



**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)**

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2021 AND THE PERIOD FROM APRIL 27, 2020 (INCORPORATION DATE)  
TO JULY 31, 2020  
(In Canadian Dollars)**

**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)**  
**Unaudited Condensed Consolidated Interim Statements of Financial Position**  
*(Expressed in Canadian dollars)*

	Note	July 31, 2021 \$	January 31, 2021 \$
<b>Assets</b>			
Current assets			
Cash		8,791,590	366,065
Prepayments		528,933	93,272
Other receivables		125,032	17,620
<b>Total current assets</b>		<b>9,445,555</b>	<b>476,957</b>
Non-current assets			
Property and equipment	5	312,450	204,286
Intangible assets	6	59,583	-
Right-of-use assets	7	127,109	144,245
<b>Total assets</b>		<b>9,944,697</b>	<b>825,488</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities			
Lease liabilities	7	800,676	228,335
<b>Total current liabilities</b>		<b>854,786</b>	<b>242,012</b>
Non-current liabilities			
Long-term lease liabilities	7	54,110	13,677
<b>Total Liabilities</b>		<b>944,315</b>	<b>360,446</b>
<b>Shareholders' Equity</b>			
Share capital	10	15,159,444	1,152,346
Share-based payment reserve	10	544,595	39,870
Warrant reserve	10	3,211,499	-
Accumulated other comprehensive (loss) income		(1,431)	610
Accumulated deficit		(9,824,896)	(865,186)
<b>Total equity attributable to equity holders of the parent</b>		<b>9,089,211</b>	<b>327,640</b>
Non-controlling interest		(88,829)	137,402
<b>Total Shareholders' Equity</b>		<b>9,000,382</b>	<b>465,042</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>9,944,697</b>	<b>825,488</b>

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

Going concern (note 1)

Subsequent events (note 18)

Approved and authorized for issue by the Board of Directors on September 13, 2021.

*"George Scorsis"*  
 \_\_\_\_\_  
 Director

*"Anthony Tennyson"*  
 \_\_\_\_\_  
 Director

**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)**

**Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

*(Expressed in Canadian dollars)*

		Three months ended July 31, 2021	Three months ended July 31, 2020	Six months ended July 31, 2021	Period from incorporation to July 31, 2020
	Note	\$	\$	\$	\$
<b>Operating expenses</b>					
Research and development		612,273	-	840,031	-
General and administration		735,393	38,065	1,253,312	38,065
Sales and marketing		212,839	7,787	311,673	7,787
Share-based compensation	10	169,386	6,938	510,251	6,938
Depreciation and amortization	5, 6, 7	13,328	-	21,247	-
<b>Total operating expenses</b>		<b>1,743,219</b>	<b>52,790</b>	<b>2,936,514</b>	<b>52,790</b>
<b>Other expense (income)</b>					
Other income		(4,128)	-	(4,128)	-
Finance costs		45,120	-	85,167	-
Change in fair value of derivative liabilities	9	5,165,089	-	5,082,558	-
Transaction costs	4, 8	-	455,105	118,894	455,105
Listing expenses	11	959,467	-	959,467	-
Foreign exchange loss		1,425	1,714	7,469	1,714
<b>Loss from operations before income taxes</b>		<b>(7,910,192)</b>	<b>(509,609)</b>	<b>(9,185,941)</b>	<b>(509,609)</b>
Income tax expense - current		-	-	-	-
Income tax expense - deferred		-	-	-	-
<b>Net loss</b>		<b>(7,910,192)</b>	<b>(509,609)</b>	<b>(9,185,941)</b>	<b>(509,609)</b>
<b>Other comprehensive income (loss)</b>					
Foreign exchange translation adjustment		444	4,975	(2,041)	4,975
<b>Comprehensive loss</b>		<b>(7,909,748)</b>	<b>(504,634)</b>	<b>(9,187,982)</b>	<b>(504,634)</b>
Attributable to:					
Shareholders		(7,799,878)	(494,565)	(8,961,751)	(494,565)
Non-controlling interests		(109,870)	(10,069)	(226,231)	(10,069)
		<b>(7,909,748)</b>	<b>(504,634)</b>	<b>(9,187,982)</b>	<b>(504,634)</b>
Net loss per share attributable to shareholders – basic and diluted	12	(0.37)	(0.06)	(0.47)	(0.06)
Weighted average number of shares outstanding – basic and diluted	12	21,203,374	8,052,174	19,177,222	7,797,895

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

**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)**

**Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**

**For the six months ended July 31, 2021 and the period from April 27, 2020 (incorporation date) to July 31, 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 \$
<b>Balance, April 27, 2020</b>		-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	10	3,000,000	60,000	-	-	-	-	60,000	378,611	438,611
Issuance of common shares, net of issuance costs		10,550,000	136,000	-	-	-	-	136,000	-	136,000
Share-based compensation	10	-	-	6,938	-	-	-	6,938	-	6,938
Net loss attributable to the Company		-	-	-	-	-	(499,540)	(499,540)	(10,069)	(509,609)
Other comprehensive income		-	-	-	-	4,975	-	4,975	-	4,975
<b>Balance, July 31, 2020</b>		<b>13,550,000</b>	<b>196,000</b>	<b>6,938</b>	<b>-</b>	<b>4,975</b>	<b>(499,540)</b>	<b>(291,627)</b>	<b>368,542</b>	<b>76,915</b>
<b>Balance, February 1, 2021</b>		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
Issuance of common shares, net of issuance costs	10	3,419,827	7,154,335	-	333,577	-	-	7,487,912	-	7,487,912
Share issued for reverse takeover acquisition	11	199,968	499,920	-	-	-	-	499,920	-	499,920
Share-based compensation	10	-	-	510,251	-	-	-	510,251	-	510,251
Issuance of finders warrants	8, 10	-	-	-	78,331	-	-	78,331	-	78,331
Conversion of convertible debentures	8, 9, 10	3,382,095	6,246,067	-	2,799,591	-	-	9,045,658	-	9,045,658
Net loss attributable to the Company		-	-	-	-	-	(8,959,710)	(8,959,710)	(226,231)	(9,185,941)
Other comprehensive loss		-	-	-	-	(2,041)	-	(2,041)	-	(2,041)
<b>Balance, July 31, 2021</b>		<b>24,485,224</b>	<b>15,159,444</b>	<b>544,595</b>	<b>3,211,499</b>	<b>(1,431)</b>	<b>(9,824,896)</b>	<b>9,089,211</b>	<b>(88,829)</b>	<b>9,000,382</b>

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

**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)**

**Unaudited Condensed Consolidated Interim Statements of Cash Flows**

**For the six months ended July 31, 2021 and the period from April 27, 2020 (incorporation date) to July 31, 2020**

*(Expressed in Canadian dollars)*

	Note	Six months ended July 31, 2021 \$	Period from incorporation to July 31, 2020 \$
<b>Cash flow used in operating activities</b>			
Net loss for the period		(9,185,941)	(509,609)
Items not affecting cash:			
Share-based compensation	10	510,251	6,938
Depreciation and amortization	5, 6, 7	21,247	-
Accretion on lease liabilities	7	12,940	-
Accretion on convertible debentures	8	71,397	-
Transaction costs	4, 8	78,331	438,611
Listing expenses	11	534,264	-
Change in fair value of derivative liabilities	9	5,082,558	-
Changes in non-cash working capital items:			
Increase in prepayments		(435,661)	(4,229)
Increase in other receivables		(107,412)	(1,437)
Increase in accounts payable and accrued liabilities		573,559	63,242
<b>Cash flow used in operating activities</b>		<b>(2,844,467)</b>	<b>(6,484)</b>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>			
Purchase of property and equipment	5	(103,009)	-
Purchase of intangible assets	6	(5,000)	-
Acquisition of Bristol, net of cash acquired	4	-	(14,834)
<b>Cash flow used in investing activities</b>		<b>(108,009)</b>	<b>(14,834)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of common shares, net	10	7,487,912	136,000
Proceeds from options exercise	10	41,250	-
Issuance of convertible debentures, net	8	3,856,141	-
<b>Cash flow from financing activities</b>		<b>11,385,303</b>	<b>136,000</b>
<b>Effect of exchange rate changes on cash</b>		<b>(7,302)</b>	<b>4,975</b>
<b>Increase in cash</b>		<b>8,432,827</b>	<b>114,682</b>
<b>Cash, beginning of period</b>		<b>366,065</b>	<b>-</b>
<b>Cash, end of period</b>		<b>8,791,590</b>	<b>119,657</b>
<b>Non-cash transaction</b>			
Acquisition of intangible assets via issuance of common shares		60,000	-

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

**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)**

**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

**For the three and six months ended July 31, 2021 and the period from April 27, 2020 (incorporation date) to July 31, 2020**

*(Expressed in Canadian dollars, unless otherwise noted)*

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**1. Nature of the business and going concern**

Awakn Life Sciences Corp. (formerly 1169082 B.C. Ltd.) (the “Company”) was incorporated under the *Business Corporations Act (British Columbia)* on June 21, 2018. The common shares of the Company are traded on the Neo Exchange Inc. under the stock symbol “AWKN”. The Company’s head office and registered office is located at 200-366 Bay Street, Toronto, Ontario, M5H 4B2.

On June 16, 2021, the Company completed a reverse takeover transaction with Awakn Life Sciences Inc. (“Awakn Inc.”) (the “Transaction”) (Note 11), a company incorporated under the Business Corporations Act (Ontario) on April 27, 2020. Awakn Inc. is a biotechnology company with clinical operations, researching, developing, and delivering psychedelic medicine to better treat addiction. The Transaction constituted a reverse takeover of the Company by Awakn Inc. for accounting purposes and the business of the amalgamated entities became the business of the Company. Following the closing, the Company’s name changed to Awakn Life Sciences Corp. and consolidated its issued and outstanding shares on the basis of one post consolidation share for every 42.5105 pre-consolidation shares (the “Consolidation”). Shareholders of Awakn Inc. received 1 post-consolidation common share of the Company for each common share of the Awakn Inc., and each of the outstanding pre-consolidation share purchase options and warrants in Awakn Inc. were exchanged for equivalent post-consolidation share purchase options and warrants of the Company on substantially the same terms, all of which have been retroactively adjusted in these condensed consolidated interim financials. As Awakn Inc. was deemed to be the acquirer for accounting purposes, the financial statements are presented as a continuation of Awakn Inc. and the comparative figures presented are those of Awakn Inc.

At July 31, 2021, the Company had not yet achieved profitable operations, has accumulated losses of \$9,824,896 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.

**2. Basis of Presentation**

*(a) Statement of compliance*

These unaudited condensed consolidated interim financial statements of the Company for three and six months ended July 31, 2021 and the period from April 27, 2020 (incorporation date) to July 31, 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 condensed consolidated interim financial statements meet the requirements of International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on September 13, 2021.

*(b) Basis of presentation*

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the derivative liabilities which have been recorded at fair value.

**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)**

**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

**For the three and six months ended July 31, 2021 and the period from April 27, 2020 (incorporation date) to July 31, 2020**

*(Expressed in Canadian dollars, unless otherwise noted)*

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**2. Basis of Presentation (Continued)**

*(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:

<b>Name of entity</b>	<b>Principal place of business</b>	<b>%</b>
Awakn Life Sciences Inc.	Canada	100%
1233705 B.C. Ltd.	Canada	100%
Awakn Bristol Limited	United Kingdom	51%
Awakn Life Sciences UK Ltd	United Kingdom	100%
Awakn London Limited	United Kingdom	100%
Awakn Manchester Limited	United Kingdom	100%

*(d) Functional and presentation currency*

The Company, 1233705 B.C. Ltd. and Awakn Inc.'s functional currency is the Canadian dollar. The functional currency for the other Subsidiaries is the British pound. 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 period end date, expenses and other income (expense), net are translated at the average exchange rate during the period 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 income 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.

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

*Leases – Estimating the incremental borrowing rate and renewals*

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 a similar amount at a similar term with a similar security. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The Company also makes certain assumptions whether it expects to exercise any renewal options on the leases.

## **2. Basis of Presentation (Continued)**

### *(e) Use of estimates and judgements (continued)*

#### *Fair value of share-based payments, warrants, and derivative financial instruments*

Management uses the Black-Scholes option-pricing model to calculate the fair value of *share-based payments, warrants* and any identified derivative liabilities, including the conversion feature and any embedded warrants that do not meet the “fixed for fixed” criteria. Management considers factors that knowledgeable, willing market participants would consider when selecting the appropriate valuation model to apply. Use of this method requires management to make assumptions and estimates about the share price on the measurement date, expected useful life of the instruments, expected dividends, the risk free rate (based on government bonds), the expected volatility of the Company’s share price (based on weighted average historical volatility of comparable companies adjusted for changes expected due to publicly available information) and the probabilities of certain events occurring. In making these assumptions and estimates, management relies on historical market data. The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of these instruments. The fair value reported may not represent the transaction value if these options/warrants/derivatives were exercised/exchanged at any point in time.

#### *Depreciation of property and equipment and amortization of intangible assets*

Judgment is applied to determine an asset’s useful life, and where applicable, estimated residual value, used in the computation of depreciation and amortization. Accordingly, an asset’s actual useful life and estimated residual value may differ significantly from these estimates.

### *(f) COVID-19 pandemic*

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Various levels of government Canada and the United Kingdom have responded with significant regulatory, monetary and fiscal interventions designed to stabilize economic conditions. As at July 31, 2021, such restrictions regarding travel, business operations and isolation/quarantine orders continue to be in place. It is difficult for the Company to measure the impact with certainty. Judgments, estimates and assumptions made by management during the preparation of these condensed consolidated interim financial statements may also change as conditions related to COVID-19 change. Changes in assumptions including, but not limited to, interest rates and commodity prices could impact the company's future results of operations. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada, the United Kingdom and other countries to fight the virus.

## **3. Significant Accounting Policies**

These condensed consolidated interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of Awakn Inc. 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 condensed consolidated interim financial statements:



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

Intangible assets

Intangible assets acquired are stated at cost, less accumulated amortization except for intangible assets that 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. IP assets are amortized in a straight line basis over 5 years.

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, including: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) the intention to complete the intangible asset and use or sell it, (iii) the ability to use or sell the intangible asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses. During the period ended July 31, 2021, no internal development expenditures were capitalized.

Convertible debentures

The Company's convertible debentures are segregated into their debt and equity components or derivative liability components at the date of issue, in accordance with the substance of the contractual agreements. The conversion feature of the convertible debentures is presumed to be classified as a derivative financial liability unless it meets all the criteria to recognize as an equity instrument under IAS 32, Financial Instruments: Presentation. One of the criteria is that the conversion option exchanges a fixed number of shares for a fixed amount of cash ("fixed for fixed").

If the conversion feature meets the fixed for fixed criterion, the conversion option will be classified as an equity instrument. Therefore, when the initial carrying amount of the convertible debentures is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument, which is determined using a market rate for an equivalent non-convertible debenture. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognizing the components of the instrument separately.

If the conversion feature does not meet the fixed for fixed criterion, the conversion option will be recorded as a derivative financial liability, which must be separately accounted for at fair value on initial recognition. Subsequent to initial recognition, the derivative financial liability is remeasured at fair value at the end of each reporting period with changes in fair value recognized in profit or loss for each reporting period, while the debt component, initially recorded net of any transaction costs, is accreted to the face value of the debt using the effective interest method.

Transaction costs are allocated to the debt and equity components or derivative liability components in proportion to the allocation of the proceeds on initial recognition, net of any related income tax benefit for the amount allocated to the equity component.

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

Business combinations and asset acquisitions

The Company uses the acquisition method to account for business combinations. This requires an entity to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and estimates of fair of fair value for assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to identify intangible assets acquired, determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Transaction costs incurred in a business combination are expensed.

The Company considers certain acquisitions to be asset acquisitions, on the assumption that there are no identifiable businesses acquired in the transaction. There is judgment involved in the determination of whether the acquisition involves assets or entire businesses. Direct transaction costs incurred by the acquirer in the acquisition of an asset or a group of assets generally are a component of the consideration transferred and, as such, are capitalized as a component of the cost of the assets acquired and liabilities assumed. Where contingent consideration is included in an asset acquisition, the Company has adopted a policy choice to record a liability for any expected variable payments at the time the obligating event or related activity that gives rise to the variability occurs. Changes in the fair value of the contingent consideration upon recognition are recognized in profit or loss during the periods in which the obligating event occurs.

Standards issued but not yet effective

*IAS 1 Classification of Liabilities as Current or Non-Current*

In January 2021, the International Accounting Standards Board (“IASB”) issued a narrow scope amendment to IAS 1 – Classification of Liabilities as Current or Non-Current, which affects only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

*IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

In February 2021, the IASB issued an amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment introduces the definition of an accounting estimate and sets criteria to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

#### **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 condensed consolidated interim financial statements starting from July 9, 2020. Bristol 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.

##### *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 condensed consolidated interim 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. As the exercise of the Call Option is at or above fair value, and is within the Company’s control, no asset value has been assigned to the Call Option.

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**4. Asset acquisition (continued)**

The purchase price allocation was as follows:

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

**Net assets of Mandala Therapy Limited:**

Cash	111,646
Other receivables	14,834
<u>Total identifiable net assets at fair value</u>	<u>126,480</u>
<u>Transaction costs</u>	<u>438,611</u>
	565,091
<u>Non-controlling interest</u>	<u>378,611</u>
<u>Total attributable to Awakn Inc.</u>	<u>186,480</u>

Additionally, transaction costs of \$16,494 were incurred for the period from incorporation to July 31, 2020 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 was as follows:

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

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Property and equipment as at July 31, 2021 consists of the following:

	Furniture and fixtures \$	Computer equipment \$	Construction in progress \$	Total \$
<b>Cost</b>				
<b>Balance, April 27, 2020</b>	-	-	-	-
Additions	24,223	-	177,123	201,346
Exchange realignment	291	-	2,713	3,004
<b>Balance, January 31, 2021</b>	<b>24,514</b>	-	<b>179,836</b>	<b>204,350</b>
Additions	35,077	2,634	65,298	103,009
Exchange realignment	(523)	-	5,978	5,455
<b>Balance, July 31, 2021</b>	<b>59,068</b>	<b>2,634</b>	<b>251,112</b>	<b>312,814</b>
<b>Accumulated depreciation</b>				
<b>Balance, April 27, 2020</b>	-	-	-	-
Depreciation	63	-	-	63
Exchange realignment	1	-	-	1
<b>Balance, January 31, 2021</b>	<b>64</b>	-	-	<b>64</b>
Depreciation	187	113	-	300
Exchange realignment	-	-	-	-
<b>Balance, July 31, 2021</b>	<b>251</b>	-	-	<b>364</b>
<b>Net book value</b>				
At April 27, 2020	-	-	-	-
At January 31, 2021	24,450	179,836	-	204,286
<b>At July 31, 2021</b>	<b>34,890</b>	<b>65,298</b>	<b>2,521</b>	<b>312,450</b>

Depreciation expense related to property and equipment was \$206 and \$300, respectively, for the three and six months ended July 31, 2021 (period from incorporation date to July 31, 2020 - Nil). Construction in progress is transferred to property and equipment when the assets are available for use and depreciation of these assets commences at that point. As at July 31, 2021, the Company's Bristol clinic was still under renovation and as such, depreciation has not begun for majority of the furniture and fixtures.

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	<b>IP Assets</b>
<b>Cost</b>	
<b>Balance, April 27, 2020</b>	-
Additions	-
<b>Balance, January 31, 2021</b>	-
Additions	65,000
<b>Balance, July 31, 2021</b>	<b>65,000</b>
<b>Accumulated amortization</b>	
<b>Balance, April 27, 2020</b>	-
Amortization	-
<b>Balance, January 31, 2021</b>	-
Amortization	5,417
<b>Balance, July 31, 2021</b>	<b>5,417</b>
<b>Net book value</b>	
At April 27, 2020	-
At January 31, 2021	-
<b>At July 31, 2021</b>	<b>59,583</b>

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 period ended July 31, 2021 of \$65,000 through the issuance of 50,000 common shares of the Company at \$1.20 per share (representing the fair value of the shares as the Company was unable to reliably determine the value of the asset) 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 re-measurement of the fair value will occur regardless of whether the milestones are achieved. The share-based milestone payments will be recognized at the time the obligating event or related activity that gives rise to the variability occurs. Changes in the fair value of the contingent consideration upon recognition are recognized in profit or loss during the periods in which the obligating event occurs.

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As at July 31, 2021, the Company had a lease for its Bristol clinic. The lease will expire in September 2025, with an option of early termination by the Company in September 2023.

	<b>\$</b>
<b>Cost</b>	
<b>Balance, April 27, 2020</b>	-
Additions	157,170
Exchange realignment	188
<b>Balance, January 31, 2021</b>	<b>157,358</b>
Additions	-
Exchange realignment	(1,714)
<b>Balance, July 31, 2021</b>	<b>155,644</b>
<b>Accumulated depreciation</b>	
<b>Balance, April 27, 2020</b>	-
Depreciation	12,861
Exchange realignment	252
<b>Balance, January 31, 2021</b>	<b>13,113</b>
Depreciation	15,530
Exchange realignment	(108)
<b>Balance, July 31, 2021</b>	<b>28,535</b>
<b>Net book value</b>	
At April 27, 2020	-
At January 31, 2021	144,245
<b>At July 31, 2021</b>	<b>127,109</b>

*Lease liabilities*

The following table sets out the movement of lease liabilities during the period ended July 31, 2021:

<b>Balance, April 27, 2020</b>	<b>\$</b>	-
Additions		149,268
Payments and interest		(17,003)
Exchange realignment		(154)
<b>Balance, January 31, 2021</b>		<b>132,111</b>
Additions		-
Payments and interest		12,940
Exchange realignment		(1,412)
<b>Balance, July 31, 2021</b>		<b>143,639</b>

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An IBR of 20.14% was used to determine the present value of the lease liabilities. Interest expense on lease liabilities for the three and six months ended July 31, 2021 was \$6,575 and \$12,940, respectively (three months ended and period from incorporation date to July 31, 2020 - Nil).

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

<b>Minimum payments under lease liabilities</b>	
Within 1 year	\$ 54,110
2 to 3 years	108,220
4 to 5 years	54,110
	<u>216,440</u>
Effect of discounting	(72,801)
Present value of minimum lease payments	143,639
<b>Less: current portion</b>	<b>(54,110)</b>
<b>Non-current portion of lease liabilities</b>	<b>\$ 89,529</b>

**8. Convertible debentures**

On March 19, 2021, the Company completed a non-brokered private placement raising gross proceeds of \$4,000,000 via the sale of 4,000 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 (which includes a reverse takeover transaction) ("Convertible Debentures"), and one half of one common share purchase warrant ("Warrant"). A penalty of an additional 15% convertible debentures was to be issued for no additional consideration if the Company did not complete a liquidity event within 12 months after closing date. Each Convertible Debenture converts at the lesser of: (i) a 20% discount to a liquidity price event; or (ii) \$1.20 per common share (the "Conversion Price"). Each Warrant shall be exercisable at a 50% premium to the Conversion Price. The Warrants are exercisable to acquire the Company's common share 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 103,125 finder warrants ("Finder Warrants") with a fair value of \$78,331 in connection with issuance of the Convertible Debentures, resulting in total issuance costs of \$222,190. \$108,296 of the total issuance costs were allocated to the liability portion of the Convertible Debentures, with the remaining \$113,894 allocated to the derivative components (i.e. the conversion feature and the Warrants) and were fully expensed as transaction costs upon initial recognition.

On June 16, 2021, the \$4,000,000 principal outstanding of the Convertible Debentures and \$58,519 accrued interest were converted into 3,382,095 common shares of the Company at a conversion price of \$1.20.

	Convertible debentures \$	Derivative conversion option liability \$	Derivative warrant liability \$	Total \$
Balance, April 27, 2020 and January 31, 2021	-	-	-	-
Issuance of convertible debentures	1,949,620	832,416	1,217,964	4,000,000
Less: issuance costs				
-paid in cash	(70,117)	-	-	(70,117)
-paid in warrants	(38,179)	-	-	(38,179)
Interest	58,519	-	-	58,519
Accretion	12,877	-	-	12,877
Fair value loss on revaluation of derivatives	-	3,500,931	1,581,627	5,082,558
Conversion	(1,912,720)	(4,333,347)	(2,799,591)	(9,045,658)
Balance, July 31, 2021	-	-	-	-



**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 variable 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 changes in fair value recognized in the profit or 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.

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. The following assumptions were used:

<b><i>Conversion feature</i></b>	<b>June 16, 2021*</b>	<b>At inception</b>
Volatility	120.00%	99.28%
Risk-free interest rate	0.13%	0.10%
Expected life (years)	0.00	0.28
Expected dividend yield	Nil	Nil
Stock price	\$ 2.50	\$ 1.20

\*Date of conversion

Upon initial recognition on March 19, 2021, the Company recorded derivative liability of \$832,416. During the three and six months ended July 31, 2021, the Company recorded a loss of \$3,547,847 and a loss of \$3,500,931 on the revaluation of the derivative liability, respectively. On June 16, 2021, the conversion feature was derecognized upon the conversion of the Convertible Debentures, resulting \$4,333,347 being included in share capital for the period ended July 31, 2021.

*Convertible Debentures – Warrants*

The exercise price of the Warrants issued with the Convertible Debenture (see note 8) vary based on the Company's share price at the date of the liquidity event, resulting in a variable number of shares issued. As such, the Warrants are classified as a derivative liability and measured at fair value with changes in fair value recognized in profit or 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:

<b><i>Warrants</i></b>	<b>June 16, 2021*</b>	<b>At inception</b>
Volatility	120.89%	129.99%
Risk-free interest rate	0.59%	1.02%
Expected life (years)	2.00	2.28
Expected dividend yield	Nil	Nil
Stock price	\$ 2.50	\$ 1.20

\*Date the Warrants ceased to be classified as derivative liabilities and transferred to equity.

On March 19, 2021, the Company issued Warrants (as described in note 8) and upon initial recognition, the Company recorded derivative liability of \$1,217,964. During the three and six months ended July 31, 2021, the Company recorded a loss of \$1,617,242 and \$1,581,627 on the revaluation of the derivative liability, respectively.

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On June 16, 2021, the conversion of the Convertible Debentures, resulted in 1,663,328 Warrants (as described in note 8) with the exercise price of \$1.80. As a result, the Company reclassified \$2,799,591, representing the fair value of the derivative liabilities at the time of conversion, to warrant reserve given that the instrument subsequently met the fixed for fixed criterion.

**10. Shareholders' Equity**Authorized share capital

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

Outstanding share capital

As at July 31, 2021, there were no shares issued and outstanding other than common shares.

		Number of shares	Amount \$
<b>Balance, April 27, 2020</b>		-	-
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)
<b>Balance, January 31, 2021</b>		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
Issuance of common shares, net of issuance cost	(5)	3,419,827	7,154,335
Shares issued upon conversion of convertible debentures	(6)	3,382,095	6,246,067
Share issued for reverse takeover acquisition	(7)	199,968	499,920
<b>Balance, July 31, 2021</b>		24,485,224	15,159,444

*Period from April 27, 2020 (incorporation date) to January 31, 2021:*

- 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.

*Six months ended July 31, 2021:*

- 3) During the six months ended July 31, 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).

**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)****Notes to the Unaudited Condensed Consolidated Interim Financial Statements****For the three and six months ended July 31, 2021 and the period from April 27, 2020 (incorporation date) to July 31, 2020***(Expressed in Canadian dollars, unless otherwise noted)***10. Shareholders' Equity (continued)**Outstanding share capital (continued)

- 5) On June 8, 2021, the Company issued 3,320,220 subscription receipts ("Subscription Receipts") in the capital of Awakn Inc. at a price of \$2.50 per Subscription Receipt for aggregate gross proceeds of \$8,300,550. The Company incurred share issuance costs totalling \$1,462,123 in the forms of: (i) cash commission and legal expenses of \$812,638; (ii) 99,607 Subscription Receipts with a fair value of \$249,018 at \$2.50 per Subscription Receipt in satisfaction of the corporate finance fee; and (iii) 218,415 broker warrants ("Broker Warrants") with a fair value of \$333,577. Upon completion of the Transaction on June 16, 2021, all Subscription Receipts were automatically exchanged for common shares in the capital of the Company (Note 11).
- 6) On June 16, 2021, 3,382,095 common shares were issued upon conversion of the convertible debentures at a conversion price of \$1.20 with a value of \$6,246,067 (Note 8).
- 7) As part of the Transaction, 199,968 common shares at \$2.50 per share were issued with a fair value of \$499,920. See Note 11 for further details on the Transaction.

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 exceeding 10% of the issued and outstanding common shares of the Company. 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. Options 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
		\$
<b>Balance, April 27, 2020</b>	-	-
Granted	1,375,000	0.14
<b>Balance, January 31, 2021</b>	1,375,000	0.14
Granted	1,205,000	1.41
Exercised	(550,000)	0.08
Cancelled	(250,000)	0.08
<b>Balance, July 31, 2021</b>	1,780,000	1.03

During the period from April 27, 2020 (incorporation date) to 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 six months ended July 31, 2021, 1,205,000 options were granted, with vesting periods ranging from immediate to 36 months. The options had an aggregate value of \$1,174,628. 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.

The share-based compensation and charge to share-based payment reserve relating to the vesting of stock options for the three and six months ended July 31, 2021 was \$169,386 and \$510,251, respectively (three months ended and period from incorporation date to July 31, 2020 – \$6,938 and \$6,938).

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

	<b>Six months ended July 31, 2021</b>	<b>Period from April 27, 2020 (incorporation date) to January 31, 2021</b>
Volatility	98.88% to 121.37%	151.02% to 162.43%
Risk-free interest rate	0.25% to 0.97%	0.26% to 0.43%
Expected life (years)	1 to 5 years	2 to 5 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Weighted average fair value per common share	\$1.59	\$0.10

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

The following table presents information related to stock options outstanding as at July 31, 2021:

<b>Grant date</b>	<b>Exercise price (\$)</b>	<b>Weighted average remaining life (yrs)</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>
May 6, 2020	0.075	3.77	80,000	80,000
July 6, 2020	0.075	1.93	60,000	60,000
August 31, 2020	0.075	2.08	50,000	37,500
September 21, 2020	0.300	2.14	30,000	22,500
September 22, 2020	0.300	2.15	60,000	45,000
October 23, 2020	0.300	2.23	115,000	28,750
December 15, 2020	0.300	2.42	150,000	-
January 31, 2021	0.300	4.51	30,000	12,000
March 8, 2021	1.200	4.61	610,000	152,500
April 12, 2021	1.200	4.70	400,000	85,000
June 23, 2021	2.500	2.90	50,000	-
July 5, 2021	2.500	2.93	15,000	3,750
July 13, 2021	2.500	0.95	100,000	100,000
July 19, 2021	2.500	2.97	30,000	-
		3.67	1,780,000	627,000

Warrants

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

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, April 27, 2020 and January 31, 2021	-	-
Issued	1,984,868	1.85
Balance, July 31, 2021	1,984,868	\$ 1.85

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The following table presents information related to warrants outstanding as at July 31, 2021:

<b>Issue Date</b>		<b>Weighted Average Exercise Price (\$)</b>	<b>Weighted Average Remaining Life (yrs)</b>	<b>Number of Warrants Outstanding</b>
March 19, 2021	(1)	1.20	1.63	103,125
June 8, 2021	(2)	2.50	1.85	218,415
June 16, 2021	(3)	1.80	1.88	1,663,328
		1.85	1.86	1,984,868

- 1) On March 19, 2021, the Company issued 103,125 Finder Warrants (Note 8) of the Company with an exercise price of \$1.20 per common share, exercisable until March 19, 2023. The \$78,331 fair value of the Finder Warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 127.07%; risk-free interest rate – 0.52%; dividend rate – 0%; stock price - \$1.20; and probability that a liquidity event does not occur within 12 months – Nil.
- 2) On June 8, 2021, the Company issued 218,415 Broker Warrants of the Company with an exercise price of \$2.50 per common share, exercisable until June 8, 2023. The \$333,577 fair value of the Broker Warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 121.26%; risk-free interest rate – 0.54%; dividend rate – 0%; and stock price - \$2.50.
- 3) On June 16, 2021, 1,663,328 warrants of the Company were issued upon conversion of the Convertible Debentures (Note 9). The warrants have a fair value of \$2,799,591, an exercise price of \$1.80 per common share, and are exercisable until June 16, 2021.

**11. Reverse Takeover Acquisition**

On June 16, 2021, the Company completed its reverse takeover transaction of Awakn Inc. in accordance with an amalgamation agreement dated May 13, 2021 (the "Amalgamation Agreement") among the Company, 2835517 Ontario Ltd., a wholly-owned subsidiary of the Company, and Awakn Inc. As part of the Transaction, the Company changed its name to Awakn Life Sciences Corp. and consolidated its issued and outstanding shares on the basis of one post consolidation share for every 42.5105 pre-consolidation shares (the "Consolidation"). Shareholders of Awakn Inc. received 1 post-consolidation common share of the Company for each pre-consolidation common share of the Awakn Inc., and outstanding share purchase options and warrants outstanding in Awakn Inc. were exchanged for equivalent post-consolidation share purchase options and warrants of the Company on substantially the same terms.

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The Transaction was accounted for as a reverse takeover transaction that was not a business combination. Instead, the Transaction has been accounted under IFRS 2 Share-Based Payment. Awakn Inc. has been treated as the accounting acquirer and the Company has been treated as the accounting acquiree in these condensed consolidated interim financial statements.

The following table summarizes the consideration paid and the fair value of the identifiable assets acquired, and liabilities assumed as of the date of acquisition:

Common shares (199,968 common shares at \$2.50 per share)	\$ 499,920
Total consideration	499,920
Liabilities assumed - Accounts payable and accrued liabilities	(34,344)
<b>Listing expenses</b>	<b>534,264</b>

In connection with the Transaction, the Company incurred other listing costs of \$425,203.

**12. Loss Per Share**

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

	Three months ended July 31, 2021 \$	Three months ended July 31, 2020 \$	Six ends month July 31, 2021 \$	Period from April 27, 2020 (incorporation date) to July 31, 2020 \$
<b>Numerator:</b>				
Net loss attributable to equity holders of the parent - basic and diluted	(7,910,192)	(509,609)	(9,185,941)	(509,609)
<b>Denominator:</b>				
Weighted-average number of common shares	21,203,374	8,052,174	19,177,222	7,797,895

The Company's potentially dilutive securities which include stock options and warrants granted have been excluded from the computation of diluted net loss per share as the effect would be anti-dilutive. 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.

**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)****Notes to the Unaudited Condensed Consolidated Interim Financial Statements****For the three and six months ended July 31, 2021 and the period from April 27, 2020 (incorporation date) to July 31, 2020***(Expressed in Canadian dollars, unless otherwise noted)***13. 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 proceeds of £325,000 (equivalent to \$561,687) and issued 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 periods:

	Three months ended		Three months ended		Six ended monthend		Period from
	July 31, 2021		July 31, 2020		July 31, 2021		April 27, 2020
							(incorporation date)
	July 31, 2021		July 31, 2020		July 31, 2021		July 31, 2020
Short-term compensations	\$	254,498	\$	-	\$	476,400	\$ -
Share-based payments		53,688		-		352,845	-
<b>Total</b>	<b>\$</b>	<b>308,186</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>829,245</b>	<b>\$ -</b>

- (c) As at July 31, 2021, \$Nil (January 31, 2021 - \$11,080) was due from a director, 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 was repaid during the period.
- (d) As at July 31, 2021, a balance of \$51,439 (January 31, 2021 - \$31,497) 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.

**14. Segment Reporting**

Management monitors the results of the Company's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. For management purposes, the Company is organized into business units based on the nature of operations and has three reportable segments, as follows:

- The clinical operations segment, which includes a chain of medical psychedelic clinics across the United Kingdom
- The research segment, which focuses on developing proprietary MDMA and ketamine-like new chemical entity drugs and clinical trails to secure marketing authorization
- The corporate segment, which comprises corporate income and expense items

In determining the Company's geographical information, the non-current assets information is based on the locations of the assets.

**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)****Notes to the Unaudited Condensed Consolidated Interim Financial Statements****For the three and six months ended July 31, 2021 and the period from April 27, 2020 (incorporation date) to July 31, 2020***(Expressed in Canadian dollars, unless otherwise noted)***14. Segment Reporting (continued)**

	<b>Clinical Operations</b>	<b>Research</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>For the three months ended July 31, 2021</i>				
Net loss	424,957	632,356	6,852,879	<b>7,910,192</b>
<i>For the six months ended July 31, 2021</i>				
Net loss	684,389	860,114	7,641,438	<b>9,185,941</b>
<i>As at July 31, 2021</i>				
Property and equipment	312,450	-	-	<b>312,450</b>
Intangible assets	-	59,583	-	<b>59,583</b>
Right-of-use assets	127,109	-	-	<b>127,109</b>

Financial information pertaining to the Company's geographic areas is as follows:

	<b>Canada</b>	<b>United Kingdom</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>As at July 31, 2021</i>			
Property and equipment	-	312,450	<b>312,450</b>
Intangible assets	-	59,583	<b>59,583</b>
Right-of-use assets	-	127,109	<b>127,109</b>

**15. 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 July 31, 2021, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent due to their short-term nature. During the period ended July 31, 2021, level three inputs were used to determine the fair values of the convertible debentures and derivative liabilities. All convertible debentures and derivative liabilities were either converted or extinguished (Notes 8 and 9) as at July 31, 2021.



**AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)**

**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

**For the three and six months ended July 31, 2021 and the period from April 27, 2020 (incorporation date) to July 31, 2020**

*(Expressed in Canadian dollars, unless otherwise noted)*

**15. Financial Instruments and Risk Management (continued)**

*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 July 31, 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 or the Company's trust account. Other receivables consist primarily of government remittances recoverable and as such are at a low risk of default.

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 July 31, 2021 are due within 12 months, with the exception of long-term lease liabilities the maturity payment of which 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.

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

	July 31, 2021	January 31, 2021
	\$	\$
Cash - British Pounds	197,256	92,127
Cash - Euro	285	37
Cash - US Dollars	18,581	110,556
Other receivables - British Pounds	-	6,319
Accounts payable and accrued liabilities - British Pounds	(216,973)	(48,347)
Accounts payable and accrued liabilities - Euro	(33,100)	(31,075)
Accounts payable and accrued liabilities - US Dollars	(27,000)	(22,450)

An increase or decrease of 10% change in the exchange rates would impact net loss by approximately \$9,321 for the period ended July 31, 2021.

**16 Commitments and contingencies**

*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 (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.

**17. 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 share capital, share-based payment reserve, warrant reserve, accumulated other comprehensive income (loss) 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 issuances 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.

**18. Subsequent events**

On August 4, 2021, the Company executed a 10-year lease agreement to build its London clinic, commencing in August 2021.