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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2021 AND THE PERIOD FROM APRIL 27, 2020 (INCORPORATION DATE) TO OCTOBER 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	October 31, 2021 $	January 31, 2021 $
Assets			
Current assets			
Cash		5,647,429	366,065
Prepayments and deposits		606,168	93,272
Accounts receivable		23,927	-
Other receivables		163,035	17,620
Total current assets		6,440,559	476,957
Non-current assets			
Property and equipment	5	1,336,131	204,286
Intangible assets	6	56,333	-
Right-of-use assets	7	1,794,128	144,245
Goodwill	12	1,109,767	-
Total assets		10,736,918	825,488
Liabilities			
Accounts payable and accrued liabilities		1,558,429	228,335
Lease liabilities	7	308,812	13,677
Contingent consideration	12	198,363	-
Total current liabilities		2,065,604	242,012
Non-current liabilities			
Long-term lease liabilities	7	1,487,178	118,434
Contingent consideration	12	576,886	-
Total Liabilities		4,129,668	360,446
Shareholders' Equity			
Share capital	10	15,591,691	1,152,346
Share-based payment reserve	10	809,898	39,870
Warrant reserve	10	3,206,752	-
Accumulated other comprehensive income		20,339	610
Accumulated deficit		(12,770,513)	(865,186)
Total equity attributable to equity holders of the parent		6,858,167	327,640
Non-controlling interest		(250,917)	137,402
Total Shareholders' Equity		6,607,250	465,042
Total Liabilities and Shareholders' Equity		10,736,918	825,488

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

Going concern (note 1)
Subsequent events *(note 19)*

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

"George Scorsis"
Director

"Steve Page"
Director

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

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three months ended October 31, 2021 $	Three months ended October 31, 2020 $	Nine months ended October 31, 2021 $	Period from incorporation to October 31, 2020 $
Revenue					
Service revenue		31,737	-	31,737	-
Total revenue		31,737	-	31,737	-
Operating expenses					
Research and development		1,056,504	-	1,896,535	-
General and administration		843,938	123,754	2,097,250	161,819
Sales and marketing		569,042	2,450	880,715	10,237
Share-based compensation	10	265,303	18,150	775,554	25,088
Depreciation and amortization	5, 6, 7	67,014	5,154	88,261	5,154
Service costs		131,083	-	131,083	-
Total operating expenses		2,932,884	149,508	5,869,398	202,298
Other expense (income)					
Other income		(4,595)	-	(8,723)	-
Finance costs		59,943	3,839	145,110	3,839
Change in fair value of derivative liabilities	9	-	-	5,082,558	-
Change in fair value of contingent consideration	12	24,330	-	24,330	-
Transaction costs	4, 8	69,379	25	188,273	455,130
Listing expenses	11	-	-	959,467	-
Foreign exchange loss (gain)		57,501	(222)	64,970	1,492
Loss from operations before income taxes		(3,107,705)	(153,150)	(12,293,646)	(662,759)
Income tax expense - current		-	-	-	-
Income tax expense - deferred		-	-	-	-
Net loss		(3,107,705)	(153,150)	(12,293,646)	(662,759)
Other comprehensive income (loss)					
Foreign exchange translation adjustment		21,770	(1,830)	19,729	3,145
Comprehensive loss		(3,085,935)	(154,980)	(12,273,917)	(659,614)
Net loss attributable to:					
Shareholders		(2,945,617)	(98,269)	(11,905,327)	(597,809)
Non-controlling interests		(162,088)	(54,881)	(388,319)	(64,950)
		(3,107,705)	(153,150)	(12,293,646)	(662,759)
Comprehensive loss attributable to:					
Shareholders		(2,923,847)	(100,099)	(11,885,598)	(594,664)
Non-controlling interests		(162,088)	(54,881)	(388,319)	(64,950)
		(3,085,935)	(154,980)	(12,273,917)	(659,614)
Net loss per share attributable to shareholders – basic and diluted	13	(0.12)	(0.01)	(0.57)	(0.06)
Weighted average number of shares outstanding – basic and diluted	13	24,550,170	13,888,574	20,987,473	10,794,379

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 nine months ended October 31, 2021 and the period from April 27, 2020 (incorporation date) to October 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 $
Balance, April 27, 2020		-	-	-	-	-	-	-	-	**-**
Acquisition of subsidiary	**10**	3,000,000	60,000	-	-	-	-	60,000	378,611	**438,611**
Issuance of common shares, net of issuance costs		11,464,539	407,421	-	-	-	-	407,421	-	**407,421**
Share-based compensation	**10**	-	-	25,088	-	-	-	25,088	-	**25,088**
Net loss		-	-	-	-	-	(597,809)	(597,809)	(64,950)	**(662,759)**
Other comprehensive income		-	-	-	-	3,145	-	3,145	-	**3,145**
Balance, October 31, 2020		**14,464,539**	**467,421**	**25,088**	**-**	**3,145**	**(597,809)**	**(102,155)**	**313,661**	**211,506**
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**
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 issued for acquisition of Axon	**12**	200,000	420,000	-	-	-	-	420,000	-	**420,000**
Share-based compensation	**10**	-	-	775,554	-	-	-	775,554	-	**775,554**
Issuance of finders warrants	**8, 10**	-	-	-	78,331	-	-	78,331	-	**78,331**
Exercise of finder warrants	**10**	6,250	12,247	-	(4,747)	-	-	7,500	-	**7,500**
Conversion of convertible debentures	**8, 9, 10**	3,382,095	6,246,067	-	2,799,591	-	-	9,045,658	-	**9,045,658**
Net loss		-	-	-	-	-	(11,905,327)	(11,905,327)	(388,319)	**(12,293,646)**
Other comprehensive income		-	-	-	-	19,729	-	19,729	-	**19,729**
Balance, October 31, 2021		**24,691,474**	**15,591,691**	**809,898**	**3,206,752**	**20,339**	**(12,770,513)**	**6,858,167**	**(250,917)**	**6,607,250**

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 nine months ended October 31, 2021 and the period from April 27, 2020 (incorporation date) to October 31, 2020
(Expressed in Canadian dollars)

	Note	Nine months ended October 31, 2021 $	Period from incorporation to October 31, 2020 $
Cash flow used in operating activities			
Net loss for the period		(12,293,646)	(662,759)
Items not affecting cash:			
Share-based compensation	**10**	775,554	25,088
Depreciation and amortization	**5, 6, 7**	88,262	5,154
Accretion on lease liabilities	**7**	69,478	3,839
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	-
Change in fair value of contingent consideration	**12**	24,330	-
Changes in non-cash working capital items:			
Increase in prepayments		(486,699)	(4,229)
Decrease in accounts receivable		2,791	-
Increase in other receivables		(144,103)	(1,869)
Increase in accounts payable and accrued liabilities		1,294,414	43,246
Increase in other payables		-	25,000
Cash flow used in operating activities		**(4,903,069)**	**(127,919)**
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property and equipment	**5**	(1,148,880)	(88,237)
Purchase of intangible assets	**6**	(5,000)	-
Acquisition of Bristol, net of cash acquired	**4**	-	(14,834)
Acquisition of Axon, net of cash acquired	**12**	21,652	-
Cash flow used in investing activities		**(1,132,228)**	**(103,071)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net	**10**	7,487,912	407,421
Proceeds from options exercise	**10**	41,250	-
Proceeds from finders warrant exercise	**10**	7,500	-
Issuance of convertible debentures, net	**8**	3,856,141	-
Payment of lease liabilities		(119,981)	(34,743)
Cash flow from financing activities		**11,272,822**	**372,678**
Effect of exchange rate changes on cash		**43,839**	**3,078**
Increase in cash		**5,237,525**	**141,688**
Cash, beginning of period		**366,065**	**-**
Cash, end of period		**5,647,429**	**144,766**
Non-cash transaction			
Acquisition of intangible assets via issuance of common shares		60,000	-
Acquisition of Axon via issuance of common shares		420,000	-

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

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 301-217 Queen Street W., Toronto, ON, M5V 0R2.

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, developing and delivering psychedelic therapeutics (medicines and therapies) 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 October 31, 2021, the Company had not yet achieved profitable operations, has accumulated losses of $12,770,513 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 nine months ended October 31, 2021 and the period from April 27, 2020 (incorporation date) to October 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 December 13, 2021.

(Expressed in Canadian dollars, unless otherwise noted)

2. Basis of Presentation (Continued)

(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.

(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 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%
Awakn LS Europe Holdings Limited	Ireland	100%
Awakn LS Partnerships Limited	Ireland	100%
Awakn Oslo AS (formerly Axonklinikken AS)	Norway	100%

(d) Functional and presentation currency

The Company, 1233705 B.C. Ltd. and Awakn Inc.'s functional currency is the Canadian dollar. The functional currencies for the other subsidiaries include the Norwegian krone, the British pound and the euro. 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 for 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.

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 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.

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.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. The determination of fair value of identifiable intangible assets, in particular, requires the use of significant estimates and assumptions.

Contingent consideration

Management is required to make a number of estimates in calculating the fair value of contingent consideration. These estimates include a number of assumptions such as estimating future financial performance, the likelihood of achieving performance milestones, and the cost of capital of the acquired business.

2. Basis of Presentation (Continued)

(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, the United Kingdom and other jurisdictions have responded with significant regulatory, monetary and fiscal interventions designed to stabilize economic conditions. 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:

<u>Accounts receivable</u>

Accounts receivable are non-interest bearing, unsecured obligations due from clinical patients. The Company’s accounts receivable is measured at amortized cost and subject to the expected credit loss (“ECL”) model. In determining the ECLs management makes estimates related to the probability-weighted amount of ECLs based on a range of outcomes, the discount rate that reflects the effective interest rate of the asset and other information available as of the reporting date relating to past events, current conditions and forecasts regarding future economic conditions.

The Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

<u>Revenue</u>

To determine the amount and timing of revenue to be recognized the Company follows a 5-step process:
1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue when or as performance obligations are satisfied.

3. Significant Accounting Policies (continued)

Revenue (continued)

The Company generates service revenue from the delivery of ketamine-assisted psychotherapy sessions at its clinic locations. Each session is an individual performance obligation and has an assigned standalone value. Revenues are recognized as performance obligations are completed. Payment for each session is typically collected prior to the delivery of the services and therefore, the amount collected in advance of services being rendered is recognized as deferred revenue. The deferred revenue is subsequently recognized as revenue when the Company fulfills its performance obligations.

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.

Amortization is calculated on a straight-line basis over the expected useful life of the asset as follows:

Asset type	**Amortization Term**
IP Assets	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.

3. Significant Accounting Policies (continued)

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.

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 the fair value of the 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.

3. Significant Accounting Policies (continued)

Business combinations and asset acquisitions (continued)

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 in the acquisition of an asset or a group of assets generally are a component of the consideration transferred and 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.

(Expressed in Canadian dollars, unless otherwise noted)

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
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 Awakn Inc.		186,480

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
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)

(Expressed in Canadian dollars, unless otherwise noted)

5. Property and Equipment

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

	Leasehold improvements $	Furniture and fixtures $	Computer equipment $	Construction in progress $	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	-	161,263	16,704	970,913	1,148,880
Acquired from acquisition	-	23,524	-	-	23,524
Transfers	452,968	-	-	(452,968)	-
Exchange realignment	(11,695)	(3,765)	(298)	(7,818)	(23,576)
Balance, October 31, 2021	**441,273**	**205,536**	**16,406**	**689,963**	**1,353,178**
Accumulated depreciation					
Balance, April 27, 2020	-	-	-	-	-
Depreciation	-	**63**	-	-	63
Exchange realignment	-	**1**	-	-	1
Balance, January 31, 2021	-	**64**	-	-	**64**
Acquired from acquisition	-	3,926	-	-	3,926
Depreciation	9,978	1,873	1,436	-	13,287
Exchange realignment	(119)	(88)	(23)	-	(230)
Balance, October 31, 2021	**9,859**	**5,775**	**1,413**	-	**17,047**
Net book value					
At April 27, 2020	-	-	-	-	-
At January 31, 2021	-	24,450	-	179,836	204,286
At October 31, 2021	**431,414**	**199,761**	**14,993**	**689,963**	**1,336,131**

Depreciation expense related to property and equipment was $12,987 and $13,287, respectively, for the three and nine months ended October 31, 2021 (period from incorporation date to October 31, 2020 - Nil). Construction is progress is transferred to property and equipment when the assets are available for use and depreciation of these assets commences at that point. During the period ended October 31, 2021, $452,968 relating to the completion of the construction of the Bristol clinic was transferred from construction in progress to leasehold improvements. As at October 31, 2021, the Company's London clinic development was still in progress and as such construction costs are classified within Construction in progress and depreciation has not commenced for certain furniture and fixtures with a carrying amount of $124,173.

(Expressed in Canadian dollars, unless otherwise noted)

6. Intangible assets

	IP Assets	Total
Cost		
Balance, April 27, 2020	**-**	**-**
Additions	-	-
Balance, January 31, 2021	**-**	**-**
Additions	65,000	65,000
Balance, October 31, 2021	**65,000**	**65,000**
Accumulated amortization		
Balance, April 27, 2020	**-**	**-**
Amortization	-	-
Balance, January 31, 2021	**-**	**-**
Amortization	8,667	8,667
Balance, October 31, 2021	**8,667**	**8,667**
Net book value		
At April 27, 2020	-	-
At January 31, 2021	-	-
At October 31, 2021	**56,333**	**56,333**

On March 8, 2021, the Company completed the acquisition of proprietary research data on next generation candidate MDMA and Ketamine molecules 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 acquired, 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 October 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.

(Expressed in Canadian dollars, unless otherwise noted)

7. Right-of-use assets and lease liabilities

Right-of-use assets

As at October 31, 2021, the Company leases property for its operations in Bristol, London and Oslo. The right-of-use assets consist of the following:

	$
Cost	
Balance, April 27, 2020	-
Additions	157,170
Exchange realignment	188
Balance, January 31, 2021	157,358
Additions	1,640,479
Additions from acquisition	144,598
Exchange realignment	(49,134)
Balance, October 31, 2021	1,893,301
Accumulated depreciation	
Balance, April 27, 2020	-
Depreciation	12,861
Exchange realignment	252
Balance, January 31, 2021	13,113
Additions from acquisition	21,334
Depreciation	66,308
Exchange realignment	(1,582)
Balance, October 31, 2021	99,173
Net book value	
At April 27, 2020	-
At January 31, 2021	144,245
At October 31, 2021	**1,794,128**

Lease liabilities

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

Balance, April 27, 2020	$	-
Additions		149,268
Payments and interest		(17,003)
Exchange realignment		(154)
Balance, January 31, 2021		132,111
Additions		1,568,062
Additions from acquisition		120,691
Payments and interest		21,914
Exchange realignment		(46,788)
Balance, October 31, 2021		1,795,990

(Expressed in Canadian dollars, unless otherwise noted)

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

IBRs ranging from 12.0% to 20.14% were used to determine the present value of the lease liabilities. Interest expense on lease liabilities for the three and nine months ended October 31, 2021 was $69,459 and $82,399, respectively (three months ended and period from incorporation date to October 31, 2020 – Nil and Nil).

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

Minimum payments under lease liabilities		
Within 1 year	$	308,812
2 to 3 years		728,365
4 to 5 years		642,365
Over 5 years		1,408,458
		3,088,000
Effect of discounting		(1,292,010)
Present value of minimum lease payments		1,795,990
Less: current portion		**(308,812)**
Non-current portion of lease liabilities	**$**	**1,487,178**

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, October 31, 2021	-	-	-	-

(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 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:

Conversion feature	**June 16, 2021***	**At inception**
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 nine months ended October 31, 2021, the Company recorded a loss of $Nil 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 October 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:

Warrants	**June 16, 2021***	**At inception**
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 nine months ended October 31, 2021, the Company recorded a loss of $Nil and $1,581,627 on the revaluation of the derivative liability, respectively.

(Expressed in Canadian dollars, unless otherwise noted)

9. Derivative liabilities (continued)

Convertible Debentures – Warrants (continued)

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 October 31, 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
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
Exercise of Finder Warrants	(8)	6,250	12,247
Share issued for acquisition of Axon	(9)	200,000	420,000
Balance, October 31, 2021		24,691,474	15,591,691

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.

Nine months ended October 31, 2021:

3) During the nine months ended October 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.

(Expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (continued)

Outstanding share capital (continued)

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).

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.

8) On August 18, 2021, 6,250 Finder Warrants were exercised into 6,250 common shares at an exercise price of $1.20 per common share for total proceeds of $7,500 and $4,747 of warrant reserve attributable to the exercised warrants were reclassified to share capital.

9) On October 4, 2021, the Company acquired Axon (see note 12). As part of the consideration paid pursuant to the business acquisition, the Company issued 200,000 common shares to the vendors, with a value at the closing date of $420,000.

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
		$
Balance, April 27, 2020	-	-
Granted	1,375,000	0.14
Balance, January 31, 2021	1,375,000	0.14
Granted	1,400,000	1.56
Exercised	(550,000)	0.08
Expired	(250,000)	0.08
Balance, October 31, 2021	1,975,000	1.17

(Expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (continued)

Stock options (continued)

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 nine months ended October 31, 2021, 1,400,000 options were granted, with vesting periods ranging from immediate to 36 months. The options had an aggregate value of $1,516,195. 550,0000 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 nine months ended October 31, 2021 was $265,303 and $775,554, respectively (three months ended and period from incorporation date to October 31, 2020 – $18,151 and $25,088).

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

	Period ended October 31, 2021	Year ended January 31, 2021
Volatility	98.88% to 121.37%	151.02% to 162.43%
Risk-free interest rate	0.25% to 1.06%	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	$1.45	$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 October 31, 2021:

Grant date	Exercise price ($)	Weighted average remaining life (yrs)	Number of options outstanding	Number of options exercisable
May 6, 2020	0.075	3.52	80,000	80,000
July 6, 2020	0.075	1.68	60,000	60,000
August 31, 2020	0.075	1.83	50,000	50,000
September 21, 2020	0.300	1.89	30,000	30,000
September 22, 2020	0.300	1.89	60,000	60,000
October 23, 2020	0.300	1.98	115,000	57,500
December 15, 2020	0.300	2.17	150,000	-
January 31, 2021	0.300	4.25	30,000	12,000
March 8, 2021	1.200	4.35	610,000	167,500
April 12, 2021	1.200	4.45	400,000	105,000
June 23, 2021	2.500	2.65	50,000	-
July 5, 2021	2.500	2.68	15,000	3,750
July 13, 2021	2.500	0.70	100,000	100,000
July 19, 2021	2.500	2.72	30,000	-
September 14, 2021	2.500	4.87	20,000	5,000
September 17, 2021	2.500	4.88	100,000	8,333
October 4, 2021	2.500	4.93	75,000	18,750
		3.56	1,975,000	757,833

(Expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (continued)

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	-	-
Issued	1,984,868	1.85
Exercised	(6,250)	1.20
Balance, October 31, 2021	1,978,618	1.85

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

Issue Date		Weighted Average Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
March 19, 2021	(1)	1.20	1.62	96,875
June 8, 2021	(2)	2.50	1.62	218,415
June 16, 2021	(3)	1.80	1.62	1,663,328
		1.85	1.62	1,978,618

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 June 16, 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. During the nine months ended October 31, 2021, 6,250 Finder Warrants were exercised.
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 16, 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 had a fair value of $2,799,591, an exercise price of $1.80 per common share, and are exercisable until June 16, 2023.

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.

(Expressed in Canadian dollars, unless otherwise noted)

11. Reverse Takeover Acquisition (continued)

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)
Listing expenses		**534,264**

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

12. Business acquisition

Acquisition of Axon

On October 4, 2021, the Company completed the acquisition of 100% of the issued and outstanding common shares of Axonklinikken AS (“Axon”), subsequently renamed to Awakn Oslo AS, a ketamine-assisted psychotherapy clinic in Oslo, Norway. The consideration was as follows:

Share consideration (200,000 common shares at $2.10 per share)	$	420,000
Contingent consideration		750,919
Total		1,170,919

The Company is to pay to the vendors the contingent consideration of up to $1,350,000 based on Axon meeting certain milestones:

1. Opening a second clinic in Norway
2. Opening a first clinic in a second Nordic country
3. Opening a first clinic in a third Nordic country
4. Achieving agreed revenue and EBITDA targets.

(Expressed in Canadian dollars, unless otherwise noted)

12. Business acquisition (continued)

The Company has the option to pay any amount of the contingent consideration in cash or common shares. The value to calculate the number of common shares to be issued shall be the greater of (i) a 10-day volume weighted average price; (ii) the minimum price allowable by the NEO exchange; and (iii) $2.50. Pursuant to the terms of the transaction, if reasonable progress has been made prior to the deadline of the milestones, and it is reasonable to expect the milestones will be met within a reasonable timeline, management of the Company shall extend the timeline by a reasonable period of time.

As at October 31, 2021, the initial accounting for the acquisition was incomplete, pending determination of the final value of contingent consideration, the fair value of right-of-use asset, lease liabilities and any identifiable intangible assets.

The following represents the preliminary allocation of the purchase price and the fair value of the net assets acquired and remains subject to change.

Net assets of Axon:	
Cash	21,652
Prepayments and deposits	26,197
Accounts receivable	26,718
Other receivables	1,312
Property, plant and equipment	19,598
Right-of-use assets	123,264
Accounts payable and accrued liabilities	(36,898)
Lease liabilities	(120,691)
Goodwill	1,109,767
Total identifiable net assets at fair value	1,170,919

The goodwill of $1,109,767 comprises the value of expected synergies arising from the acquisition and an assembled workforce, which is not separately recognized. Goodwill is allocated entirely to the delivery segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

The contingent consideration was initially estimated to have a total undiscounted value of $1,350,000 and was discounted to a present value of $750,919 using a discount rate of 28.61%. The significant unobservable inputs used in the fair value measurements included the discount rate and the timing of achieving each milestone. A 2% increase in the discount rate would result in a decrease in fair value of the contingent consideration by approximately $25,000. A two months' delay in achieving each milestone would result in a decrease in fair value of the contingent consideration by approximately $31,000.

Changes in the value of contingent consideration during the period were as follows:

		Amount
Balance, April 27, 2020 and January 31, 2021	$	-
Initial recognition upon acquisition of Axon		750,919
Change in fair value of contingency		24,330
Paid during the period		-
Balance, October 31, 2021		**775,249**

(Expressed in Canadian dollars, unless otherwise noted)

12. Business acquisition (continued)

From the date of acquisition, Axon contributed $31,737 of revenue and a loss of $12,773 to loss from operations before income taxes. If the acquisition had taken place at the beginning of the year, revenue would have been and approximately $374,000 and a loss of approximately $21,000 to income from operations before income taxes.

13. Loss Per Share

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

	Three months ended October 31, 2021 $	Three months ended October 31, 2020 $	Nine months ended October 31, 2021 $	Period from April 27, 2020 (incorporation date) to October 31, 2020 $
Numerator:				
Net loss attributable to equity holders of the parent - basic and diluted	(2,945,617)	(98,269)	(11,905,327)	(597,809)
Denominator:				
Weighted-average number of common shares	24,550,170	13,888,574	20,987,473	10,794,379

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 shares outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same.

14. 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 October 31, 2021	Three months ended October 31, 2020	Nine months ended October 31, 2021	Period from April 27, 2020 (incorporation date) to October 31, 2020
Short-term compensations	$ 333,511	$ -	$ 809,911	$ -
Share-based payments	104,590	71,946	457,435	71,946
Total	**$ 438,101**	**$ 71,946**	**$ 1,267,346**	**$ 71,946**

(c) As at October 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 October 31, 2021, a balance of $54,353 (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.

(Expressed in Canadian dollars, unless otherwise noted)

15. 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 development segment, which focuses on researching and developing next-generation psychedelic drugs and therapies, ketamine-assisted psychotherapy and MDMA-assisted psychotherapy to treat substance and behavioral addictions
- The delivery segment, which includes a chain of medical psychedelic clinics across Europe
- 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.

	Development (R&D) $	Delivery (Services) $	Corporate $	Total $
For the three months ended October 31, 2021				
Revenue	-	31,737	-	**31,737**
Net loss	1,036,421	760,601	1,310,683	**3,107,705**
For the nine months ended October 31, 2021				
Revenue	-	31,737	-	**31,737**
Net loss	1,896,535	1,444,990	8,952,121	**12,293,646**
As at October 31, 2021				
Non-current assets	56,333	4,230,082	9,944	**4,296,359**

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

	North America $	Europe $	Total $
For the three months ended October 31, 2021			
Revenue	-	31,737	**31,737**
For the nine months ended October 31, 2021			
Revenue	-	31,737	**31,737**
As at October 31, 2021			
Non-current assets	2,300	4,294,059	**4,296,359**

(Expressed in Canadian dollars, unless otherwise noted)

16. 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 October 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 October 31, 2021, level three inputs were used to determine the fair values of the convertible debentures, derivative liabilities and contingent consideration. All convertible debentures and derivative liabilities were either converted or extinguished (Notes 8 and 9) as at October 31, 2021.

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, accounts receivable 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 October 31, 2021 is the carrying value of cash, accounts receivables 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 it operations and anticipating its operating and investing activities. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Period ended October 31, 2021	Total $	Less than 1 year $	1 year to 3 years $	3 year to 5 years $	Over 5 years $
Accounts payable and accrued liabilities	1,558,429	1,558,429	-	-	-
Lease liabilities	3,088,000	308,812	728,365	642,365	1,408,458
Contingent consideration	1,350,000	250,000	800,000	300,000	-
	5,996,429	**2,117,241**	**1,528,365**	**942,365**	**1,408,458**

Year ended January 31, 2021	Total $	Less than 1 year $	1 year to 3 years $	3 year to 5 years $	Over 5 years $
Accounts payable and accrued liabilities	228,335	228,335	-	-	-
Lease liabilities	216,607	13,677	107,309	95,621	-
	444,942	**242,012**	**107,309**	**95,621**	**-**

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.

(Expressed in Canadian dollars, unless otherwise noted)

16. Financial Instruments and Risk Management (continued)

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.

The following table demonstrates the sensitivity of the Company's equity at the end of the reporting period to a reasonably possible change in the exchange rates of the foreign currencies, with all other variables held constant.

Base currency	Total financial instruments in base currency	% change in exchange rate	Total impact on net loss
GBP	(189,524)	10%	(32,185)
EUR	6,183	10%	886
USD	25,957	10%	3,215
NOK	112,067	10%	1,645

17 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.

18. 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.

19. Subsequent events

In November, 2021, 195,833 options and warrants were exercised for aggregate proceeds of $283,500.