RTO”) under applicable securities law.

Going concern of operations

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its liabilities in the ordinary course of business. As at January 31, 2022, the Company has not yet achieved profitable operations, has an accumulated deficit of \$1,243,529, and expects to incur further losses in the development of its business. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in the future, in which case the Company may be unable to meet its obligations.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

COVID-19 uncertainty

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds at this time. The Company is closely monitoring the impact of the pandemic on all aspects of its business and adapting its business plans accordingly.

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2. BASIS OF PREPARATION**Statement of compliance**

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended April 30, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair value. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Significant estimates and assumptions

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) Depreciation of equipment is dependent upon estimates of useful lives. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

Significant judgements

The preparation of these financial statements requires management to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgements in applying the Company’s financial statements include:

- i) The assessment of the Company’s ability to continue as a going concern involves judgement regarding future funding available for its working capital requirements and whether there are events or conditions that may give rise to material uncertainty.

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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's audited annual financial statements for the year ended April 30, 2021 were consistently applied to all the periods presented unless otherwise noted below.

New accounting standards

There were no new or amended IFRS pronouncements effective May 1, 2021 that impacted the Company's interim financial statements.

4. RECEIVABLES

	January 31, 2022	April 30, 2021
GST recoverable	\$ 5,264	\$ 6,991
Accrued interest on related party loan (Note 9)	8,735	137
	\$ 13,999	\$ 7,128

5. PREPAID EXPENSES AND DEPOSITS

	January 31, 2022	April 30, 2021
Prepayments to service vendors	\$ 16,162	\$ 30,604
Other	-	6,500
	\$ 16,162	\$ 37,104

6. EQUIPMENT

	January 31, 2022			April 30, 2021		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Laboratory equipment	\$ 458,223	\$ 92,668	\$ 365,555	\$ 458,223	\$ 23,934	\$ 434,289

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2022	April 30, 2021
Accounts payables	\$ 4,400	\$ 10,375
Accrued expenses	-	7,250
Other payables	500	500
	\$ 4,900	\$ 18,125

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

8. LOANS PAYABLE

During the nine months ended January 31, 2022, the Company received loan advances totalling \$185,000 from Endocan. The loans are unsecured and bears interest at a rate of 10% per annum. \$100,000 loan advance is repayable on May 30, 2022 and the remaining \$85,000 loan advance is repayable on June 30, 2022.

9. RELATED PARTY TRANSACTIONS

During the period from incorporation on June 17, 2020 to April 30, 2021, a company controlled by the director of the Company borrowed \$100,000 from the Company. The loan is unsecured, repayable on October 21, 2021 (subsequently extended to March 15, 2022), and bears interest at a rate of 5% per annum. During the nine months ended January 31, 2022, the company controlled by the director of the Company borrowed additional \$207,000 from the Company. The loan is unsecured, repayable on March 15, 2022, and bears interest at a rate of 5% per annum. As at January 31, 2022, the accrued interest receivable on the loans is \$8,735.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel is as follows:

	Nine Months Ended January 31, 2022	From incorporation on June 17, 2020 to January 31, 2021
Consulting fees	\$ 128,500	\$ 45,500
Research and development	66,883	46,604
Total	\$ 195,383	\$ 92,104

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9. RELATED PARTY TRANSACTIONS (cont'd...)

The Company entered into the following related party transactions during the nine months ended January 31, 2022:

- a) Paid or accrued consulting fees of \$58,500 (2021 - \$45,500) to the Head of Operation and Extraction (“HOE”) of the Company for operation consulting services provided.
- b) Paid or accrued consulting fees of \$66,883 (2021 - \$46,604) to the Chief Scientific Officer (“CSO”) of the Company for scientific research work provided.
- c) Paid or accrued consulting fees of \$70,000 (2021 - \$nil) to the Chief Technology Officer (“CTO”) of the Company for scientific research work provided.

The Company has entered into a consulting agreement with the HOE of the Company for a monthly fee of \$6,500. The agreement is for a five year term and may be terminated with a three month notice or a termination payment equal to three months’ remuneration.

The Company has entered into a consulting agreement with the CSO of the Company for a monthly fee of US\$5,000. The agreement is for a five year term and may be terminated with a three month notice or a termination payment equal to three months’ remuneration.

The Company has entered into a consulting agreement with the CTO of the Company for a monthly fee of \$10,000. The agreement is for a five year term and may be terminated with a three month notice or a termination payment equal to three months’ remuneration.

10. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At January 31, 2022, the Company had 26,077,095 common shares outstanding (April 30, 2021 - 39,827,095 common shares).

Shares returned to treasury

On January 10, 2022, three shareholders of the Company surrendered a total of 13,750,000 common shares of the Company for cancellation.

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10. SHARE CAPITAL (cont'd...)**Share issuance**

During the period from incorporation on June 17, 2020 to April 30, 2021, the Company:

- a) Issued 11,234,762 common shares to founders of the Company at a price of \$0.001 per share for gross proceeds of \$11,235.
- b) Issued 17,400,000 common shares to founders of the Company at a price of \$0.02 per share for gross proceeds of \$348,000.
- c) Completed a non-brokered private placement of 5,333,333 common shares at a price of \$0.15 per share for gross proceeds of \$800,000.
- d) Completed a non-brokered private placement of 2,324,000 common shares at a price of \$0.25 per share for gross proceeds of \$581,000. The Company issued 35,000 common shares with a fair value of \$8,470 as a finders' fee. The Company also incurred legal expenses of \$13,108 in connection with the private placement.
- e) Issued 3,500,000 common shares with a total value of \$70,000 pursuant to an intellectual property purchase agreement and the amount was charged to research and development expense during the period on the statement of loss and comprehensive loss (Note 11).

Basic and diluted loss per share

The calculation of basic and diluted earnings per share for the nine months ended January 31, 2022 was based on the loss attributable to common shareholders of \$631,326 (2021 - \$374,576) and a weighted average number of common shares outstanding of 38,777,095 (2021 - 32,722,950).

11. SHARE-BASED PAYMENTS

The Company has a stock option plan under which it is authorized to grant stock options or restricted stock units ("RSU") to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant, subject to a minimum price of \$0.10 per share. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

The Company had no stock option or RSU transactions during the nine months ended January 31, 2022 and the period from incorporation on June 17, 2020 to January 31, 2021.

The Company had no stock options or RSUs outstanding at April 30, 2021 and January 31, 2022.

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12. RESEARCH AND DEVELOPMENT

Components of research and development costs are as follows:

	Nine Months Ended January r 31, 2022	From incorporation on June 17, 2020 to January 31, 2021
Consulting fees	\$ 66,883	\$ 46,604
External laboratory costs	229,621	172,929
Intellectual rights (Note 9)	-	70,000
Total	\$ 296,504	\$ 289,533

13. CAPITAL MANAGEMENT

In the management of capital, the Company includes components of shareholders' deficiency in the definition of capital. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition and development of medical marijuana business. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent upon external financing to fund its activities. In order to carry out the planned activities, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new opportunities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements

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14. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash and loan receivable from related party as subsequently measured at amortized cost financial assets; and accounts payables as subsequently measured at amortized cost financial liabilities.

The carrying amounts of cash and trade and other payables carried at amortized cost is a reasonable approximation of their fair value due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management monitors and manages these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash, receivables, and loan receivable from related party. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. Receivables mainly consist of recoverable is held with the Government of Canada. Loan receivable from related party is due from the director and major shareholder of the Company. Management does not expect these counterparties to fail to meet their obligations, and as such, the Company is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure sufficient cash is available to fund its projects and operations. As at January 31, 2022, the Company had current assets of \$377,944 and current liabilities of \$189,900. The Company's financial liabilities include trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings (Note 1). The Company is exposed to liquidity risk.

Interest rate risk

The Company is exposed to interest rate risk arising from the cash maintained at Canadian financial institutions. The interest rate risk on cash is not considered significant due to their short-term nature and amounts.

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15. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at January 31, 2022, the Company has no financial assets or financial liabilities measured at fair value. There have been no changes in these levels and no changes in classifications during the nine months ended January 31, 2022.

16. EVENT AFTER THE REPORTING PERIOD

On March 17, 2022, Endocan completed the acquisition transaction of 1253BC and issued 25,905,095 common shares to the shareholders of 1253BC.