

AWAKN LIFE SCIENCES INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED APRIL 30, 2021 AND THE PERIOD FROM APRIL 27, 2020 (INCORPORATION DATE) TO APRIL
30, 2020
(In Canadian Dollars)**

AWAKN LIFE SCIENCE INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	Note	April 30, 2021 \$	January 31, 2021 \$
Assets			
Current assets			
Cash		3,348,788	366,065
Prepayments		159,941	93,272
Other receivables	11	30,889	17,620
Total current assets		3,539,618	476,957
Non-current assets			
Property and equipment	5	275,637	204,286
Intangible assets	6	65,000	-
Right-of-use assets	7	132,247	144,245
Total assets		4,012,502	825,488
Liabilities			
Accounts payable and accrued liabilities			
Lease liabilities	7	13,262	13,677
Total current liabilities		341,339	242,012
Non-current liabilities			
Long-term lease liabilities	7	121,054	118,434
Convertible debentures	8	1,299,251	-
Derivative liabilities	9	2,405,359	-
Total Liabilities		4,167,003	360,446
Shareholders' (Deficiency) Equity			
Share capital	10	1,259,122	1,152,346
Share-based payment reserve	10	375,209	39,870
Warrant reserve	10	90,740	-
Accumulated other comprehensive (loss) income		(1,875)	610
Accumulated deficit		(1,898,738)	(865,186)
Total (deficiency) equity attributable to equity holders of the parent		(175,542)	327,640
Non-controlling interest		21,041	137,402
Total Shareholders' (Deficiency) Equity		(154,501)	465,042
Total Liabilities and Shareholders' (Deficiency) Equity		4,012,502	825,488

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

Nature of business *(note 1)*

Subsequent events *(note 16)*

Approved and authorized for issue by the Board of Directors on June 23, 2021.

"George Scorsis"

Director

"Anthony Tennyson"

Director

AWAKN LIFE SCIENCES INC.

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020

(Expressed in Canadian dollars)

	Note	Three months ended April 30, 2021 \$	Period from incorporation to April 30, 2020 \$
Operating expenses:			
Sales and marketing		98,834	-
Research and development		227,758	-
General and administration		517,919	-
Share-based compensation	10	340,865	-
Depreciation	5, 7	7,919	-
Total operating expenses		1,193,295	-
Other expense (income)			
Finance costs	7, 8	101,596	-
Change in fair value of derivative liabilities	9	(315,606)	-
Transaction costs	6	164,584	-
Foreign exchange loss		6,044	-
Loss from operations before income taxes		(1,149,913)	-
Income tax expense - current		-	-
Income tax expense - deferred		-	-
Net loss		(1,149,913)	-
Other comprehensive income			
<i>Amounts that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange translation adjustment		(2,485)	-
Comprehensive loss		(1,152,398)	-
Attributable to:			
Equity holders of the parent		(1,036,037)	-
Non-controlling interests		(116,361)	-
		(1,152,398)	-
Net loss per share attributable to equity holders of the parent – basic and diluted		(0.07)	-
Weighted average number of shares outstanding – basic and diluted		17,082,772	100

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

AWAKN LIFE SCIENCES INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020

(Expressed in Canadian dollars)

	Note	Number of Shares	Share Capital \$	Share-Based Payment Reserve \$	Warrant Reserve \$	Accumulated Other Comprehensive (loss) Income \$	Accumulated Deficit \$	Total \$	Non- Controlling Interest \$	Total \$
Balance, April 27, 2020		-	-	-	-	-	-	-	-	-
Issuance of common shares, net of issuance costs		100	-	-	-	-	-	-	-	-
Net loss attributable to the Company		-	-	-	-	-	-	-	-	-
Balance, April 30, 2020		100	-	-	-	-	-	-	-	-
Balance, February 1, 2021		16,883,334	1,152,346	39,870	-	610	(865,186)	327,640	137,402	465,042
Exercise of stock options	10	550,000	46,776	(5,526)	-	-	-	41,250	-	41,250
Issuance of common shares for acquisition of intangible assets	6, 10	50,000	60,000	-	-	-	-	60,000	-	60,000
Share-based compensation	10	-	-	340,865	-	-	-	340,865	-	340,865
Issuance of Finders Warrants	8, 10	-	-	-	90,740	-	-	90,740	-	90,740
Net loss attributable to the Company		-	-	-	-	-	(1,033,552)	(1,033,552)	(116,361)	(1,149,913)
Other comprehensive loss		-	-	-	-	(2,485)	-	(2,485)	-	(2,485)
Balance, April 30, 2021		17,483,334	1,259,122	375,209	90,740	(1,875)	(1,898,738)	(175,542)	21,041	(154,501)

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

AWAKN LIFE SCIENCES INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020

(Expressed in Canadian dollars)

	Note	Three months ended April 30, 2021	Period from incorporation to April 30, 2020
			\$
Cash flow used in operating activities			
Net loss for the period		(1,149,913)	-
Items not affecting cash:			
Share-based compensation	10	340,865	-
Depreciation	5, 7	7,919	-
Accretion on lease liabilities	7	6,365	-
Accretion on convertible debentures	8	95,231	-
Transaction costs	4	90,740	-
Change in fair value of derivative liabilities	9	(315,606)	-
Changes in non-cash working capital items:			
Increase in prepayments		(66,669)	-
Increase in other receivables		(13,269)	-
Increase in accounts payable and accrued liabilities		168,586	-
Cash flow used in operating activities		(835,751)	-
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property and equipment	5	(79,977)	-
Purchase of intangible assets	6	(5,000)	-
Cash flow used in investing activities		(84,977)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from options exercise	10	41,250	-
Issuance of convertible debentures, net	8	3,856,141	-
Cash flow from financing activities		3,897,391	-
Effect of exchange rate changes on cash		6,060	-
Increase in cash		2,976,663	-
Cash, beginning of period		366,065	-
Cash, end of period		3,348,788	-

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

AWAKN LIFE SCIENCES INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020

(Expressed in Canadian dollars, unless otherwise noted)

1. Nature of the business

Awakn Life Sciences Inc. (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on April 27, 2020. The Company's head office and registered office is located at 200-366 Bay Street, Toronto, Ontario, M5H 4B2. The Company is a biotechnology company with clinical operations, researching, developing, and delivering psychedelic new chemical entity drugs and therapies to treat Addiction.

On March 3, 2021, the Company entered into a letter of intent with 1169082 BC Ltd. to complete a going public transaction by way of a reverse take-over ("RTO"). Subsequently, on May 13, 2021, the Company entered into a binding amalgamation agreement. Pursuant to the RTO, the securities of the Company will be exchanged for the equivalent securities of the resulting issuer ("Resulting Issuer") on an economically equivalent basis. In connection with the completion of the RTO, it is intended that the Resulting Issuer will change its name to "Awakn Life Sciences Corp."

On April 20, 2021, in connection with the RTO, the Company entered into an engagement letter ("Engagement Letter") with Canaccord Genuity Corp. and Eight Capital (collectively, "Agents"), pursuant to which the Agents agreed to assist the Company to raise up to \$8,000,000 through the sale of up to 3,200,000 subscription receipts ("Subscription Receipt") at a price of \$2.50 per Subscription Receipt, or to raise up to \$9,200,000 if the financing agents option ("Financing Agents Option") is exercised in full ("Financing"). The Financing Agents Option is the option of the Agents, exercisable at any time prior to the closing of the Financing, to increase the size of the Financing by up to an additional 480,000 Subscription Receipts at a price of \$2.50 per Subscription Receipt, for additional gross proceeds of up to \$1,200,000. Each Subscription Receipt entitles the holder to receive one common share of the Resulting Issuer. The Company has agreed to pay the Agents a cash commission equal to 7% of the gross proceeds of the Financing. In addition, the Company will issue to the Agents such number of broker warrants ("Broker Warrant") as is equal to 7% of the aggregate Subscription Receipts sold under the Financing. Each Broker Warrant shall be exercisable at an exercise price of \$2.50 for a period of twenty-four months after the escrow release conditions contemplated in the Engagement Letter are satisfied. The Company has also agreed to pay the Agents an additional corporate finance fee equal to 3% of the gross proceeds of the Financing, payable in the common shares of the Resulting Issuer.

At April 30, 2021, the Company had not yet achieved profitable operations, has accumulated losses of \$1,898,738 since its inception and expects to incur further losses in the development of its business, all of which indicate that a material uncertainty exists that may cast 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 upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. The Company has been successful in raising funds from the issuance of shares and convertible debentures (note 8 and 10). Therefore, the Company's ability to obtain additional financing is enough to assume that the Company will continue as a going concern, however there is no certainty this will occur in the future at terms acceptable to the Company.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time.

AWAKN LIFE SCIENCES INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020

(Expressed in Canadian dollars, unless otherwise noted)

2. Basis of Presentation

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements of the Company for three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020 have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and with interpretation of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements meet the requirements of International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”.

These condensed consolidated interim financial statements was approved and authorized for issue by the Board of Directors on June 23, 2021.

(b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis.

(c) Principles of consolidation

The Company consolidates its interest in entities which it controls. Control is defined by the power to govern an entity’s financial and operating policies so as to be able to obtain benefits from its activities. All intercompany balances and transactions have been eliminated on consolidation. The subsidiaries (the “Subsidiaries”) of the Company that have been consolidated are as follows:

Name of entity	Principal place of business	%
Awakn Bristol Limited	United Kingdom	51%
Awakn Life Sciences UK Ltd	United Kingdom	100%
Awakn London Limited	United Kingdom	100%

(d) Functional and presentation currency

The Company’s functional currency, as determined by management, is the Canadian dollar. The functional currency for the Subsidiaries is British Pounds. For financial reporting purposes, the condensed consolidated interim financial statements of the Company have been presented in the Canadian dollar, the presentation currency. The financial statements of the entities are translated from their functional currency into the reporting currency as follows: assets and liabilities are translated at the exchange rates at the statements of financial position date, expenses and other income (expense), net are translated at the average exchange rate and shareholders’ equity is translated based on historical exchange rates. Translation adjustments are not included in determining net loss but are included as a foreign exchange adjustment to other comprehensive (loss) income, a component of shareholders’ equity.

(e) Use of estimates and judgements

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

AWAKN LIFE SCIENCES INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020
(Expressed in Canadian dollars, unless otherwise noted)

2. Basis of Presentation (Continued)

(e) Use of estimates and judgements (continued)

Management has applied significant estimates and assumptions related to the following:

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Fair value of stock options, warrants and derivative liabilities

Management uses the Black-Scholes option-pricing model to calculate the fair value of stock options, warrants and derivative liabilities. Use of this method requires management to make assumptions and estimates about the expected life of options, the risk free rate, and the expected volatility of the Company’s share price. In making these assumptions and estimates, management relies on historical market data.

3. Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the period from April 27, 2020 (date of incorporation) to January 31, 2021. In addition, the Company has used the following accounting policies in the preparation of these financial statements:

Intangible assets

Intangible assets include expenditures related to obtaining patents and technology rights associated with patents, trademarks, computer software, and brands. Intangible assets acquired separately are stated at cost, less accumulated amortization except for trademarks, which are considered to have an indefinite useful life. Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed as incurred.

Development activities involve a plan or design for the production of new, or substantially improved, products and processes related to the Company’s technology platforms. Development expenditures are capitalized only if the relevant criteria are met. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

During the period ended April 30, 2021, no development expenditures were capitalized.

3. Significant Accounting Policies (continued)

Convertible debentures

The component of convertible debentures that exhibits characteristics of a liability is recognised as a liability in the statements of financial position, net of transaction costs. On issuance of convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debenture and carried at amortised cost until extinguished. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. On initial recognition, transaction costs are apportioned between the liability and equity components of the convertible debentures based on the allocation of proceeds to the liability and equity components.

If the conversion option of convertible debentures exhibits characteristics of an embedded derivative, on initial recognition, the derivative component of the convertible debentures is measured at fair value and presented as part of derivative liabilities. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. On initial recognition, transaction costs are apportioned between the liability and derivative components of the convertible debentures based on the allocation of proceeds to the liability and derivative. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion of the transaction costs relating to the derivative component is recognised immediately in the statements of loss and comprehensive loss.

4. Asset acquisition

On June 16, 2020, the Company entered into a binding investment agreement to acquire 51% of the equity interest in Mandala Therapy Limited ("Bristol"), a UK based psychedelic clinical practice run by acclaimed author, researcher and consultant psychiatrist, Dr. Ben Sessa. Pursuant to the terms of the acquisition, the considerations include (i) cash consideration of £325,000 (equivalent to \$561,687) invested in Bristol; and (ii) 3,000,000 common shares of the Company with a fair value of \$60,000 at \$0.02 per share. On July 9, 2020, the Company acquired 33% of Bristol by transferring £74,670 (equivalent to \$126,480) of the cash consideration and the issuance of 3,000,000 common shares of the Company ("First Closing"). On November 30, 2020, the Company transferred the remaining cash consideration of £250,330 (equivalent to \$435,207) ("Second Closing") and completed the acquisition of 51% of Bristol. Although the Company had only obtained a minority economic interest of 33% in Bristol on July 9, 2020, the Company gained control over the management and operations of Bristol on that date and as such, Bristol is fully consolidated in the Company's consolidated financial statements starting from July 9, 2020. Mandala Therapy Limited changed its name to Awakn Bristol Limited on October 23, 2020.

Bristol was determined not to meet the definition of a business as per IFRS 3. Accordingly, the acquisition was treated as an asset acquisition.

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020***(Expressed in Canadian dollars, unless otherwise noted)*

4. Asset acquisition (continued)*Put Option*

In connection to the asset acquisition of Bristol, the Company entered into a shareholder agreement with Bristol and Dr. Sessa. Pursuant to the shareholder agreement, Dr Sessa has the option (“Put Option”) to require the Company to purchase all of Dr. Sessa’s shares, being equivalent to 49% of the issued shares in Bristol for a total consideration of \$2,000,000. The Put Option may only be exercised in conjunction with a liquidity event, being an event which would result in the Company’s securities being traded on a recognized stock exchange or the acquisition of all or substantially all of the outstanding common shares of the Company for cash consideration. The consideration shall be satisfied by the issue of such number of the Company’s common shares to Dr. Sessa as is equivalent to \$2,000,000. Given that the option is only settled in shares of the Company and not cash, the option is therefore not a liability but rather an equity instrument issued as part of the acquisition of Bristol. On April 30, 2021, the Company and Dr. Sessa signed an amendment to the shareholders’ agreement removing the Put Option.

At the time of the acquisition and the entering of the shareholder agreement, management determined the value of the instrument to be Nil. This valuation was determined because it was deemed amongst other factors, that it was only possible, but not probable, that a liquidity event which would allow the Put Option to be exercisable will take place. Furthermore, for the option to have value, it would need to have the ability to acquire the shares at below fair value, which management does not believe will occur. Accordingly, no value has been recognized in these consolidated financial statements.

Call Option

In the same shareholder agreement, the Company also has an option (“Call Option”) to require Dr. Sessa to sell to the Company all of Dr. Sessa’s shares for a total consideration of the greater of (i) \$2,000,000; or (ii) the fair value of Dr. Sessa’s shares (“Call Option Consideration”), being equivalent to approximately 49% of the issued shares in Bristol. The Call Option may only be exercised any time after completing of a liquidity event as described above and the consideration shall be satisfied by the issue of such number of the Company’s common shares to Dr Sessa as is equivalent to the Call Option Consideration.

Since the exercise of the Call Option is within the Company’s control as the Company can avoid the payments, the Call Option is not a contingent consideration. Therefore, no value has been assigned to the Call Option.

The purchase price allocation is as follows:

Cash consideration	\$	126,480
Share consideration (3,000,000 common shares at \$0.02 per share)		60,000
Total Consideration Paid (33%)		186,480
Non-controlling interest measured at fair value (67%)		378,611
Total		565,091

Net assets of Mandala Therapy Limited:

Cash	111,646
Other receivables	14,834
Total identifiable net assets at fair value	126,480
Transaction costs	438,611
	565,091
Non-controlling interest	378,611
Total attributable to the Company	186,480

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020
(Expressed in Canadian dollars, unless otherwise noted)

4. Asset acquisition (continued)

Additionally, transaction costs of \$32,115 was incurred in connection to the acquisition of Bristol.

On November 30, 2020, the Company's ownership increased from 33% to 51% the adjustment to the carrying amount of the non-controlling interest is as follows:

Net assets of Mandala Therapy Limited	\$	431,563
Net assets attributable to non-controlling interest (49%)		211,466
Carrying amount of non-controlling interest		(291,204)
Difference recognized in accumulated deficit		(79,738)

5. Property and Equipment

Property and equipment as at April 30, 2021 consists of the following:

	Furniture and fixtures \$	Leasehold improvements \$	Total \$
Cost			
Balance, April 27, 2020	-	-	-
Additions	24,223	177,123	201,346
Exchange realignment	291	2,713	3,004
Balance, January 31, 2021	24,514	179,836	204,350
Additions	35,077	44,900	79,977
Exchange realignment	(1,681)	(6,854)	(8,535)
Balance, April 30, 2021	57,910	217,882	275,792
Accumulated depreciation			
Balance, April 27, 2020	-	-	-
Depreciation	63	-	63
Exchange realignment	1	-	1
Balance, January 31, 2021	64	-	64
Depreciation	94	-	94
Exchange realignment	(3)	-	(3)
Balance, April 30, 2021	155	-	155
Net book value			
At April 27, 2020	-	-	-
At January 31, 2021	24,450	179,836	204,286
At April 30, 2021	34,983	44,900	275,637

Depreciation expense related to property and equipment was \$94 for the three months period ended April 30, 2021 (period from incorporation date to April 30, 2020 - Nil). Depreciation has not begun for majority of the furniture and fixtures and leasehold improvements as the Company's office was still under renovation as at April 30, 2021 and therefore these assets were not yet available for use.

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020***(Expressed in Canadian dollars, unless otherwise noted)***6. Intangible assets**

	Intellectual properties
Balance, April 27, 2020	-
Additions	-
Balance, January 31, 2021	-
Additions	65,000
Balance, April 30, 2021	65,000
Accumulated amortization	
Balance, April 27, 2020	-
Amortization	-
Balance, January 31, 2021	-
Amortization	-
Balance, April 30, 2021	-
Net book value	
At April 27, 2020	-
At January 31, 2021	-
At April 30, 2021	65,000

On March 8, 2021, the Company completed the acquisition of proprietary research data on next generation candidate MDMA and Ketamine molecules (“IP Assets”) from Prof. David Nutt’s Equasy Enterprises Ltd. for an aggregate purchase price of \$60,000, payable by the issuance of 50,000 common shares of the Company at a deemed price of \$1.20 per share. In the event that a patent is filed in the name of the Company for a next generation molecule that is created using the IP Assets, the Company shall issue the vendor an additional 50,000 common shares at a deemed price of \$1.20 per share. Subsequently, Awakn signed an amendment to the agreement with Equasy Enterprises Ltd., under which it agreed to issue Equasy Enterprises Ltd. up to an additional 280,000 shares upon the successful completion of certain development and regulatory milestones.

The Company recorded additions to intangible assets during the three months ended April 30, 2021 of \$65,000 through the issuance of 50,000 common shares of the Company at \$1.20 per share and the capitalization of transaction costs of \$5,000. As the share-based payments are equity-settled, the Company recognized a corresponding increase in equity, and no remeasurement of the fair value will occur regardless of whether the milestones are achieved. The share-based milestone payments are recorded in the cost of the intangible asset when it is probable that they will be paid. At initial recognition and on April 30, 2021, no value was recorded for the milestone payments as a sufficiently reliable estimate of the outcome of whether the milestones can be achieved cannot be made.

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020
(Expressed in Canadian dollars, unless otherwise noted)

7. Right-of-use assets and lease liabilities*Right-of-use assets*

As at April 30, 2021, the Company had a lease for its office space. The lease will expire in September 2025, with an option of early termination by the Company in September 2023.

	Right of use building \$
Cost	
Balance, April 27, 2020	-
Additions	157,170
Exchange realignment	188
Balance, January 31, 2021	157,358
Additions	-
Exchange realignment	(4,765)
Balance, April 31, 2021	152,593
Accumulated depreciation	
Balance, April 27, 2020	-
Depreciation	12,861
Exchange realignment	252
Balance, January 31, 2021	13,113
Depreciation	7,825
Exchange realignment	(592)
Balance, April 31, 2021	20,346
Net book value	
At April 27, 2020	-
At January 31, 2021	144,245
At April 31, 2021	132,247

Lease liabilities

The following table sets out the movement of lease liabilities during the period ended April 30, 2021:

Balance, April 27, 2020	\$	-
Additions		149,268
Payments and interest		(17,003)
Exchange realignment		(154)
Balance, January 31, 2021		132,111
Additions		-
Payments and interest		6,365
Exchange realignment		(4,160)
Balance, April 30, 2021		134,316

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020
(Expressed in Canadian dollars, unless otherwise noted)

7. Right-of-use assets and lease liabilities (continued)

An IBR of 20.14% was used to determine the present value of the lease liabilities. Interest expense on lease liabilities for the three months ended April 30, 2021 was \$6,365 (period from incorporation date to April 30, 2020 - Nil).

The minimum lease payments for the next five years is expected to be as follows:

Minimum payments under finance lease		
Within 1 year	\$	26,525
2 to 3 years		106,099
4 to 5 years		79,574
		212,198
Effect of discounting		(77,882)
Present value of minimum lease payments		134,316
Less: current portion		(13,262)
Non-current portion of obligations under finance lease	\$	121,054

8. Convertible debentures

On March 19, 2021, the Company completed a non-brokered private placement raising gross proceeds of \$4,000,000 of convertible debenture units ("Unit"). Each Unit consisted of one \$1,000 principal amount unsecured convertible debenture, which shall be forced to convert upon a liquidity event ("Convertible Debentures"), and one half of one common share purchase warrant ("Warrant"). Each Convertible Debenture converts at the lesser of at 20% discount to a liquidity price event or \$1.20 per common share (the "Conversion Price"). Each Warrant shall be exercisable at a 50% premium to the Conversion Price for a period of twenty-four months commencing on the earlier of (i) the completion of the liquidity event; and (ii) twenty-four months from the maturity date, in any event, no more than four years from the date of issuance.

The Company incurred cash issuance costs of \$143,859 and issued 103,126 finder warrants ("Finder Warrants") with a fair value of \$90,740 in connection with issuance of the Convertible Debentures, resulting in total issuance costs of \$234,599. \$75,015 of the total issuance costs were allocated to the liability portion of the Convertible Debentures, with the remaining \$159,584 allocated to the derivative components (i.e. the conversion features and the Warrants) and were fully expensed upon initial recognition.

	March 2021 Debenture
	\$
Balance, April 27, 2020 and January 31, 2021	-
Amounts issued	4,000,000
Less: allocated to derivative liabilities (note 9)	(2,720,965)
Less: issuance costs	(75,015)
Accretion	95,231
Balance, April 30, 2021	1,299,251

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020***(Expressed in Canadian dollars, unless otherwise noted)***9. Derivative liabilities***Convertible Debentures – Conversion feature*

The conversion feature of the Convertible Debentures (see note 8) issued by the Company has a conversion price that depends on the Company's share price at the date of the liquidity event, resulting in a potential variability in the number of shares issued. In accordance with IFRS, a contract to issue variable number of shares shall be classified as a derivative liability and measured at fair value with change in fair value recognized in the consolidated statements of loss and comprehensive loss at each period-end. The derivative liability will ultimately be converted into the Company's equity when the convertible debenture is converted, or will be extinguished on the repayment of the debentures and reclassified to contributed surplus.

The Company used the Black-Scholes model to estimate the fair value of the derivative liability with respect to the conversion feature at each reporting date. This is a Level 3 recurring fair value measurement (note 13). The following assumptions were used:

<i>Conversion feature</i>	April 30, 2021	At inception
Volatility	156.83%	156.83%
Risk-free interest rate	0.29%	0.27%
Expected life (years)	0.2	0.3
Stock price	\$ 1.20	\$ 1.20

Upon initial recognition on March 19, 2021, the Company recorded derivative liability of \$1,293,012. During the three months ended April 30, 2021, the Company recorded a gain of \$286,444 on the revaluation of the derivative liability.

Convertible Debentures – Warrants

The exercise price of the Warrants issued as of the Convertible Debenture (see note 8) depends on the Company's share price at the date of the liquidity event, resulting in a potential variability in the number of shares issued. The Warrants are classified as a derivative liability and measured at fair value with change in fair value recognized in the consolidated statements of loss and comprehensive loss at each period-end. The derivative liability will ultimately be converted into the Company's equity at the time of exercise.

The Company used the Black-Scholes model to estimate the fair value of the derivative liability with respect to the Warrants at each reporting date. This is a Level 3 recurring fair value measurement (note 13). The following assumptions were used:

<i>Warrants</i>	April 30, 2021	At inception
Volatility	156.83%	156.83%
Risk-free interest rate	0.30%	0.26%
Expected life (years)	2.2	2.3
Stock price	\$ 1.20	\$ 1.20

On March 19, 2021, the Company issued 2,000 Warrants and upon initial recognition, the Company recorded derivative liability of \$1,427,953. During the three months ended April 30, 2021, the Company recorded a gain of \$29,162 on the revaluation of the derivative liability.

As at April 30, 2021, 2,000 Warrants are issued and outstanding and are exercisable for an aggregate of 1,666,667 common shares at \$1.80 per share of the Company assuming that the Convertible Debentures convert at \$1.20 per share upon a liquidity event.

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020
(Expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' EquityAuthorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value.

Outstanding share capital

As at April 30, 2021, there were no shares issued and outstanding other than common shares.

		Number of shares	Amount \$
Balance, April 27, 2020		-	-
Issuance of common shares	(1)	13,883,334	1,136,000
Issuance of common shares for acquisition	(2)	3,000,000	60,000
Less share issuance cost	(1)	-	(43,654)
Balance, January 31, 2021		16,883,334	1,152,346
Exercise of options	(3)	550,000	46,776
Issuance of common shares for acquisition of intangible assets	(4)	50,000	60,000
Balance, April 30, 2021		17,483,334	1,259,122

- 1) During the period ended January 31, 2021, the Company issued 13,883,334 common shares over a series of private placement financings raising gross proceeds of \$1,136,000. The Company incurred share issuance costs totalling \$43,654 in connection with the non-brokered private placements.
- 2) During the period ended January 31, 2021, the Company acquired Bristol (Note 4). As part of the consideration paid pursuant to the asset acquisition, the Company issued 3,000,000 common shares at \$0.02 per share to the vendor, having a fair value of \$60,000, with reference to the per share value of the most recent private placement.
- 3) During the three months ended April 30, 2021, 550,000 stock options were exercised into common shares for total proceeds of \$41,250. Further, \$5,526 of share-based payment reserve attributable to the exercised options was reclassified to share capital.
- 4) On April 5, 2021, the Company issued 50,000 common shares with a fair value of \$60,000 related to the acquisition certain intangible assets from Equasy Enterprises Ltd. (Note 6). Pursuant to the purchase agreement, the Company shall issue 50,000 common shares to the vendor.

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020***(Expressed in Canadian dollars, unless otherwise noted)***10. Shareholders Equity (continued)**Stock options

The Company's Board of Directors is authorized to grant stock options to directors, senior officers, employees, consultants, consultant company or management company employees of the Company and its subsidiaries not to exceed 10% of the issued and outstanding common shares of the Company from time to time. Stock options granted are exercisable over a period not exceeding 10 years from the date granted. Exercise prices may not be less than the market price of the common shares at the time of the grant. An option shall vest in the manner imposed by the Board of Directors as a condition at the grant date.

The following table summarizes the Company's stock option activity for the period indicated:

	Number of options	Weighted average exercise price
		\$
Balance, April 27, 2020	-	-
Granted	1,375,000	0.14
Balance, January 31, 2021	1,375,000	0.14
Granted	1,010,000	1.20
Exercised	(550,000)	0.08
Expired	(250,000)	0.08
Balance, April 30, 2021	1,585,000	0.85

During the period ended January 31, 2021, 1,375,000 options were granted, with vesting periods ranging from immediate to 36 months. The options had an aggregate value of \$107,077. No options were exercised during the period.

During the three months ended April 30, 2021, 1,010,000 options were granted, with vesting periods ranging from immediate to 36 months. The option had an aggregate value of \$1,117,838. 550,000 options were exercised during the period for total proceeds of \$41,250. \$5,526 of share-based payment reserve attributable to the exercised options was reclassified to share capital. 250,000 options expired during the period.

The share-based compensation and charge to share-based payment reserve relating to the vesting of stock options for the three months ended April 30, 2021 was \$340,865 (period from incorporation date to April 30, 2020 – Nil).

The fair value of the Company's stock options was estimated using the Black-Scholes option pricing model using the following assumptions:

	Period ended April 30, 2021	Year ended January 31, 2021
Volatility	156.83%	151.02% to 162.43%
Risk-free interest rate	0.92% to 0.96%	0.26% to 0.43%
Expected life (years)	5 years	2 to 5 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Weighted average fair value per common share	\$1.20	\$0.10

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020
(Expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (continued)Stock options (continued)

Volatility is calculated by using the historical volatility of other public companies that the Company considers comparable that have trading and volatility history.

The following table presents information related to stock options outstanding as at April 30, 2021:

Grant date	Exercise price (\$)	Weighted average remaining life (yrs)	Number of options outstanding	Number of options exercisable
May 6, 2020	0.075	4.02	80,000	60,000
July 6, 2020	0.075	2.18	60,000	60,000
August 31, 2020	0.075	2.34	50,000	25,000
September 21, 2020	0.300	2.39	30,000	15,000
September 22, 2020	0.300	2.40	60,000	30,000
October 23, 2020	0.300	2.48	115,000	28,750
December 15, 2020	0.300	2.67	150,000	-
January 31, 2021	0.300	4.76	30,000	6,000
March 8, 2026	1.200	4.86	610,000	152,500
April 12, 2026	1.200	4.95	400,000	85,000
		4.14	1,585,000	462,250

Warrants

The following table summarizes the Company's warrants activity for the periods indicated:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 27, 2020 and January 31, 2021	-	-
Granted	103,126	1.20
Balance, April 30, 2021	103,126	\$ 1.20

The following table presents information related to warrants outstanding as at April 30, 2021:

Grant Date	Exercise price (\$)	Weighted Average Remaining Life (yrs)	Number of Warrants outstanding
March 19, 2021	1.20	1.88	103,126
	1.20	1.88	103,126

On March 19, 2021, the Company issued 103,126 Finder Warrants (Note 8) of the Company with an exercise price of \$1.20 per common share, exercisable until March 19, 2023. The \$90,740 fair value of the Finder Warrants was estimated using the Black-Scholes pricing model using the following assumptions:

Finder Warrants

Volatility	156.83%
Risk-free interest rate	0.26%
Expected life (years)	2.0
Stock price	\$ 1.20

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020
(Expressed in Canadian dollars, unless otherwise noted)

11. Loss Per Share

Basic and diluted net loss per share attributable to common shareholders is as follows:

	Period ended April 30, 2021 \$	Period from incorporation to April 30, 2020 \$
Numerator:		
Net loss attributable to equity holders of the parent - basic and diluted	(1,103,382)	-
Denominator:		
Weighted-average number of common shares	17,082,772	100

The Company's potentially dilutive securities which include stock options granted have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common share outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same. For the period ended April 30, 2021, the Company excluded common shares issuable upon exercise of the Company's stock options, warrants and conversion of the Convertible Debentures as the effect was anti-dilutive (period from incorporation date to April 30, 2020 – Nil).

12. Related Party Transactions

- (a) On July 9, 2020, the Company acquired a controlling interest in Bristol from Dr. Sessa, a director and officer of the Company for cash investment of £325,000 (equivalent to \$561,687) and issuance of 3,000,000 common shares of the Company with a fair value of \$60,000 at \$0.02 per share to Dr. Sessa (Note 4).
- (b) Key management includes directors and officers of the Company. Compensation awarded to key management was comprised of the following for the period ended April 30, 2021 and from incorporation date to April 30, 2020:

	Three months ended April 30, 2021 \$	Period from incorporation to April 30, 2020 \$
Short-term compensations	221,902	-
Share-based payments	299,157	-
Total	521,059	-

- (c) As at April 30, 2021, \$Nil (January 31, 2021 - \$11,080) was due from related parties, which was included in other receivables on the condensed consolidated interim statements of financial position. The balance was an unsecured, interest-free loan made to a director of the Company on July 9, 2020 and it is repayable in 20 monthly installments of \$500 per month.
- (d) As at April 30, 2021, a balance of \$57,577 was due to related parties, which was included in accounts payable and accrued liabilities on the condensed consolidated interim statements of financial position. The balance was non-interest bearing, unsecured and repayable on demand. A balance of \$31,497 was due to related parties as at January 31, 2021.

13. Financial Instruments and Risk Management

Fair Value of Financial Instruments

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level Two includes inputs that are observable other than quoted prices included in Level One; and
- Level Three includes inputs that are not based on observable market data.

As at April 30, 2021, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent due to their short-term nature.

Risk Management

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and other receivables. Management believes credit risk with respect to its financial instruments is minimal. The Company's maximum exposure to credit risk as at April 30, 2021 is the carrying value of cash and other receivables. Credit risk on cash is mitigated as it is held in a Tier 1 financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. All of the Company's financial liabilities as at April 30, 2021 are due within 12 months except for convertible debentures and derivative liabilities. Lease payments maturities are disclosed in note 7.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices and specifically to foreign currency risk.

Foreign currency risk

The Company holds cash denominated in multiple currencies. The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of settlement of their trade and other liability balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

AWAKN LIFE SCIENCES INC.**Notes to the Unaudited Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020***(Expressed in Canadian dollars, unless otherwise noted)***13. Financial Instruments and Risk Management (continued)**Foreign currency risk (continued)

Below is a list of all financial instruments in their base currency:

	April 30, 2021	January 31, 2021
	\$	\$
Cash - British Pounds	191,948	92,127
Cash - Euro	310	37
Cash - US Dollars	1,167	110,556
Other receivables - British Pounds	-	6,319
Accounts payable and accrued liabilities - British Pounds	(39,683)	(48,347)
Accounts payable and accrued liabilities - Euro	(35,853)	(31,075)
Accounts payable and accrued liabilities - US Dollars	(9,500)	(22,450)

An increase or decrease of 10% change in the exchange rates would impact net loss by approximately \$19,606 for the period ended April 30, 2021.

14. Commitments and contingencies*Put Option Liability*

Dr. Sessa, the non-controlling interest of the Company, has a Put Option to require the Company to purchase all of Dr Sessa's shares for a total consideration of \$2,000,000 (see note 4 for details). On April 30, 2021, the Company and Dr. Sessa signed an amendment to the shareholders' agreement removing the Put Option and as such, no provision for any liability has been made as at April 30, 2021.

Contingent consideration payable to Equasy Enterprises Ltd.

Pursuant to the purchase agreement entered into with Equasy Enterprises Ltd for the purchase of the IP Assets (see note 6), the Company agreed to issue Equasy Enterprises Ltd up to 330,000 shares upon the successful completion of certain development and regulatory milestones.

15. Capital Management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued common shares, share-based payment reserve, accumulated other comprehensive income and accumulated deficit. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administrative expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through private placements of common shares and issuance of convertible debentures. There have been no changes to the Company's objectives and what it manages as capital since inception. The Company is not subject to externally imposed capital requirements.

AWAKN LIFE SCIENCES INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and the period from April 27, 2020 (incorporation date) to April 30, 2020

(Expressed in Canadian dollars, unless otherwise noted)

16. Subsequent events

On June 8, 2021, the Company closed a brokered private placement of 3,320,220 subscription receipts (the "Subscription Receipts"), at a price of \$2.50 per Subscription Receipt for gross proceeds of \$8,300,550, which were subject to certain conditions to be met in order for the funds to be released to the Company. On June 16, 2021, the Company met the required conditions and the funds were released to the Company. As a result of the issuance of the Subscription Receipts, the Company paid to the brokers including expenses such as legal fees, \$695,791, issued 218,415 warrants exercisable at \$2.50 for a period of two years and paid a corporate finance fee via the issuance of 99,607 common shares.

On June 16, 2021, the Company completed the reverse takeover transaction of 1169082 B.C. Ltd. (renamed to Awakn Life Sciences Corp.). On June 23, 2021, Awakn Life Sciences Corp., commenced trading on the NEO Exchange under the symbol "AWKN".