NIRVANA LIFE SCIENCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Nirvana Life Sciences Inc.

Opinion

We have audited the consolidated financial statements of Nirvana Life Sciences Inc. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Yours truly,

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

October 27, 2023

NIRVANA LIFE SCIENCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
YEARS ENDED APRIL 30
(EXPRESSED IN CANADIAN DOLLARS)

	Note		2023		2022
ASSETS					
Current assets					
Cash		$	12,492	$	35,769
Sales tax recoverable			16,667		13,986
Prepaid expenses			39,409		94,180
			68,568		143,935
Non-current asset					
Equipment	5		-		342,644
Total assets		$	68,568	$	486,579
LIABILITIES AND EQUITY (DEFICIENCY)					
Current liabilities					
Accounts payable and accrued liabilities	6	$	199,770	$	105,588
Amounts due to related parties	7		750,188		542,583
Loan payable to related party	7		58,397		-
Total liabilities			1,008,355		648,171
Equity (deficiency)					
Share capital	8		6,381,885		5,983,143
Share subscription proceeds	18		109,934		-
Share-based payments reserve	9		316,873		112,280
Deficit			(7,745,040)		(6,257,738)
Equity (deficiency) attributable to shareholders of Nirvana Life Sciences Inc.			(936,348)		(162,315)
Equity attributable to non-controlling interests	11		(3,439)		723
Total equity (deficiency)			(939,787)		(161,592)
Total liabilities and equity (deficiency)		$	68,568	$	486,579

Nature of business and going concern (Note 1)

Events after the reporting period (Note 18)

The consolidated financial statements were authorized for issue by the board of directors on October 27, 2023 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.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED APRIL 30
(EXPRESSED IN CANADIAN DOLLARS)

	Note	2023	2022
EXPENSES			
Accounting and audit		$ 37,000	$ 35,000
Consulting	7	159,000	178,000
Depreciation		91,644	91,645
Investor relations		50,390	6,570
Legal fees		10,566	13,887
Loan interest	7	8,397	-
Management fees	7	210,000	37,500
Marketing and promotion		248,474	39,091
Office and miscellaneous		8,479	24,518
Professional fees		73,440	30,839
Rent		34,253	72,497
Research and development	7, 11	91,527	320,814
Share-based payments	7, 9	204,593	-
Transfer agent and filing fees		24,611	7,549
Travel		6,482	1,211
Loss before items below		(1,258,856)	(859,121)
Interest income		54	12,341
Gain on debt settlement	8	18,338	-
Impairment loss on equipment		251,000	-
Listing expense	4	-	(4,490,415)
Provision for doubtful receivables	7	-	(319,478)
Loss and comprehensive loss for the year		$ (1,491,464)	$ (5,656,673)
Attributable to:			
Equity holders of Nirvana Life Sciences Inc.	4	(1,487,302)	(5,654,205)
Non-controlling interests	11	(4,162)	(2,468)
Loss per share attributable to equity holders of Nirvana Life Sciences Inc.			
Basic and diluted loss per common share		$ (0.04)	$ (0.16)
Weighted average number of common shares outstanding		33,944,210	36,520,229

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

NIRVANA LIFE SCIENCES INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)

(EXPRESSED IN CANADIAN DOLLARS)

	Note	Number of Shares	Share capital	Share subscription proceeds	Share-based payments reserve	Deficit	Total equity (deficiency) attributable to shareholders	Non-controlling interests	Total deficiency
Balance, April 30, 2021		39,827,095	$ 1,797,128	-	-	$ (612,203)	$ 1,184,925	$ -	$ 1,184,925
Shares returned to treasury	8	(13,750,000)	-	-	-	-	-	-	-
Reverse takeover transaction	4, 8	7,115,044	4,197,876	-	-	-	4,197,876	-	4,197,876
Stock options issued on RTO	4	-	-	-	112,280	-	112,280	-	112,280
Non-controlling interests recognized on RTO	4, 11	(172,000)	(11,861)	-	-	8,670	(3,191)	3,191	-
Comprehensive loss for the year		-	-	-	-	(5,654,205)	(5,654,205)	(2,468)	(5,656,673)
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
Share subscriptions	18	-	-	109,934	-	-	109,934	-	109,934
Share-based payments	9	-	-	-	204,593	-	204,593	-	204,593
Comprehensive loss for the year		-	-	-	-	(1,487,302)	(1,487,302)	(4,162)	(1,491,464)
					-				
Balance, April 30, 2023		34,033,010	$ 6,381,885	$ 109,934	$ 316,873	$ (7,745,040)	$ (936,348)	$ (3,439)	$ (939,787)

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

NIRVANA LIFE SCIENCES INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED APRIL 30
(EXPRESSED IN CANADIAN DOLLARS)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,491,464)	$ (5,656,673)
Items not affecting cash:		
Accrued interest income	-	(12,341)
Accrued loan interest	8,397	-
Depreciation	91,644	91,645
Gain on debt settlement	(18,338)	-
Impairment loss on equipment	251,000	-
Listing expense	-	4,490,415
Provision for doubtful receivables	-	319,478
Share-based payments	204,593	-
Shares issued for services	244,973	-
Changes in non-cash working capital items:		
Sales tax recoverable	(2,681)	7,972
Prepaid expenses	54,771	(9,076)
Accounts payable and accrued liabilities	53,789	(101,926)
Amounts due to related parties	270,105	380,316
Net cash used in operating activities	(333,211)	(490,190)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan receivable due from related party	-	(207,000)
Purchase of equipment	-	-
Cash acquired on RTO	-	106,163
Net cash used in investing activities	-	(100,837)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	150,000	-
Proceeds from share subscriptions	109,934	-
Loan from related party	50,000	2,267
Net cash provided by financing activities	309,934	2,267
Change in cash during the year	(23,277)	(588,760)
Cash, beginning of the year	35,769	624,529
Cash, end of the year	$ 12,492	$ 35,769

Supplemental disclosures with respect to cash flows (Note 12)

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

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 are presented as a continuance 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 April 30, 2023, the Company has not yet achieved profitable operations, has an accumulated deficit of $7,745,040, 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.

2. BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

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

2. BASIS OF PREPARATION (cont'd…)

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.

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 below have been consistently applied to all years presented in these consolidated financial statements, unless otherwise indicated.

Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principal and interest on the principal amount outstanding, and it is not designated as FVTPL. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. None of the Company's financial assets are classified as FVTPL.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. None of the Company's financial assets are classified as FVTOCI.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. The Company's financial assets at amortized cost comprise cash and loan receivable from related party.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as equity instruments at FVTOCI remain within accumulated other comprehensive income.

(ii) Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost which include accounts payable. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

(iii) Impairment of financial assets

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 the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive 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.

Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of the rehabilitation obligation.

Equipment is generally depreciated on a straight line basis over their estimated useful lives as follows:

Laboratory equipment	5 years

An item of equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of loss and comprehensive loss. The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

Research and development

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate all of the following:

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

All of the Company's projects are currently at research phase, and therefore, costs are expensed in the consolidated statement of loss and comprehensive loss during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provisions

The Company recognizes provisions if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that the shares are issued.

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For the period presented, the earnings/loss attributable to common shareholders equals the reported earnings/loss attributable to owners of the Company. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options, in the weighted average number of common shares outstanding during the period, if dilutive.

Share-based payments

Share-based payments to employees and others providing similar services are measured at the grant date fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. The offset to the recorded cost is to share-based payments reserve. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes Option Pricing Model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Current taxes receivable or payable are estimated on taxable income or loss for the current year at the statutory tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. Deferred income tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

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

<u>Reverse takeover transaction</u>

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.

(EXPRESSED IN CANADIAN DOLLARS)

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

	2023			2022		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Laboratory equipment	$ -	$ -	$ -	$ 458,223	$ 115,579	$ 342,644

During the year ended April 30, 2023, the Company was no longer using the equipment and determined that equipment became obsolete. The fair value of the recoverable amount obtained from the marketplace was $nil. The Company thus recognized an impairment loss of $251,000 on the carrying value of the equipment (2022 - $nil).

(EXPRESSED IN CANADIAN DOLLARS)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2023		2022
Trade payables	$	167,546	$	69,914
Accrued liabilities		25,319		28,769
Other payables		6,905		6,905
	$	199,770	$	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 $750,188 (April 30, 2022 - $542,583) are fees charged by an officer and companies controlled by a director and officers of the Company. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

On August 25, 2022, the Company received a loan of $50,000 from a company affiliated with a director of the Company. The loan is unsecured, bears annual interest at 10% and is payable on November 30, 2022. As at April 30, 2023, the Company accrued interest and late repayment charge totaling $8,397 on the loan. Subsequent to April 30 2023, the Company repaid the loan and accrued interest and penalty in full.

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 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 April 30, 2023, 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 $319,478 due to the uncertainty of the collectability of the amounts during the year ended April 30, 2022. The collection uncertainty continues to exist at April 30, 2023.

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 years ended April 30 is as follows is as follows:

		2023		2022
Management fees	$	210,000	$	37,500
Consulting fees		159,000		178,000
Research and development		84,288		76,192
Share-based payments		204,593		-
Total	$	657,881	$	291,692

7. RELATED PARTY TRANSACTIONS (cont'd…)

The Company entered into the following related party transactions during the year ended April 30, 2023:

a) Paid or accrued management fees of $180,000 (2022 - $22,500) to a company controlled by the CEO of the Company.

b) Paid or accrued management fees of $30,000 (2022 - $15,000) to a company controlled by the former CFO of the Company.

c) Paid or accrued consulting fees of $84,288 (2022 - $76,192) to the Chief Scientific Officer ("CSO") of the Company for scientific research work provided.

d) Paid or accrued consulting fees of $120,000 (2022 - $100,000) to the Chief Technology Officer ("CTO") of the Company for consulting services provided.

e) Paid or accrued consulting fees of $39,000 (2022 - $78,000) to the Head of Operation and Extraction ("HOE") of the Company for operation 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 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.

8. SHARE CAPITAL

Authorized share capital

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

Issued share capital

At April 30, 2023, the Company had 34,033,010 common shares outstanding (April 30, 2022 - 33,020,139 common shares).

8. SHARE CAPITAL

Share issuance

During the year ended April 30, 2023, 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. A related party to the Company subscribed for all 500,000 units.

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 April 30, 2023, 11,119,658 common shares remain in escrow.

9. SHARE-BASED PAYMENTS

Stock options

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.

(EXPRESSED IN CANADIAN DOLLARS)

9. SHARE-BASED PAYMENTS (cont'd…)

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, 2022	300,000	$ 0.25
Granted	600,000	0.55
Expired	(300,000)	0.25
Balance, April 30, 2023	600,000	$ 0.55
Exercisable at April 30, 2023	-	$ -
Weighted average fair value of options granted during the year	$ 0.51	(2022 - $0.37)

The fair value calculated for stock options granted during the year ended April 30, 2023 was $306,878 (2022 - $nil) using the Black-Scholes Option Pricing Model. For the year ended April 30, 2023, the Company recognized share based payment expense of $204,593 (2022 - $nil) based on the vesting provisions of stock options granted.

The following weighted average assumptions were used for the Black-Scholes Option Pricing Model valuation of stock options granted:

	2023	2022
Risk-free interest rate	2.75%	-
Expected life of options	5 years	-
Annualized volatility	142.12%	-
Share prices	$0.57	-
Forfeiture rate	Nil	-
Dividend rate	Nil	-

As at April 30, 2023, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
600,000	$ 0.55	May 1, 2027

(EXPRESSED IN CANADIAN DOLLARS)

9. SHARE-BASED PAYMENTS (cont'd…)

Warrants

Warrants are issued as private placement incentives and measured using the residual method. Agents' warrants and bonus warrants are measured at fair value on the date of the grant as determined using the Black-Scholes Option Pricing Model.

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2021 and 2022	-	$ -
Warrants granted	500,000	0.50
Balance, April 30, 2023	500,000	$ 0.50

As at April 30, 2023, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
500,000	$ 0.50	June 1, 2025

10. RESEARCH AND DEVELOPMENT

Components of research and development costs are as follows:

	2023	2022
Consulting fees	$ 84,288	$ 91,193
External laboratory costs	-	229,621
Supplies and materials	7,239	-
Total	$ 91,527	$ 320,814

(EXPRESSED IN CANADIAN DOLLARS)

11. 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:

	2023	2022
Balance, beginning of the year	$ 723	$ -
Non-controlling interests recognized on RTO (Note 4)	-	3,191
Share of net loss	(4,162)	(2,468)
Balance, end of the year	$ (3,439)	$ 723

12. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash investing and financing transactions during the year ended April 30, 2023 included:

(a) The Company issued 512,871 common shares with a fair value of $248,742 to settle $267,080 of accounts payable due to certain service providers.

There were no significant non-cash transactions during the year ended April 30, 2022.

13. 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.

(EXPRESSED IN CANADIAN DOLLARS)

14. INCOME TAXES

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

	2023	2022
Loss before income taxes	$ (1,491,464)	$ (5,656,673)
Statutory tax rate	27%	27%
Expected income tax recovery at statutory rates	$ (403,000)	$ (1,527,000)
Change in statutory, foreign tax, foreign exchange rates and other	(2,000)	(752,000)
Permanent differences	50,000	1,212,000
Change in unrecognized deferred tax assets	355,000	1,067,000
Deferred income tax expense	$ -	$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2023	2022
Non-capital losses available for future periods	$ 1,332,000	$ 1,068,000
Capital losses	133,000	133,000
Equipment	124,000	31,000
Financing fees	4,000	6,000
Unrecognized deferred income tax assets	$ 1,593,000	$ 1,238,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary differences:				
Financing fees	$ 15,000	2024 to 2025	$ 23,000	2023 to 2025
Non-capital losses available for future periods	$ 4,932,000	2032 to 2043	$ 3,995,000	2032 to 2042

15. 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 $319,478 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 April 30, 2023, the Company had current assets of $68,568 and current liabilities of $1,008,355. 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.

16. 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 April 30, 2023, 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 year ended April 30, 2023.

17. 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

18. EVENT AFTER THE REPORTING PERIOD

Subsequent to April 30, 2023, the Company:

i) Completed a non-brokered private placement of 6,400,000 units at a price of $0.05 per unit for gross proceeds of $320,000. Each unit is comprised of one common share and one-half share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of $0.15. The Company received proceeds of $109,934 prior to April 30, 2023.

ii) Issued 2,800,000 common shares with a fair value of $112,000 to settle $140,000 of accounts payable due to officers of the Company and a service provider. A gain of $28,000 was realized on the settlement.

iii) Entered into an agreement to acquire all of the issued and outstanding securities of Medsmart Dispensary Inc. ("Medsmart"), a non-related Canadian based private company, by issuing 5,000,000 common shares to shareholders of Medsmart. Medsmart holds the exclusive license to distribute SOSA, a patented herbal medicine designed to detoxify the human body, for North America with the right to extend the license to territories including Europe, Oceana, and the balance of the Americas.

iv) Granted stock options to directors and consultants of the Company to purchase 2,600,000 common shares at an exercise price of $0.15 per share for a period of 5 years.