



NIRVANA LIFE SCIENCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended October 31, 2022

(Unaudited – Prepared by Management)

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of Nirvana Life Sciences Inc. (the “Company”) has been prepared by and is the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of this financial report.

NIRVANA LIFE SCIENCES INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited – Prepared by Management)

	Note	October 31, 2022	April 30, 2022
ASSETS			
Current assets			
Cash		\$ 5,780	\$ 35,769
Sales tax recoverable		12,821	13,986
Prepaid expenses		191,361	94,180
		209,962	143,935
Non-current asset			
Equipment	5	296,822	342,644
Total assets		\$ 506,784	\$ 486,579
LIABILITIES AND EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 169,749	\$ 105,588
Amounts due to related parties	7	589,532	542,583
Loans payable to related parties	7	59,690	-
Total liabilities		818,971	648,171
Equity (deficiency)			
Share capital	8	6,381,885	5,983,143
Share-based payments reserve	9	112,280	112,280
Deficit		(6,806,755)	(6,257,738)
Equity (deficiency) attributable to shareholders of Nirvana Life Sciences Inc.		(312,590)	(162,315)
Equity attributable to non-controlling interests	12	403	723
Total equity (deficiency)		(312,187)	(161,592)
Total liabilities and equity (deficiency)		\$ 506,784	\$ 486,579

Nature of business and going concern (Note 1)

Event after the reporting period (Note 16)

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

“Bruce Clark” Director _____
“Annie Storey” Director

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

NIRVANA LIFE SCIENCES INC.**INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(EXPRESSED IN CANADIAN DOLLARS)

(Unaudited – Prepared by Management)

	Note	Three Months Ended October 31, 2022	Three Months Ended October 31, 2021	Six Months Ended October 31, 2022	Six Months Ended October 31, 2021
EXPENSES					
Accounting and audit		\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Consulting	8	49,500	71,900	99,000	91,400
Depreciation		22,911	22,911	45,822	45,822
Investor relations		14,917	-	26,917	-
Legal		-	3,745	-	10,336
Loan interest		918	-	918	-
Management fees		45,000	-	120,000	-
Marketing and promotion		67,601	8,500	135,452	8,917
Office and miscellaneous		4,786	14,701	7,577	23,896
Professional fees		15,777	-	30,040	11,139
Rent	8	19,523	17,756	40,172	35,511
Research and development	8, 11	20,261	117,003	43,049	140,623
Transfer agent and filing fees		7,786	-	12,782	-
Loss before items below		(274,980)	(262,516)	(567,729)	(373,644)
Interest income		54	2,782	54	4,728
Gain on debt settlement		-	-	18,338	-
Loss and comprehensive loss for the period		\$ (274,926)	\$ (259,734)	\$ (549,337)	\$ (368,916)
Attributable to:					
Equity holders of Nirvana Life Sciences Inc.		\$ (274,772)	\$ (259,734)	\$ (549,017)	\$ (368,916)
Non-controlling interests		\$ (154)	\$ -	\$ (320)	\$ -
Loss per share attributable to equity holders of Nirvana Life Sciences Inc.					
Basic and diluted loss per common share	9	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding		34,033,010	39,827,095	33,856,859	39,827,095

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

NIRVANA LIFE SCIENCES INC.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited – Prepared by Management)

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity (deficiency) attributable to shareholders	Non-controlling interests	Total deficiency
Balance, April 30, 2022		33,020,139	\$ 5,983,143	\$ 112,280	\$ (6,257,738)	\$ (162,315)	\$ 723	\$ (161,592)
Shares issued for private placement	8	500,000	150,000	-	-	150,000	-	150,000
Shares issued for debt settlement	8	512,871	248,742	-	-	248,742	-	248,742
Comprehensive loss		-	-	-	(549,017)	(549,017)	(320)	(549,337)
Balance, October 31, 2022		34,033,010	\$ 6,381,885	\$ 112,280	\$ (6,806,755)	\$ (312,590)	\$ 403	\$ (312,187)

	Note	Number of Shares	Share capital	Deficit	Total equity
Balance, April 30, 2021		39,827,095	\$ 1,797,128	\$ (612,203)	\$ 1,184,925
Comprehensive loss		-	-	(368,916)	(368,916)
Balance, October 31, 2021		39,827,095	\$ 1,797,128	\$ (981,119)	\$ 816,009

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

NIRVANA LIFE SCIENCES INC.
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED OCTOBER 31
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited – Prepared by Management)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (549,337)	\$ (368,916)
Items not affecting cash:		
Accrued interest income	-	(4,728)
Accrued loan interest	918	-
Depreciation	45,822	45,822
Gain on debt settlement	(18,338)	-
Changes in non-cash working capital items:		
Sales tax recoverable	1,165	(4,305)
Prepaid expenses	169,899	25,681
Accounts payable and accrued liabilities	1,661	(9,425)
Amounts due to related parties	108,531	-
Net cash used in operating activities	(239,679)	(315,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan receivable due from related party	-	(207,000)
Net cash used in investing activities	-	(207,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	150,000	-
Loans from related parties	59,690	-
Net cash provided by financing activities	209,690	-
Change in cash during the period	(29,989)	(522,871)
Cash, beginning of the period	35,769	624,529
Cash, end of the period	\$ 5,780	\$ 101,658

There were no significant non-cash transactions during the six months ended October 31, 2022 and 2021.

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

NIRVANA LIFE SCIENCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

SIX MONTHS ENDED OCTOBER 31, 2022

(Unaudited – Prepared by Management)

1. NATURE OF BUSINESS AND GOING CONCERN

Nirvana Life Sciences Inc. (the “Company”) was incorporated on May 11, 2011 under the laws of British Columbia, Canada and maintains its head office at Suite 2100, 650 West Georgia Street, Vancouver, B.C. V6B 4N8.

On March 17, 2022, the Company completed an acquisition transaction with 1253766 B.C. Ltd. (“1253BC”). The Transaction constituted a Reverse Takeover (“RTO”) under applicable securities law. The consolidated statements of financial position are presented as a continuance of 1253BC and the comparative figures presented are those of 1253BC (Note 4).

On March 16, 2022, the Company received the final approval for listing on the CSE. The Company’s common shares commenced trading on the CSE on March 17, 2022 under the symbol “NIRV”.

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.

Going concern of operations

These consolidated 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 October 31, 2022, the Company has not yet achieved profitable operations, has an accumulated deficit of \$6,806,755, 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 consolidated 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.

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, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of measurement

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

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 1253766 B.C. Ltd. (“1253BC”). All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Functional and presentation currency

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

Significant estimates and assumptions

The preparation of these consolidated 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 the fair value of stock options and agent’s warrants using option pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- iii) 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.

NIRVANA LIFE SCIENCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

SIX MONTHS ENDED OCTOBER 31, 2022

(Unaudited – Prepared by Management)

2. BASIS OF PREPARATION (cont'd...)

Significant judgements

The preparation of these consolidated 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.
- ii) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's audited annual financial statements for the year ended April 30, 2022 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, 2022 that impacted the Company's consolidated financial statements.

4. ACQUISITION AND REVERSE TAKEOVER TRANSACTIONS

Reverse takeover transaction

On March 17, 2022, the Company completed a transaction contemplated by its share exchange agreement with 1253BC (the "Transaction"). Pursuant to the share exchange agreement, the Company acquired 99.34% of the issued and outstanding securities of 1253BC by issuing one (1) share of the Company for each 1253BC Share held by the shareholders of 1253BC. As a result, control of the Company passed to the former shareholders of 1253BC. The Transaction constituted a RTO under applicable securities law. Upon completion of the Transaction, the Company completed a name change from "Endocan Solutions Inc." to "Nirvana Life Sciences Inc.". The Company will continue the business which was previously conducted by 1253BC.

The Transaction does not constitute a business combination as the Company did not meet the definition of a business under *IFRS 3 Business Combinations*. Immediately after the Transaction, shareholders of 1253BC owned 78.5% of the voting rights of the Company. As a result, the Transaction has been accounted for as a capital transaction with 1253BC being identified as the accounting acquirer and the equity consideration being measured at fair value, using the acquisition method of accounting. These consolidated financial statements are a continuation of the financial statements of 1253BC and reflect the assets, liabilities and operations of 1253BC since its incorporation on June 17, 2020. The results of operations of the Company are included in the consolidated financial statements since the date of acquisition.

NIRVANA LIFE SCIENCES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(EXPRESSED IN CANADIAN DOLLARS)

SIX MONTHS ENDED OCTOBER 31, 2022

(Unaudited – Prepared by Management)

4. ACQUISITION AND REVERSE TAKEOVER TRANSACTIONS (cont'd...)

For accounting purposes, 1253BC is deemed to have acquired the Company as part of the Transaction. The Transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair value at the acquisition date. The acquisition did not meet the criteria for a business combination and is therefore treated a recapitalization under the scope of *IFRS 2 Share Based Payments*. The consideration consisted entirely of shares and options of 1253BC which were measured at the estimated fair value on the date of acquisition. The fair value of the common shares issued to the Company's shareholders was determined to be \$4,197,876 based on the fair value of the shares issued (7,115,044 shares at \$0.59 per share). The fair value of the Company's stock options was determined to be \$112,280 using the Black Scholes Option Pricing Model based on the following assumptions: stock price volatility - 96.29%; risk-free interest rate - 1.83%; stock price of \$0.59 and an expected life of 0.92 year.

Details of the allocation of the estimated fair value of identifiable assets acquired and purchase consideration are as follows:

Total consideration		
7,115,044 common shares measured at a fair value of \$0.59 per share	\$	4,197,876
300,000 stock options		112,280
	\$	4,310,156
Net identifiable assets acquired (liabilities assumed)		
Cash	\$	106,163
Other current assets		277,967
Accounts payable		(564,389)
	\$	(180,259)
Listing expense	\$	4,490,415

Two shareholders of 1253BC with a total of 172,000 shares did not exchange their shares for the common shares of the Company. The value of the noncontrolling shareholders interest reflecting the noncontrolling shareholders interest's proportionate share of the Company's net assets was determined to be \$3,191 based on their pre-combination carrying amounts of the net assets of 1253BC. The share capital and the deficit of the Company were thus adjusted accordingly to reflect the 0.66% of the noncontrolling interests in 1253BC.

5. EQUIPMENT

	October 31, 2022			April 30, 2022		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Laboratory equipment	\$ 458,223	\$ 161,401	\$ 296,822	\$ 458,223	\$ 115,579	\$ 342,644

NIRVANA LIFE SCIENCES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(EXPRESSED IN CANADIAN DOLLARS)

SIX MONTHS ENDED OCTOBER 31, 2022

(Unaudited – Prepared by Management)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2022	April 30, 2022
Trade payables	\$ 155,206	\$ 69,914
Accrued liabilities	7,638	28,769
Other payables	6,905	6,905
	\$ 169,749	\$ 105,588

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.

7. RELATED PARTY TRANSACTIONS

Amounts due to related parties of \$589,532 (April 30, 2022 - \$542,583) are management and legal fees charged by companies controlled by directors and officers of the Company. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

During the six months ended October 31, 2022, the Company received a loan of \$50,000 from a company affiliated with a significant shareholder of the Company. The loan is unsecured, bears annual interest at 10% and is payable on demand. As at October 31, 2022, the Company accrued interest of \$918 on the loan.

During the six months ended October 31, 2022, the Company received an advance of \$9,690 from the CEO of the Company. The loan is unsecured, non-interest bearing, and have no specific terms of repayment.

During the period from incorporation on June 17, 2020 to April 30, 2021, a company controlled by a significant shareholder of the Company borrowed \$100,000 from the Company. The loan was unsecured, repayable on October 21, 2021 (subsequently extended to March 15, 2022), and bears interest at a rate of 5% per annum. During the year ended April 30, 2022, the company controlled by the same significant shareholder of the Company borrowed additional \$207,000 from the Company. The loan was unsecured, repayable on March 15, 2022, and bears interest at a rate of 5% per annum. As at October 31, 2022, the related party had not repaid the loans totaling \$307,000 and the accrued interest receivable on the loans of \$12,478 (April 30, 2022 - \$12,478). The Company has recorded an allowance for the full amount of \$319,418 due to the uncertainty of the collectability of the amounts during the year ended April 30, 2022.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the six month periods ended October 31 is as follows is as follows:

	2022	2021
Management fees	\$ 120,000	-
Consulting fees	99,000	79,000
Research and development	43,049	37,534
Total	\$ 262,049	\$ 116,534

NIRVANA LIFE SCIENCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

SIX MONTHS ENDED OCTOBER 31, 2022

(Unaudited – Prepared by Management)

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

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

- a) Paid or accrued management fees of \$90,000 (2021 - \$nil) to a company controlled by the CEO of the Company.
- b) Paid or accrued management fees of \$30,000 (2021 - \$nil) to a company controlled by the former CFO of the Company.
- c) Paid or accrued consulting fees of \$43,049 (2021 - \$37,534) to the Chief Scientific Officer (“CSO”) of the Company for scientific research work provided.
- d) Paid or accrued consulting fees of \$39,000 (2021 - \$39,000) to the Head of Operation and Extraction (“HOE”) of the Company for operation consulting services provided.
- e) Paid or accrued consulting fees of \$60,000 (2021 - \$40,000) to the Chief Technology Officer (“CTO”) of the Company for consulting services provided.

The Company has entered into a service agreement with a company controlled separately by the Chief Executive Officer (“CEO”) of the Company for a total monthly base fee of \$15,000, with no specified term. The services agreements may be terminated with a termination payment equal to twenty-four months of base fee.

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 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 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.

NIRVANA LIFE SCIENCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

SIX MONTHS ENDED OCTOBER 31, 2022

(Unaudited – Prepared by Management)

8. SHARE CAPITAL

Authorized share capital

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

Issued share capital

At October 31, 2022, the Company had 34,033,010 common shares outstanding (April 30, 2022 - 33,020,139 common shares).

Share issuance

During the six months ended October 31, 2022, the Company:

- a) completed a non-brokered private placement of 500,000 units at a price of \$0.30 per unit for gross proceeds of \$150,000. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 36 months at an exercise price of \$0.50. No value was allocated to the warrants based on the residual method.
- b) issued 512,871 common shares with a fair value of \$248,742 to settle \$267,080 of accounts payable due to certain service providers. A gain of \$18,338 was realized on the settlement.

During the year ended April 30, 2022, the Company

- (a) Issued 7,115,044 common shares of the Company with a fair value of \$4,197,876 pursuant to the RTO transaction (Note 4).
- (b) 13,750,000 common shares were returned to treasury for cancellation.

Escrowed shares

18,532,762 common shares were placed in escrow and subject to a 36 month staged release escrow agreement in which 10% of escrowed securities was released on upon the completion of the RTO and 15% every 6 months thereafter. As at October 31, 2022, 13,899,572 common shares remain in escrow.

NIRVANA LIFE SCIENCES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(EXPRESSED IN CANADIAN DOLLARS)

SIX MONTHS ENDED OCTOBER 31, 2022

(Unaudited – Prepared by Management)

9. 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.

Stock option transactions are summarized as follows:

	Number of options	Weighted Average Exercise Price
Balance, April 30, 2021	-	\$ -
Stock options issued upon RTO	300,000	0.25
Balance, April 30, and October 31, 2022	300,000	\$ 0.25
Exercisable at April 30, and October 31, 2022	300,000	\$ 0.25
Weighted average fair value of options granted during the period	\$ nil	(2021 - \$0.37)

As at October 31, 2022, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
300,000	\$ 0.25	February 2, 2023

The Company had no RSU transactions during the year ended April 30, 2022 and the six months ended October 31, 2022. The Company had no RSUs outstanding at April 30, 2022 and October 31, 2022.

10. SEGMENT INFORMATION**Operating segments**

The Company operates in a single reportable segment – research and development of therapeutic products derived from psychedelics.

Geographic segments

All of the Company's non-current assets are located in Canada.

NIRVANA LIFE SCIENCES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(EXPRESSED IN CANADIAN DOLLARS)

SIX MONTHS ENDED OCTOBER 31, 2022

(Unaudited – Prepared by Management)

11. RESEARCH AND DEVELOPMENT

Components of research and development costs are as follows:

	2022	2021
Consulting fees	\$ 43,049	\$ 42,534
External laboratory costs	-	98,089
Total	\$ 43,049	\$ 140,623

12. NON-CONTROLLING INTERESTS

The Company holds 99.34% equity interest in 1253BC through the acquisition transaction completed on March 17, 2022 (Note 4). The non-controlling interests represent the 0.66% equity interest in 1253BC held by two minority shareholders.

The continuity of non-controlling interests is summarized as follows:

	October 31, 2022	April 30, 2022
Balance, beginning of the year	\$ 723	\$ -
Non-controlling interests recognized on RTO (Note 4)	-	3,191
Share of net loss	(320)	(2,468)
Balance, end of the period/year	\$ 403	\$ 723

NIRVANA LIFE SCIENCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

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(Unaudited – Prepared by Management)

13. 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, amounts due to related parties, and loans from related parties as subsequently measured at amortized cost financial liabilities.

The carrying amounts of cash, trade and other payables, amounts due to related parties, and loans from related parties 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 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. Loan receivable from related party is due from a significant shareholder of the Company. The Company recorded an allowance for the full amount of \$323,315 because the significant shareholder did not repay the loan on due date and has not provided a proposed repayment date. The Company intends to take legal action to recover the loan amount and accrual interest. However, the outcome of the action is not determinable yet.

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 October 31, 2022, the Company had current assets of \$209,962 and current liabilities of \$818,971. The Company's financial liabilities include trade and other payables which have contractual maturities of 30 days or are due on demand. The loans payable to related parties 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.

NIRVANA LIFE SCIENCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

SIX MONTHS ENDED OCTOBER 31, 2022

(Unaudited – Prepared by Management)

14. 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 October 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 six months ended October 31, 2022.

15. 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 its 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

16. EVENT AFTER THE REPORTING PERIOD

On November 21, 2022, the Company announced that it has entered into an agreement with Medsmart Dispensary Inc. ("Medsmart") to acquire Medsmart's 100% interest in the global license (except Asia) for "SOSA" XuanXia Detoxification Herbal Medicine, a patented herbal medicine designed to detoxify the human body, in exchange for 5,000,000 common shares of the Company. The transaction is subject to due diligence review, entering a definitive agreement, and regulatory and exchange approval.