AWAKN LIFE SCIENCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JANUARY 31, 2023

(Expressed in Canadian Dollars, unless otherwise noted)

Management's Discussion and Analysis

General

The following Management Discussion and Analysis (the "**MD&A**") of the consolidated financial position and results of operations for Awakn Life Sciences Corp. (formerly 1169082 B.C. Ltd.) ("Awakn", the "Company", "we" or "us") is prepared as at April 27, 2023, and is for the year ended January 31, 2023. It is supplemental to, and should be read in conjunction with the Company's consolidated financial statements for the years ended January 31, 2023 and 2022 (the "**Financial Statements**"). This section may contain forward-looking information that involve numerous risks and uncertainties. The forward-looking information is not historical fact, but rather is based on the Company's current plans, objectives, goals, strategies, estimates, assumptions and projections about its industry, business and future financial results. Actual results could differ materially from those discussed in such forward-looking information. See "Forward-Looking Statements". All dollar figures included therein and in the following MD&A are expressed in Canadian dollars unless stated otherwise.

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. However, the Company considers certain Non-GAAP measures and financial information included within this MD&A as useful additional information to assess its financial performance.

The discussion and analysis in this MD&A is based on information available to management as of April 27, 2023.

Forward-looking statements

The information provided in this MD&A, including information incorporated by reference, may contain "forward- looking statements" and "forward-looking information" (collectively referred to hereafter as "**forward-looking statements**") about the Company.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expect or anticipate will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information that is currently available and on current expectations of the Company and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described in the Company's Annual Information Form (the "AIF") under the headings "*Risk Factors*" and in other documents incorporated by reference in the AIF or this MD&A.

In particular, this MD&A contains forward-looking statements pertaining to, but not limited to the following:

- expectations regarding the Company's ability to raise capital;
- the impact of the COVID-19 pandemic;
- statements relating to the business and future activities of, and developments related to, the Company to the date of this MD&A and thereafter;
- the business objectives of the Company and its research and development activities;
- the acceptance in the medical community of ketamine, MDMA or NCE's as effective treatment for AUD and other mental health conditions;
- the ability of the Company to develop proper protocols to incorporate the use of additional psychedelic medicines as they are legalized and approved for use;
- the ability of the Company to obtain regulatory approvals prior to each clinical trial;

- the ability of the Company to provide effective licensing services;
- potential timelines related to clinical trials, other milestones, and associated results;
- controlled substances laws;
- reliance on third parties;
- liquidity of the Common Shares;
- anticipated developments in the operations of the Company;
- currency fluctuations;
- estimated budgets of the Company;
- the healthcare industry in the United Kingdom, United States, Canada, the European Union and other European countries;
- the ability of the company to attract patients and receive referrals;
- the approval of regulatory bodies of psychedelic substances other than ketamine, including MDMA and NCE's, for the treatment of various health conditions;
- the ability of the Company to complete and operate its clinical expansion; and
- the ability of new clinics to offer ketamine-assisted psychotherapy, psychedelic-assisted psychotherapy, and other services.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to (i) obtaining necessary shareholder and regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions including that financial markets will not in the long term be adversely impacted by the COVID-19 pandemic; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) receipt and/or maintenance of required licenses and third party consents in a timely manner or at all; and (viii) the success of the operations of the Company.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in the Company's AIF. Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on their behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable securities laws. For all these reasons, shareholders should not place undue reliance on forward-looking statements.

For a more detailed discussion of the risks and other factors, see Awakn's AIF dated April 27, 2023 under the heading "Risk Factors", or otherwise disclosed in the public filings made with applicable security regulators and available at www.sedar.com.

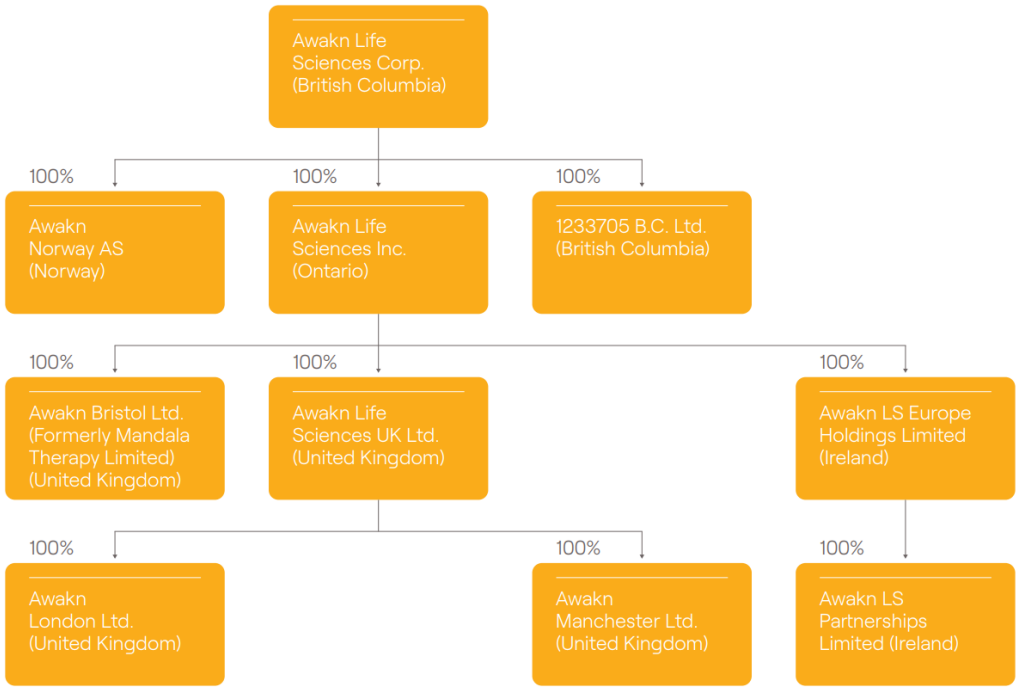
Corporate Structure

The Company was incorporated on June 21, 2018 under the BCBCA under the name 1169082 BC Ltd. as a wholly-owned subsidiary of Hemagenetics Technologies Corp. ("HTC"), then a reporting issuer in the provinces of British Columbia and Alberta. On June 26, 2018, the Company entered into a statutory arrangement with, among others, HTC (the "Arrangement"). The Arrangement received final B.C. supreme court approval on July 19, 2018. On April 29, 2019, the Company completed the Arrangement and became a reporting issuer in the provinces of British Columbia and Alberta. Effective June 15, 2021, the Company completed a reverse takeover transaction (the "RTO") of Awakn Inc. pursuant to which Awakn Inc. amalgamated with a wholly-owned subsidiary of the Company. Upon completion of the RTO, the Company changed its name to Awakn Life Sciences Corp., and consolidated its issued and outstanding common shares on the basis of one post-consolidation common share for every 42.5105 pre-consolidation common shares. Following completion of the RTO, the Company became a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

The common shares of the Company (the "Common Shares") started trading on the Neo Exchange Inc. ("Neo Exchange") on June 21, 2021 under the symbol "AWKN." On August 12, 2021, the Company also started trading on the OTCQB Venture market under the ticker symbol "AWKNF." On August 13, 2021, the Company also started trading on the Boerse Frankfurt exchange under the Symbol "954."

The address of the Company's head office is 301-217 Queen St. West, Toronto, ON, M5V 0R2.

The Company currently operates in the United Kingdom ("UK"), Norway, Ireland and Canada. The Company's corporate organizational chart is presented below:



Description of Business

The Company is a revenue-generating biotechnology company developing therapeutics to treat addiction, with a near term focus on Alcohol Use Disorder (AUD), a condition affecting 285 million people globally for which the current standard of care is inadequate. The Company's goal is to provide breakthrough therapeutics to addiction sufferers and our strategy is to commercialize our R&D pipeline across multiple channels.

The Company has two core functions:

1. **Research and Development**:

    - **Research and Development:** Preclinical and clinical stage programs to develop effective therapeutics to treat addiction with appropriate intellectual property moats.

2. **Commercialization**

    - **Clinics:** Operating a limited number of clinics: to deploy the therapeutics developed in the Company's R&D business; to generate revenue and clinical data, and to provide the latest evidence backed therapeutics to treat addiction and mental health conditions.
    - **Licensing Partnerships**: Deliver the Company's proven therapeutics at scale by enabling third party clinics and addiction treatment centres to deploy more effective treatments to their patients.

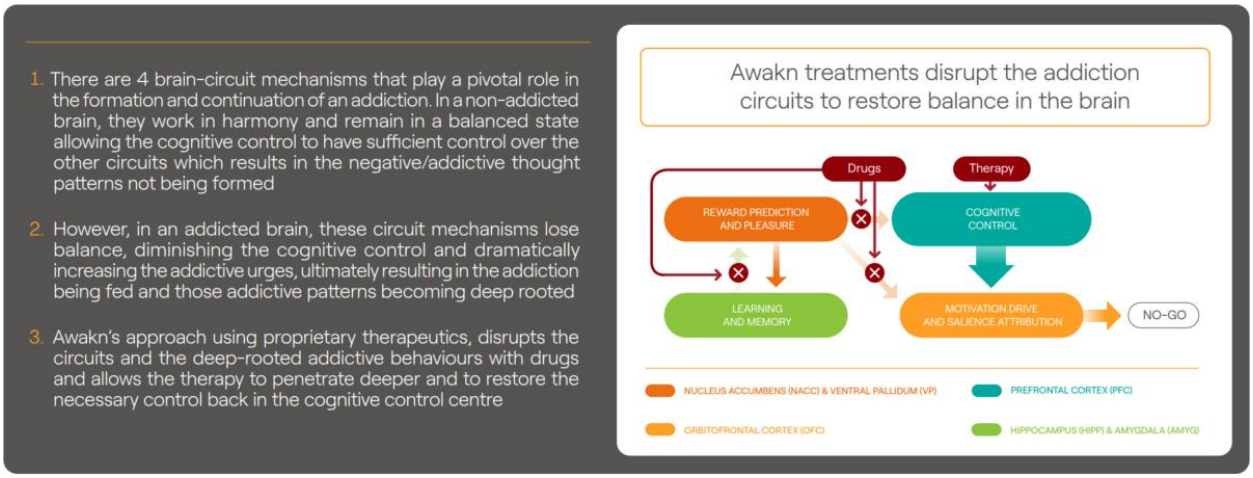
The Company was set up with these separate, but linked, research and development and commercialization functions, for the purposes of making a genuine positive impact on the lives of individuals, their families, and their communities who suffer with addiction, which is at present a poorly treated, chronic medical disease involving complex interactions among brain circuits, genetics, the environment, and an individual's life experiences. Those suffering with addiction use substances or engage in behaviors that become compulsive and often continue despite harmful consequences.

<u>Approach to treating addiction</u>

The Company is addressing addiction by developing proprietary therapeutics (drugs and therapies to be used in combination) to treat addiction.

The Company's therapeutics are focused on the brain circuits that drive addiction, multiple receptors rather than the traditional single drug receptor targets. This focus on circuit mechanisms rather than individual receptors, enables the Company to develop treatments for both substance and behavioural addictions.

The medicines that the Company is researching, developing, and delivering disrupt the connections within and between certain brain circuits. The disruption is intended to allow individuals to escape from the repetitive addictive behaviours and thoughts. However, this induced disruption alone is often not enough to enable lasting positive change, so the Company is also researching, developing and delivering proprietary therapies, which work in conjunction with the medicines to enable patients to regain control over their lives and help to learn new more adaptive ways to respond to addictive urges, cravings and the underlying psychological processes that drive them.



The Company's therapeutics research and development program has three core work streams: ketamine, MDMA, and NCE's. Execution of this program will be accelerated because of the Company's focus on both research and development, and

commercialization, because the Company will test and validate its therapies based on real world evidence in addition to clinical trial evidence. The Company's NCE program is currently on hold until the Company's cost of capital is reduced.

Research and Development activities:

Therapeutics Research and Development:

The Company's therapeutics research and development team consists of world leading experts in the fields of drug development, clinical research, psychiatry, and psychotherapy who are building the next generation pipeline of new medicines and therapies, which are focused on treating substance and behavioural addictions.

The Company's drug and therapy research and development and intellectual property portfolio is split into:

1. Repurposing racemic ketamine (Intravenously (IV)) + therapy to treat Severe Alcohol Use Disorder (AUD), which affects 70 million people globally;
2. Repurposing (S)-ketamine (Sub-lingually (SL)) and therapy to treat Mild AUD and Moderate AUD, which affect 215 million people combined globally;
3. Repurposing (S)-ketamine (SL) and therapy to treat behavioral addictions;
4. Developing MDMA to be used in combination with therapy to treat addiction, including developing MDMA onto Catalent's for Zydis® Technology, Oral Disintegrating Tablet (ODT); and
5. Developing NCE's that will disrupt the brain circuits responsible for the addictive behaviours of compulsivity, craving, and impulsivity and will improve the effectiveness of psychotherapy but will work in shorter treatment windows, which is currently on hold.

Short term focused IP and development projects:

- The Company has acquired an exclusive license to the intellectual property from the University of Exeter's Phase II ab Ketamine for reduction of Alcoholic Relapse ("KARE") clinical trial results, which showed an 86% abstinence on average over the six month period post treatment. The Company is delivering the proprietary therapy in its clinics and has signed several licensing partnerships in the USA and Canada allowing other clinics to also deliver the proprietary therapy.
- The Company has signed a Collaboration Agreement with the University of Exeter putting in place a framework for the upcoming Phase III trial for the use of ketamine-assisted therapy to treat Severe AUD. The trial will be n=280, two-armed randomized placebo-controlled trial. It will be delivered across ten NHS sites, and Awakn will contribute approximately GBP800,000 towards the costs of the trial, with the National Institute for Health Care Research and Medical Research Counsel and University of Exeter contributing the balance of the costs.
- The Company has also completed a mechanistic study assessing ketamine in Gambling Disorder and other behavioural addiction. The data from this study enabled the Company to file a Patent Cooperation Treaty (PCT) application for the treatment of behavioral addictions with ketamine and ketamine-assisted psychotherapy. If granted, the patent claims would give Awakn exclusive rights to use ketamine and ketamine-assisted therapy for the treatment of behavioral addictions

Medium term focused IP and development projects:

- The Company has signed a twelve-month option agreement with a leading drug development, manufacturing, and delivery systems company to in-license a proprietary formulation and route of administration for ketamine. The formulation and route of administration will be optimized for commercialization and has the potential to deepen the intellectual property (IP) moat for Awakn's lead clinical development program Project Kestrel, which targets AUD.
- The Company has signed a drug development agreement with Catalent for Zydis® Technology (an orally disintegrating tablet) to conduct feasibility studies to improve differentiation of its MDMA program. Zydis is a unique, freeze-dried, oral solid dosage form that disperses almost instantly in the mouth, without the need for water and has a dispersion speed of as little as three seconds. The agreement will allow Awakn to conduct feasibility studies using Zydis technology for addiction, including substance and behavioural addictions, as well as other mental health disorders, including anxiety, depression, post-traumatic stress disorder (PTSD), and eating disorders.

Long term focused IP and development projects:

- The Company is developing the next generation of medicines to better treat addiction.
- The Company acquired five years of know-how and research data from Prof. David Nutt's Equasy Enterprises Ltd ("Equasy Enterprises"), as defined herein, in March, 2021. In this acquisition the Company acquired two key assets:
    - Details of potentially newly discovered modes of action for MDMA
    - Details of potentially faster acting entactogen like compounds

- The Company initiated a drug discovery project with Evotec A.G. (“Evotec”) in June 2021, which includes all activities from identification and production of initial molecules, screening in vitro and in vivo, demonstration of MDMA-like pharmacological properties, med chem delivery of analogues, preliminary formulation, evaluation of brain penetration, absorption, distribution, metabolism and excretion ("ADME"), efficacy in vivo, and selectivity.
- The Company has filed four patent applications for next-generation novel MDMA-derived new chemical entities;
- The Company has currently paused most of its long term focused development projects to focus its capital resources on its short term and medium term projects.

Development Pipeline:

Commercialization

The Company is, and will, commercialize its R&D pipeline through two channels:

1. Clinics:

The Company currently owns and operates four clinics in the UK and Norway (the fourth clinic opened post year end in Trondheim Norway). The Company may assess future clinic expansion at a future date. The Company’s clinical activity is focused on treating clients who are in need of assistance with addiction and other mental conditions including Anxiety, Depression, and PTSD, with psychedelic-assisted psychotherapy, starting with Ketamine-Assisted Psychotherapy while focusing on:

- Developing proprietary therapies to be used in combination with drugs to treat addiction and to drive R&D
- Generating revenue; and
- Generating real world evidence.

The Company’s clinicians work collaboratively with clients to understand their difficulties, expectations and objectives, to formulate a treatment plan that is tailored to each client. Dose ranges vary from lower doses in which self-reflection and psychological flexibility are notably improved, and a higher dose in which the client has a more intense, internal experience with integrative therapeutic support following the drug-assisted sessions. Integration sessions are targeted to occur at the point of peak neuroplasticity following a drug-assisted session, and provide an opportunity for a client to process their experience, explore insights and lay the foundation for functional change in their lives.

Another key differentiation of the Company’s approach is to target the underlying cause of the client’s presenting issue, which is often trauma, rather than traditional addiction treatment approaches, which focus on treating the symptoms. The Company believes that symptom suppression is not a cure, which is why the Company aims to focus on the root of the issue.

The chart below sets out the status and target opening date of each clinic:

Location	Size (Sq Ft)	Status	Target Opening Date (Calendar Quarter)	Number of Treatment Rooms
Bristol, UK	1,384	Open	-	3
Oslo, Norway	1,528	Open[(1)]	-	2
London, UK	4,419	Open	-	8
Trondheim, Norway	1,400	Open[(2)]	-	3

(1) Acquired on October 4, 2021 – the Company is in progress of opening up a larger Oslo clinic which will have 6 treatment rooms, targeting May, 2023. The two room clinic will be shut down at that point in time.
(2) Opened in March, 2023

2. Licensing Partnerships:

The Company's licensing partnerships activity is focused on commercializing the Company's therapeutics beyond the Company's clinics. Starting with licensing the Company's proprietary Ketamine-Assisted Therapy for the treatment of Alcohol Use Disorder (AUD) to addiction treatment centers in territories where the Company does not operate clinics.

The core elements to the Company's partnership offering:

- **Licensing:** Access to Awakn proprietary Ketamine-Assisted Psychotherapy treatment protocols and therapy manuals, starting with the Awakn Kare (Ketamine for reduction of Alcoholic Relapse) treatment program.
- **Training:** Online and in person training for practitioners delivering the Awakn Kare treatment program under license.
- **Systems:** Access to policies, protocols and technologies.
- **Design:** Assistance with optimizing the design of the physical environment where the therapy takes place.

To date, the Company has signed five licensing agreements, of which three are in the United States, one in Canada and one in Portugal. Subsequent to year end, the first patients received the Awakn Kare treatment from the Company's New York based licensing partner, Nushama Inc. The licensing agreement the Company signed in Portugal was for 10 years on an exclusive basis for all of Portugal, and included Awakn's protocols for not just Awakn Kare, but also included protocols to treat Anxiety, Depression, Eating Disorders and PTSD.

Operational Highlights and Business Developments

Research and Development

During the periods stated, Awakn had the following operational highlights and business developments related to its Research and Development function:

Highlights of the Financial Year Ended January 31, 2022

On March 1, 2021, Awakn Inc. acquired from the University of Exeter, an exclusive license to use and deliver the Ketamine in the Reduction of Alcoholic Relapse psychotherapy intervention, as validated in a Phase II clinical trial led by the University of Exeter. The research will allow Awakn and potential licensing partners to treat clients with a research backed treatment for AUD.

On March 8, 2021, Awakn Inc. acquired from Equasy Enterprises, a company established and controlled by Professor David Nutt, five years of proprietary research data, to facilitate the identification and development of next generation candidate MDMA and ketamine-like molecules. The data acquired provides significant insights into previously unknown modes of action for MDMA.

On March 8, 2021, Awakn Inc. appointed Professor David Nutt as Head of Research, to pursue new molecular entities based on the research acquired from Equasy Enterprises. Subsequently on June 24, 2021, Professor David Nutt was appointed as Chief Research Officer of the Company.

On April 27, 2021, Awakn Inc. selected Evotec as its new chemical entity NCE research partner. Evotec activities will include all activities from production of initial molecules, screening in vitro and in vivo, demonstration of MDMA and ketamine-like

pharmacological properties, med chem delivery of analogues, preliminary formulation, evaluation of brain penetration, absorption, distribution, metabolism and excretion ("ADME"), efficacy in vivo, addiction potential and selectivity. These activities are expected to be completed in the first calendar quarter of 2022 delivering lead series' from which a specific preclinical development candidate will be established. Additional activities will include full Clinical Trial Application enabling studies including process development, formulation and Good Laboratory Practice production to facilitate toxicological evaluation, inter-batch comparison, stability analysis, Chemistry Manufacturing Control assay development and formulation, targeted to be completed in early calendar 2024.

On June 28, 2021, the Company announced the filing of patent applications in the United States for two next-generation novel MDMA-derived new chemical entities, further strengthening the Company's intellectual property portfolio and pipeline for the treatment of a broad range of addictions, including, but not limited to alcohol, opioid and behavioural addictions, such as gambling.

On July 7, 2021, the Company reorganized its existing scientific advisory board by dividing it into two separate preclinical and clinical expert advisory boards to be chaired by Professor David Nutt, the Chief Research Officer of the Company. The Preclinical Advisory Board, which will focus on the R&D, will be Dr. Shaun McNulty, the Chief Scientific Officer of the Company, and newly appointed Professor Stephen Husbands (Professor of Medicinal Chemistry in the Department of Pharmacy and Pharmacology at the University of Bath), Professor Harriet de Wit (Professor and Director of the Human Behavioral Pharmacology Laboratory, Department of Psychiatry at the University of Chicago) and Professor Kevin Fone (Professor of Neuroscience at the University of Nottingham).

On July 14, 2021, the Company announced that it will undertake a program of clinical research designed to demonstrate the effectiveness of ketamine-assisted psychotherapy against multiple addictions, initially focusing on treating AUD and gambling addiction. The program will consist of, amongst other activities, a late-stage clinical trial focused on AUD, a mechanistic study focused on gambling addiction and intellectual property development activities. The program was designed and will be led by Professor Celia Morgan, Professor of Psychopharmacology at the University of Exeter, U.K., an internationally respected expert in the therapeutic use of ketamine and the Company's Head of Ketamine-Assisted Psychotherapy for addiction.

On July 22, 2021, the Company appointed Professor Barbara Mason (Director of the Pearson Center for Alcoholism and Addiction Research, Director of the Laboratory of Clinical Psychopharmacology, and the Pearson Family Professor in the Department of Molecular Medicine at the Scripps Research Institute, La Jolla, CA) to its clinical advisory board.

On September 23, 2021, the Company announced that it has acquired the exclusive rights to the data from the phase IIa Bristol Imperial MDMA in Alcoholism Study ("BIMA") from Imperial College London. BIMA is an open-label safety, tolerability and proof-of-concept study to investigate the role of MDMA Assisted Psychotherapy in treating patients with alcohol use disorder ("AUD"). BIMA was the first published study assessing MDMA-Assisted Psychotherapy as a treatment for addiction. The results, which were published in February 2021, indicated that MDMA has the potential to be more effective at treating AUD, with a 20% relapse rate within the first nine months, compared to 75% relapse rate with traditional treatments. The Company believes that this data will assist the Company's progress by enabling a better design and more efficient execution of its clinical program. The Company will now be able to accelerate its clinical research into a phase IIb randomized controlled trial ("RCT") in the U.K.

On October 28, 2021, the Company announced the success of phase one of its new chemical entity development program with Evotec, to strengthen the Company's pipeline for the treatment of a broad range of both substance and behavioral addictions. Using AI and CADD approaches, novel MDMA-like new-chemical-entities chemical series' have been identified. Multiple compounds have been tested in vitro, demonstrating drug-like properties including key components of our target product profile. In total seven chemical series have been identified and three leading compounds have been taken into in vivo efficacy analysis. Two chemical series will be utilized in additional phases of preclinical drug discovery that constitute lead optimization. The data generated will be used to support patent applications and to facilitate the development of preclinical development candidates for clinical development.

On November 16, 2021, the Company signed a memorandum of understanding with Devon Partnership NHS Trust ("NHS") and the University of Exeter creating a collaboration (the "NHS Collaboration") with a view of increasing access to psychedelic-assisted psychotherapy in the UK, with a focus on bringing the Phase II A/B Ketamine-Assisted Therapy for Treatment of Alcohol Use Disorder ("KARE") clinical trial into phase III. The NHS Collaboration establishes a framework and strategic relationship to assess NHS' organizational readiness for ketamine-assisted psychotherapy. The NHS Collaboration will investigate how to enhance the evidence base for ketamine-assisted psychotherapy as an alternative treatment for AUD and treatment-resistant depression within the NHS. The NHS Collaboration will also assess how best to accelerate the on-label use of Ketamine-assisted psychotherapy to treat AUD at scale.

On January 5, 2022, the Company announced the expansion of its study of ketamine for Gambling Disorder to also include three other behavioral addictions including Binge Eating Disorder, Compulsive Sexual Behavior and Internet Gaming Disorder. The study will be led by Prof. Celia Morgan, the Company's Head of Ketamine Assisted Therapy for Addiction and Professor of Psychopharmacology at the University of Exeter. Prof. Morgan's work will investigate a new treatment approach for these behavioral addictions, trying to harness a window in which the brain is able to make new connections. The study will explore and monitor whether the ketamine can increase neuroplasticity using electroencephalogram.

On January 11, 2022, the Company announced ground-breaking positive data from its Phase II ab trial, showing that ketamine combined with Awakn Kare therapy resulted in total abstinence in 162 of 180 days in the following 6-months period, achieving an increase in abstinence from around 2% prior to the trial to 86% post trial. The result for relapse at 6 months, showed that the ketamine plus Awakn Kare group's risk of relapse was 2.7 times less than the placebo plus alcohol education group. The positive Phase II trial outcome and Awakn's newly formed partnership with the UK NHS and UoE, paved the way to progress this trial into Phase III, with the ultimate aim of securing regulatory approval for ketamine-assisted psychotherapy to treat AUD in the UK through the NHS and potentially in other territories.

On January 19, 2022, the Company announced the signing of a memorandum (the "MAPS MOU") of understanding with the Multidisciplinary Association for Psychedelic Studies ("MAPS") to explore a partnership for MDMA-assisted therapy for the treatment of AUD in Europe. Under the terms of the MAPS MOU, the Company will explore a data licensing agreement with MAPS to support the Company's Phase IIb and planned Phase III studies for MDMA-assisted therapy for AUD in Europe. The Company and MAPS will also assess a partnership to secure marketing authorization/regulatory approval for the ethical commercialization of MDMA-assisted therapy for the treatment of AUD in Europe.

On January 26 and February 17, 2022, the Company announced the filing of patent applications for a new chemical series of entactogen-like molecules, further strengthening the Company's intellectual property portfolio and pipeline for the treatment of a broad range of addictions including, but not limited to, substance addictions, such as alcohol, and behavioural addictions, such as gambling disorder and compulsive sexual behaviour.

Highlights of the Financial Year ended January 31, 2023

On April 6, 2022, the Company announced the completion the first phase of its NCE drug discovery program. The Company completed a hit to lead program which delivered on its key goals of identifying and patenting novel chemistry scaffolds. It also established drug discovery assays with the potential to facilitate lead optimization activities. This is an essential first step on the pathway of developing new, faster-acting and safer entactogenic therapies for the market. A combination of computational screening and medicinal chemistry approaches was utilized to identify numerous chemical scaffolds via in vitro pharmacology and drug metabolism and pharmacokinetics ("DMPK") testing. Multiple patents have now been filed with several of these chemical scaffolds, demonstrating in vivo activity, providing an excellent starting point for lead optimization activities.

On May 19, 2022, the Company announced the completion of the world's first ketamine study for a range of behavioral addictions. The behavioral addictions included in the study were Gambling Disorder, Internet Gaming Disorder, Binge Eating Disorder and Compulsive Sexual Behavior. The study investigated ketamine as a new treatment approach for these behavioral addictions by opening a window in which the brain can make new connections to change behavior. The results from the study indicate the desired effects via potentially novel mechanisms and these results merit a larger study and further exploration, which Awakn is now initiating. The study also supports Awakn's Intellectual Property (IP) strategy and existing filed patent applications, positioning Awakn as a leading company in the behavioral-addiction therapeutic research and development industry. The company expects to update investors further on its IP strategy in the coming weeks.

On May 26, 2022, the Company announced the filing of a Patent Cooperation Treat (PCT) application for the treatment of behavioral addictions with ketamine and ketamine-assisted psychotherapy. The PCT covers all behavioral addictions or any recognized disorder or condition with similar compulsive symptoms to those in the study.

On June 2, 2022, Awakn initiated a follow-on behavioural study investigating ketamine as a treatment for Gambling Disorder. The study will be the first investigation globally to explore this technique to treat Gambling Disorder and follows the completion of a successful pilot study for a range of behavioural addictions and the filing of a Patent Cooperation Treaty (PCT) for the treatment of behavioural addictions with ketamine and ketamine-assisted psychotherapy. The larger study will include 42

patients who are suffering from Gambling Disorder and will see participants undergo a memory reactivation procedure, which is designed to weaken the link between reward and addiction memories.

On July 15, 2022, the Company announced that it had initiated its Innovative Licensing and Access Pathway ("ILAP") application for its lead program ketamine (IV) + therapy for treatment for Severe AUD. The ILAP is a UK government run initiative that supports innovative approaches to the safe, timely and efficient development of medicines, which Awakn is applying for in order to accelerate the time to market for its ketamine-assisted therapy for AUD.

On July 20, 2022, the Company announced that the National Institute for Health and Care Research, a UK government agency, has approved grant funding for 66% of the costs of Awakn's Phase III clinical trial exploring the use of ketamine (IV) and therapy for treatment of Severe AUD, which is targeted to be a pivotal trial. The trial is currently forecast to cost approximately CA$3.75 million in total, with Awakn funding approximately CA$1.25 million of that. Awakn will partner with the University of Exeter and the UK's National Health Service to deliver the landmark trial. It is planned to be conducted across seven sites in the UK, with the treatment being administered within the NHS infrastructure. The trial is currently designed to include 280 patients and they will be followed up over the course of six to 12 months. The trial will also pilot bespoke ongoing peer support groups post-treatment.

On August 25, 2022, the Company signed a twelve-month option agreement with a leading drug development, manufacturing, and delivery systems company to in-license a proprietary formulation and route of administration for ketamine. The formulation and route of administration will be optimized for commercialization and has the potential to deepen the intellectual property (IP) moat for Awakn's lead clinical development program Project Kestrel, which targets AUD.

On September 12, 2022, the Company signed a drug development agreement with Catalent for Zydis® Technology (an orally disintegrating tablet) to conduct feasibility studies to improve differentiation of its MDMA program. The agreement will focus on investigating a market-ready proprietary formulation and optimized delivery route for MDMA. Zydis is a unique, freeze-dried, oral solid dosage form that disperses almost instantly in the mouth, without the need for water and has a dispersion speed of as little as three seconds. Zydis is the world's fastest and best-in-class orally disintegrating tablet and has the potential to deliver a faster onset of activity. Awakn plans to use Zydis technology in its late stage MDMA-assisted therapy clinical trials. The agreement will allow Awakn to conduct feasibility studies using Zydis technology for addiction, including substance and behavioural addictions, as well as other mental health disorders, including anxiety, depression, PTSD, and eating disorders.

On January 24, 2023, the Company announced it has initiated an investigative study to establish the dissociative effect of a proprietary and patent pending formulation of (S)-ketamine delivered via an oral thin film. If the results of this study are positive, it will potentially lead to a global licensing agreement for phase I data of the patent pending oral thin film (S)-ketamine formulation. This could result in Awakn advancing to a larger phase II b study and having global exclusivity rights to use the thin film formulation in the treatment of all addictions.

On February 7, 2023, the Company announced the U.K. Medicines and Healthcare products Regulatory Agency (MHRA) has granted Awakn an Innovation Passport as part of the Innovative Licensing and Access Pathway (ILAP) for its proprietary ketamine-assisted therapy for the treatment of Severe Alcohol Use Disorder. ILAP aims to accelerate time to market, facilitating patient access. Similar to the FDA's fast-track program in the United States, the U.K.'s MHRA Innovation Passport provides Awakn with access to specialist advice from the MHRA and its partners, including the National Institute of Health and Care Excellence (NICE). Throughout the therapeutic development process this has the potential to enable a more efficient, and ultimately a faster route to marketing authorization.

On February 9, 2023, the Company announced it has initiated a feasibility study of MDMA leveraging Catalent's proprietary Zydis® ODT fast dissolve technology. The study is focused on establishing the feasibility of using Catalent's Zydis ODT technology for the formulation and delivery of MDMA. A variety of chemical parameters are presently being evaluated to access preliminary formulations and, if proven to be feasible, a viable production formulation will be developed. The ultimate aims of the study are to optimise the delivery of MDMA, to minimise the amount of drug required to deliver efficacy, minimise variability in absorption, and to increase the overall speed of onset. Due to the faster onset of effects of Zydis ODT technology, there is the possibility to shorten sessions and, through pre-gastric absorption and bypassing of the first-pass metabolism, there is potential to enhance pharmacokinetics.

On April 18, 2023, the Company announced that it has signed a Collaboration Agreement with the University of Exeter putting in place a framework for the upcoming Phase III trial for the use of ketamine-assisted therapy to treat Severe AUD. The trial will

be n=280, two-armed randomized placebo-controlled trial. It will be delivered across ten NHS sites, and Awakn will contribute approximately GBP800,000 towards the costs of the trial, with the National Institute for Health Care Research and Medical Research Counsel and University of Exeter contributing the balance of the costs.

Commercialization

During the periods stated, Awakn had the following operational highlights and business developments related to its Commercialization function:

Highlights of the Financial Year Ended January 31, 2022

On July 7, 2021, the Company reorganized its existing scientific advisory board by dividing it into two separate preclinical and clinical expert advisory boards to be chaired by Professor David Nutt, the Chief Research Officer of the Company. The Preclinical Advisory Board, which will focus on the R&D, will be Dr. Shaun McNulty, the Chief Scientific Officer of the Company, and newly appointed Professor Stephen Husbands (Professor of Medicinal Chemistry in Department of Pharmacy and Pharmacology at the University of Bath), Professor Harriet de Wit (Professor and Director of the Human Behavioral Pharmacology Laboratory, Department of Psychiatry at the University of Chicago) and Professor Kevin Fone (Professor of Neuroscience at the University of Nottingham). The Clinical Advisory Board now consists of Dr. Benjamin Sessa (Awakn Chief Medical Officer), Professor Celia Morgan (Professor of Psychopharmacology at the University of Exeter and Awakn's Head of Ketamine-Assisted Psychotherapy for Addiction), Ann Mithoefer (Multidisciplinary Association for Psychedelic Studies ("MAPS")), Dr. Michael Mithoefer (MAPS) and Professor Matt Johnson (Professor of Psychiatry and Behavioural Sciences at John Hopkins), all of whom were members of the scientific advisory board of the Company prior to its reorganization.

On August 4, 2021, the Company signed a 10-year lease to open an Awakn clinic in London ("Awakn Clinics London"), a psychedelic-focused therapy center to treat addition and other mental health conditions. Awakn Clinics London is expected to be approximately 4,419 square-feet and will host eight treatment rooms. The Company has partnered with One Fine Day Design Limited, specialists in designing places that deliver meaningful outcomes and better connections for a brand's audience, creating places, not spaces. Awakn Clinics London will be designed to offer a warm and welcoming experience to demonstrate first-hand how psychedelics can transform the lives of clients. Following a client-centered design approach, the clinic space will showcase an evidence-based environmental design focused on client wellbeing and supports the right context for effective treatment. The clinic is located on Duke's Road, near the UCL Hospital and the British Medical Association.

On October 4, 2021, the Company completed the acquisition of Axonklinikken AS ("Axon"), now originally renamed to Awakn Oslo AS, subsequently renamed to Awakn Norway AS, a leading Ketamine-assisted psychotherapy clinic in Norway. Dr. Lowan Stewart from Axon, has been appointed as Regional Director for the Nordics and Management Director of Awakn Norway AS (the "Oslo Clinic"). The Oslo clinic will serve as the Nordic hub from which the Company plans to expand its clinical network across the region. To complete the acquisition of Axon, the Company issued 200,000 common shares, and has granted an earn-out under which the former shareholders of Axon have the ability to earn up to $1,350,000 based on meeting certain milestones, including opening a second clinic in Norway, opening clinics in second and third Nordic countries, as well as achieving certain agreed upon revenue and EBITDA targets. The Company has the option to pay the earn-out in cash or common shares at its option.

During October, 2021, the Bristol Clinic received its Care Quality Commission's ("CQC") license and its Schedule 2 controlled drugs license from the Home Office to begin Ketamine treatments.

During November 2021 the Bristol clinic started providing Ketamine-assisted psychotherapy to its first clients and in January 2022 construction was completed on the London clinic which is currently undergoing assessment for regulatory approval.

Highlights of the Financial Year Ended January 31, 2023

On March 15, 2022, the Company announced the appointment of Kevin Lorenz as its United States head of commercial development. Mr. Lorenz will lead the Company's therapeutics commercialization activities in the United States, starting with the launch of its licensing partnership for the Company's proprietary methodology of Ketamine assisted therapy to treat alcohol use disorder.

On March 17, 2022, the Company announced that it had received regulatory approval for its flagship clinic in London to begin delivering treatments. This is the Company's third clinic, adding to the Company's two operating clinics located in Bristol (UK) and Oslo (Norway).

On May 17, 2022 the Company announced the appointment of UK leader in Addictions Psychiatry, Dr. Arun Dhandayudham, as Chief Medical Officer. Dr. Ben Sessa is stepping back from his role as CMO to become Awakn's Head of Psychedelic Medicine, allowing him to continue his work in research, academic and training activities, as well as a greater focus on the day-to-day treatment of his clients as the Lead Psychiatrist for Awakn Clinics Bristol. Dr. Dhandayudham brings a wealth of clinical and leadership experience to Awakn. Dr. Dhandayudham has been a Consultant in Addictions Psychiatry since 2005, having trained in Oxford and Cambridge. He currently works as Executive Medical Director of WDP, a large third sector organisation that provides drug and alcohol support and treatment services across the UK, having also previously held the position of joint CEO.

During August, 2022, the Company signed two licensing agreements, one with USA based Revitalist Lifestyle and Wellness Ltd., and another with Canadian based Wellbeings® Pain Management and Dependency Clinic, who are in the process of being trained to deliver KARE therapy. Awakn shall be compensated on a revenue share basis.

On November 9, 2022, the Company announced it had signed its third Licensing Partnership agreement in North America. The agreement is with Nushama to bring Awakn's KARE therapy for AUD to Nushama's clinic in New York City (NYC).

During November, 2022, the Company signed new leases for two clinics in Norway, consisting of a three-room clinic in Trondheim, and a six-room clinic in Oslo. The new six-room clinic in Oslo will replace the Company's current two room clinic in Oslo.

On February 14, 2023, the Company announced the opening of Awakn Clinics Trondheim and will begin treating clients. This will be the second Awakn clinic operating in Norway with a further two clinics already based in the UK. As a result of the opening of this clinic, the Company is required to issue an additional 100,000 common shares to the former shareholders of Awakn Norway AS.

On February 21, 2023, the Company announced it has signed its first Licensing Partnership agreement in Europe with a healthcare consortium currently operating in stealthmode ("Portuguese Partner"). The agreement will support the Portuguese Partner's strategy to launch a new chain of medical-psychedelic clinics in Portugal, with the first location in Lisbon. Awakn will provide the Portuguese Partner with an exclusive licence for use of its clinical protocols for the treatment of AUD, Anxiety, Depression, Eating Disorders and PTSD in Portugal for a period of 10 years. Awakn will train the Portuguese Partner's clinicians in the delivery of these protocols and will provide ongoing strategic, operational, risk management, and marketing support.

On February 28, 2023, the Company announced it has signed its fourth Licensing Partnership agreement in North America. The agreement is with Ken Starr MD Wellness Group, an addiction treatment facility in California. This is the first Licensing Partnership Awakn has signed with a dedicated addiction treatment provider.

On April 11, 2023, the Company announced that it acquired the 49% of Awakn Bristol Limited that it did not currently own, resulting in 100% ownership of Awakn Bristol Limited and its Bristol Clinic.

Awakn Corporate

Highlights of the Financial Year Ended January 31, 2022

On May 13, 2021, the Company and Awakn Inc. entered into a definitive agreement with respect to the RTO.

On June 8, 2021, Awakn Inc. completed, as a condition of the RTO, a private placement of 3,320,220 subscription receipts ("Subscription Receipts") at a price of $2.50 per Subscription Receipt for aggregate gross proceeds of $8,300,550, which proceeds were held in escrow and released upon completion of the RTO on June 16, 2021. In addition, upon completion of the RTO, each Subscription Receipt was converted into one Common Share for an aggregate of 3,320,220 Common Shares.

On June 11, 2021, each of the Company and Awakn Inc. obtained the applicable shareholder approvals relating to the RTO.

On June 16, 2021, the Company and Awakn Inc. completed the RTO and received the approval of the Neo Exchange for the listing of the Common Shares on the Neo Exchange.

On June 23, 2021, the Common Shares began trading on the Neo Exchange under the symbol “AWKN”.

On July 26, 2021, the Company commenced trading on the OTC Market in the United States under the symbol “AWKNF”. Subsequently on August 12, 2021, the Company became qualified to trade on the OTCQB® Venture Market (“OTCQB”). Subsequently on September 1, 2021, the Company obtained DTC Eligibility for shares to be electronically cleared and settled in the United States.

On December 14, 2021, the Company appointed Paul Carter, former Chief Commercial Officer of Gilead Sciences Inc., as an independent member of the Company’s Board of Directors, increasing the independent majority on the board and replacing Dr. Benjamin Sessa who has resigned from the Board of Directors.

Highlights of the Financial Year Ended January 31, 2023

On March 22, 2022, the Company completed a non-brokered private placement through the issuance of 2,031,250 units at a price of $1.60 per unit for gross proceeds of $3,250,000. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of $2.20 for a period of two years.

On June 7, 2022, the Company appointed Dennis Purcell, the Founder of Aisling Capital LLC a major life sciences venture capital firm based in New York City, as a special advisor to the CEO. Mr Purcell is seasoned biotechnology investment industry leader. Prior to the formation of Aisling Capital, Mr. Purcell served on the Executive Committee and as Managing Director of the Life Sciences Investment Banking Group at Chase H&Q, formerly Hambrecht and Quist. During his time in the industry, he has invested in, raised capital for, and advised hundreds of life sciences companies. Mr Purcell will focus on helping the Company establish a its US presence and profile.

On September 15, 2022, and subsequently on November 17, 2022, the Company closed a two-tranche non-brokered private placement financing raising gross proceeds of $2,901,947 (the “Offering”), and completed share for debt transactions in the aggregate amount of $154,750, through the combined issuance of 5,557,630 units (the "Units") at a price of $0.55 per Unit. Each Unit is comprised of one common share (each, a "Common Share") in the capital of the Company and one Common Share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.68 per Common Share until the date that is twenty-four months from the date of issuance.

On October 25, 2022, the Company’s wholly-owned subsidiary, Awakn Norway AS (Awakn Norway), entered into a debt financing agreement (the "Loan Agreement") with TD Veen (the "Lender"), a family-owned, Norwegian investment company and current shareholder of Awakn. Pursuant to the Loan Agreement, the Lender has advanced $781,800 (NOK 6,000,000) bearing interest at a rate of 9% per annum and is secured against Awakn Norway's assets. The Lender shall also receive royalty payments of 2.5% of Awakn Norway's revenues for a five-year period and warrants to purchase up to 600,000 common shares of Awakn at an exercise price of $0.68 per share for a period of two years.

On April 11, 2023, the Company announced that it has completed the filing of three Patent Cooperation Treat (PCT) applications for its NCE program, which has resulted in the issuance of an additional 70,000 common shares to Prof. David Nutt pursuant to the Intellectual Property Transfer Agreement with Equasy Enterprises Ltd.

On April 13, 2023, the Dr. Ben Sessa resigned from his role as Head of Psychedelic Medicine at Awakn.

On April 26, 2023, the Company announced a non-brokered private placement financing for gross proceeds of up to $3,000,000 through the issuance of up to 6,521,739 units in the capital of the Company (the "Units") at a price of $0.46 per Unit (the "Offering"), and that the Company has closed the first tranche of the Offering issuing 2,392,858 Units for gross proceeds of $1,100,715. Each Unit is comprised of one common share in the capital of the Company and three quarters of one whole Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.63 per Common Share for a period of five years from the date of issuance.

Regulatory Framework

The Company's AIF sets forth a discussion on the regulatory framework under which the Company operates. Changes to the regulatory framework may result in the Company's future results to differ materially from those described in this MD&A. The Company's business, financial condition, results of operations and cash flows, and consequently the price of the Shares, could be materially and adversely affected as a result of changes to the regulatory framework. See "Regulatory Framework" in the AIF for details.

Milestones and Business Objectives

The following milestones include "forward-looking statements" and as such, there is no guarantee that such milestones will be achieved on the timelines indicated or at all. Forward-looking statements are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions. See "Forward-Looking Statements" and "Risk Factors". The target dates that the Company reports below may vary quarter over quarter as the Company updates its targets as additional information with regards to timing comes available, at times removing previous milestones which had been stated as targets.

Milestone[(1)]	**Target Date** (Calendar Quarter)	**Status**
Phase II ab KARE: Ketamine for reduction of Alcoholic Relapse, acquired under license from University of Exeter publication in American Journal of Psychiatry	Q4 2021	Completed
Open Awakn Medical Psychedelic-Assisted Psychotherapy Clinic in London, United Kingdom	Q1 2022	Completed
New Chemical Entity drug development: Lead series identified	Q1 2022	Completed
Early feasibility study on Gambling addiction, compulsive sexual behavior, gaming addiction and binge eating disorder	Q2 2022	Completed
Therapeutics Commercialization: Ketamine-Assisted Therapy for Treatment of Alcohol Use Disorder ("KARE") developed and launched into US and Canada	Q3 2022	Completed
Open additional Awakn Medical Psychedelic-Assisted Psychotherapy Clinic in Trondheim, Norway	Q1 2023	Completed
Complete testing of proprietary formulation for (S)-ketamine to ensure appropriate dissociation effects are achieved	Q2 2023	In Progress
Mechanistic study of Ketamine in Gambling addiction.	Q2 2023	In Progress
Sign exclusive global licensing agreement for a proprietary formulation for (S)-ketamine for Addiction, Anxiety, Eating Disorders and PTSD	Q2 2023	Not started
Ketamine for reduction of Alcoholic Relapse Phase III MHRA regulatory and ethics approval	Q2 2023	In Progress
Open larger Awakn Medical Psychedelic-Assisted Psychotherapy Clinic in Oslo, Norway	Q2 2023	In Progress
Zydis MDMA feasibility study stage one completed	Q2 2023	In Progress
Complete Zydis MDMA feasibility study	Q3 2023	In Progress
Negotiate and execute global license agreement for Zydis MDMA	Q3 2023	Not Started
Ketamine for reduction of Alcoholic Relapse Phase III first participant, first visit	Q3 2023	Not started
IND submission to FDA for proprietary (S)-ketamine to treat AUD	Q4 2023	Not Started

(1) All milestones related to the Company's New Chemical Entity drug development have been removed as the Company is focusing its capital resources on its Ketamine and Zydis MDMA research programs.

Factors Affecting the Company's Performance

The Company's performance and future success depends on a number of factors. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below. See "Forward-Looking Statements" and "Risk Factors" elsewhere in the Company's MD&A.

Results of Operations

The following table sets out selected financial information for the previous years up to January 31, 2023.

	Year ended January 31, 2023	Year ended January 31, 2022	Period from Incorporation to January 31, 2021
	($)	($)	($)
Revenue	1,495,343	236,037	Nil
Net Loss attributable to shareholders	(9,142,555)	(15,945,845)	(944,924)
Net Loss per share attributable to shareholders – basic and diluted	(0.36)	(0.73)	(0.07)
Total assets	4,393,628	6,876,056	825,488
Working capital (deficit)	(1,487,649)	255,650	234,945
Long-term liabilities	1,980,482	1,997,250	118,434
Cash dividends declared	Nil	Nil	Nil

The Company has undertaken an internal business optimization process in order to cut certain non-strategic costs. The Company expects this to result in the reduction of several costs in general and administration as well as sales and marketing. The Company has also determined that it will focus R&D on its ketamine research as well as its Zydis MDMA research programs and has paused funding of its NCE program. Through this process, and targeted growth in revenue from its clinics, the Company expects to see its monthly burn rate decrease.

Revenue

	Three months ended January 31, 2023	Three months ended January 31, 2022	Year ended January 31, 2023	Year ended January 31, 2022
	($)	($)	($)	($)
Service revenue	**471,813**	204,300	**1,495,343**	236,037

Revenue of $471,813 and $1,495,343 for the three months and year ended January 31, 2023, respectively, was generated from the provision of Ketamine assisted therapies at the Oslo, Bristol and London clinics. Only the Oslo and Bristol clinics were open for a short period during the comparable period in the prior year. Revenue for the three months ended January 31, 2023 increased by approximately 131% compared to the three months ended January 31, 2022 of $204,300. Revenue for the year months ended January 31, 2023, increased by approximately 534% compared to the year ended January 31, 2022 of $236,037. This increase is due to the continued ramp up in the number of clients being seen at all three clinics, and the opening of London.

Operating Expenses

Components of operating expenses for the three months and year ended January 31, 2023 and 2022 were as follows:

	Three months ended January 31, 2023	Three months ended January 31, 2022	Year ended January 31, 2023	Year ended January 31, 2022
	($)	($)	($)	($)
Research and development	**284,964**	1,412,548	**1,572,447**	3,309,083
General and administration	**848,476**	1,208,806	**3,431,933**	3,306,056
Sales and marketing	**392,773**	749,597	**1,400,884**	1,630,312
Stock-based compensation	**213,550**	314,723	**628,233**	1,090,277
Depreciation and amortization	**159,459**	93,150	**603,534**	181,411
Service costs	**926,798**	381,787	**3,050,028**	512,870
Total	**2,826,020**	4,160,611	**10,687,059**	10,030,009

The Company incurred research and development costs of $284,964 and $1,572,447 for the three months and year ended January 31, 2023, respectively. The Company saw a significant decrease of $1,127,584 for the current period compared to the prior year period and a significant decrease of $1,736,636 year over year, largely because the hit to lead program for the NCE development program with Evotec was completed. In general, the costs incurred in the current period related to ongoing Ketamine research (such as the mechanistic study for gambling addiction and testing the (S)-ketamine OTF), the Zydis feasibility study, costs associated with IP protection, and costs associated with the Company's research team.

Research and development costs of $1,412,548 and $3,309,083, for the three months and year ended January 31, 2022, respectively, were largely related to the NCE development program with Evotec, MDMA research, ongoing ketamine research (such as the mechanistic study for gambling addiction), costs associated with IP protection, and costs associated with the Company's research team.

Key aspects of general and administrative expenses are provided in additional detail below:

	Three months ended January 31, 2023	Three months ended January 31, 2022	Year ended January 31, 2023	Year ended January 31, 2022
	($)	($)	($)	($)
Personnel costs	**333,040**	686,248	**1,682,436**	1,407,409
Professional fees	**352,135**	135,238	**1,009,568**	1,109,088
Office and general	**163,301**	387,320	**739,929**	789,559
Total	**848,476**	1,208,806	**3,431,933**	3,306,056

During the three months ended and year ended January 31, 2023, the largest component of the general and administrative costs related to personnel costs of $333,040 and $1,682,436, respectively, compared to $686,248 and $1,407,409, for the same periods in the prior year.

Sales and marketing costs of $392,773 and $1,400,884 for the three months and year ended January 31, 2023, respectively, related to certain PR, media, website and branding costs incurred as the Company continues to ramp up its clinics and increase awareness of the overall Company. The decrease of $356,824 and $229,428 for the three months and year ended January 31, 2023, respectively, from the comparative periods ended January 31, 2022, was due to the timing of certain marketing, website and branding work during Q4 of the prior year.

Stock-based compensation costs of $213,550 and $628,233 for the three months and year ended January 31, 2023, respectively, related to stock options vested during the periods, and the associated expense recorded based on the fair value using a Black Scholes Option Pricing Model. The main reason for the decrease of $101,173 and $462,044 for the three months and year ended January 31, 2023, respectively, from the same prior year periods was due to option vesting periods and certain options that vested on issuance.

Service costs for the three months and year ended January 31, 2023, totaled $926,798 and $3,050,028, respectively, an increase of $545,011 and $2,537,158 respectively for the comparative periods ended January 31, 2022. Service costs are direct costs incurred by a clinic from the point at which the clinic can begin providing treatments. For UK clinics, this is deemed to be on

receipt of the Care Quality Commission ("CQC") license. Clinic costs incurred before a clinic is able to commence treatment are classified as general and administrative. The increase year over year was due to the increase in operations of the first three clinics as the Company hired additional staff as it is seeing additional patients.

If the Company deducts the service costs from its service revenue for each of the periods, the Company was operating at a net loss at the clinic level of $454,985 for the three months ended January 31, 2023, and $1,554,685 for the year ended January 31, 2023, as the Company had limited hiring at the clinics during the period, while it continued to ramp up the number of clients. The service costs as a percentage of revenue for the year ended January 31, 2023, was 204%, compared to 196% for the three months ended January 31, 2023, reflecting that the costs have ramped up in line with the initial revenue.

Other expense (income)

Components of other expense (income) for the years ended January 31, 2023 and 2022 were as follows:

	Three months ended January 31, 2023	**Three months ended January 31, 2022**	**Year ended January 31, 2023**	**Year ended January 31, 2022**
	($)	**($)**	**($)**	**($)**
Other income	**4,995**	(1,627)	**2,374**	(10,350)
Finance costs	**83,978**	60,316	**266,516**	205,426
Change in fair value of derivative liabilities	**-**	-	**-**	5,082,558
Change in fair value of contingent consideration	**17,097**	155,647	**(617,867)**	179,977
Transaction costs	**-**	16,249	**-**	204,522
Listing expense	**-**	(1,500)	**-**	957,967
Foreign exchange loss (gain)	**(461,843)**	(7,327)	**(32,053)**	57,643
Impairment of goodwill	**840,881**		**840,881**	
Total	**485,108**	221,758	**459,851**	6,677,743

During the three months and year ended January 31, 2023, finance costs of $83,978 and $266,516, respectively, were incurred relating to the Company's lease liabilities and loan payable. In the prior year the finance costs of $60,316 and $205,426, respectively, were primarily related to accretion expenses on the convertible debentures and to a lesser extent the Company's lease liabilities. The amounts were fairly consistent period over period and year over year, as there were no new leases signed.

During the three months and year ended January 31, 2023, the change in fair value of derivative liabilities of $Nil and $Nil, respectively, compared to $Nil and $5,082,558, in the prior periods, respectively. The prior year related to the re-measurement and conversion of the convertible debentures that took place prior to the completion of the RTO. These costs were not incurred in the current year, as there were no convertible debentures or derivative liabilities in the current year.

During the three months and year ended January 31, 2023, change in fair value of contingent consideration of $17,097 and $617,867, respectively, which was incurred, as a result of the revaluation of the contingent consideration payable to vendors as part of the acquisition of the Axon, which was initially estimated to have an undiscounted value of $1,350,000. The key reason for the reduction in the contingent consideration was due to the share price decrease of the Company.

During the three months and year ended January 31, 2023, transaction costs of $Nil and $Nil, respectively, were incurred, compared to the same periods in the prior year of $16,249 and $204,522, respectively. The $204,522 is largely related to the costs incurred in conjunction with the convertible debenture financing and the acquisition of Axon.

During the three months and year ended January 31, 2023, the foreign exchange gain was $461,843 and $32,053, respectively, compared to the same periods in the prior year of $7,327 gain and $57,643 loss, respectively. The changes are due to fluctuations of USD, EUR and GBP against CAD in current period.

During the three months ended January 31, 2023, the Company incurred an Impairment of goodwill of $840,881. The goodwill related to the acquisition of Awakn's first clinic in Oslo. Overall the Company continues to see growth in its clinic operations, however, as the growth rate has been slower than originally determined, and other market conditions, the Company determined it would impair 100% of the goodwill.

Summary of Quarterly Results

The following table sets out selected quarterly information for the previous quarters of Awakn up to January 31, 2023.

	Three months ended January 31, 2023	Three months ended October 31, 2022	Three months ended July 31, 2022	Three months ended April 30, 2022
	($)	($)	($)	($)
Revenue	471,813	430,504	339,872	253,154
Net Loss attributable to shareholders	(2,655,196)	(1,470,924)	(2,299,245)	(2,717,190)
Net Loss per share attributable to shareholders – basic and diluted	(0.09)	(0.05)	(0.09)	(0.11)
Total assets	4,393,628	5,793,687	5,122,761	7,713,602
Working capital	(1,487,649)	(995,277)	(1,144,198)	938,956
Long-term liabilities	1,980,482	1,871,845	1,564,365	1,792,945
Cash dividends declared	Nil	Nil	Nil	Nil

	Three months ended January 31, 2022	Three months ended October 31, 2021	Three months ended July 31, 2021	Three months ended April 30, 2021
	($)	($)	($)	($)
Revenue	204,300	31,737	-	-
Net Loss attributable to shareholders	(4,040,518)	(2,945,617)	(7,799,878)	(1,159,388)
Net Loss per share attributable to shareholders – basic and diluted	(0.16)	(0.12)	(0.37)	(0.07)
Total assets	6,876,056	10,736,918	9,944,697	4,012,502
Working capital	255,650	4,374,955	8,590,769	3,170,663
Long-term liabilities	1,997,250	2,064,064	89,529	3,936,293
Cash dividends declared	Nil	Nil	Nil	Nil

Revenue has been increasing quarter over quarter due to clinic expansion as discussed in earlier sections, having seen the most recent quarter over quarter revenue increase of approximately 10%.

The comprehensive loss for the three months ended January 31, 2023 was $3,104,886, of which $184,119 was allocated towards a non-controlling interest. The loss was primarily due to (i) general and administrative expenses of $848,476; and (ii) sales and marketing expenses of $392,773 and service costs of $926,798.

Liquidity and Capital Resources

The Company's total cash balance as at January 31, 2023 was $550,866 (January 31, 2022 - $1,623,190) and a total working deficit of $1,487,649 (January 31, 2022 - working capital of $255,650). The Company expects to be able to meet its on-going obligations primarily through capital raises and the issuance of equity or debt until such time that sufficient revenue can be generated through its service offerings. To date, the Company has been able to raise capital through financing that will fund the Company's planned growth and development activities. As at January 31, 2023, the Company has long-term debt obligations, including the loan to Awakn Norway, leases and contingent consideration.

On March 22, 2022, the Company completed a non-brokered private placement through the issuance of 2,031,250 units at a price of $1.60 per unit for gross proceeds of $3,250,000. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of $2.20 for a period of two years.

On September 14, 2022, the Company issued 1,880,454 units at $0.55 per unit, for aggregate gross proceeds of $1,034,250. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.68 for a period of two years from the date of issuance.

On October 25, 2022, Awakn Norway entered into a debt financing agreement with TD Veen and received total proceeds of $781,800 (NOK 6,000,000).

On November 16, 2022, the Company issued 3,395,812 units at $0.55 per unit, for aggregate gross proceeds of $1,976,800. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.68 for a period of two years from the date of issuance.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to provide adequate returns for shareholders. The Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company manages its capital structure and makes adjustments in light of the changes in its economic environment and the risk characteristics of the Company's assets.

At January 31, 2023, the Company had not yet achieved profitable operations, has accumulated losses since its inception and expects to incur further losses in the development of its business, all of which 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 and obtaining debt financing, 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.

The following table shows the Company's cash flows from operating investing and financing activities for the year ended January 31, 2023 as compared to the year ended January 31, 2022.

	Year ended January 31, 2023	Year ended January 31, 2022
	($)	($)
Cash used in operating activities	(7,363,586)	(8,586,259)
Cash used in investing activities	(95,345)	(1,685,379)
Cash from financing activities	6,403,539	11,501,513

Cash used in operating activities

During the year ended January 31, 2023, cash used in operating activities of $7,363,586 was primarily due to the Company's focus on its initial research programs, ramping up operations for the clinics, and other general overhead and working capital items.

Cash used in investing activities

During the year ended January 31, 2023, cash used in investing activities of $95,345 consisted primarily of the acquisition of property and equipment, largely related to leasehold improvements for its clinics.

Cash from financing activities

During the year ended January 31, 2023, cash from financing activities of $6,403,539 was primarily due to proceeds from the non-brokered private placement through the issuance of 2,031,250 units at a price of $1.60 per unit for gross proceeds of $3,250,000 and the issuance 5,557,630 units at $0.55 per unit, for aggregate gross proceeds of $3,056,697 (including certain share for debt transactions). The Company also obtained total debt financing proceeds of $781,800 (NOK 6,000,000).

Contractual obligations and commitments

As at January 31, 2023, the payments due by period are set out in the following table:

	Total ($)	< 1 year ($)	2 – 3 years ($)	4 – 5 years ($)	After 5 years ($)
Accounts payable and accrued liabilities	1,981,725	1,981,725	Nil	Nil	Nil
Finance lease obligations	2,579,042	386,517	664,237	526,839	1,001,449
Contingent consideration	850,000	250,000	600,000	Nil	Nil
Purchase obligations	Nil	Nil	Nil	Nil	Nil
Other obligations	781,800	Nil	781,800	Nil	Nil
Total contractual obligations	**6,192,567**	**2,618,242**	**2,046,037**	**526,839**	**1,001,449**

Outstanding share data

The Company's authorized share capital consists of an unlimited number of Common Shares without par value and unlimited number of preferred shares without par value. As of April 27, 2023, please see the table below for information regarding outstanding share capital of the Company.

Common shares	35,039,135
Options	3,021,746
Warrants	10,843,884
Deferred share units (see Off-Balance Sheet Arrangements below)	35,172
Fully diluted share capital	**48,939,937**

The objective of the Company is to generate a return on investment to shareholders through capital appreciation. The Company intends to reinvest future earnings, if any, into operations to finance expansion of the business and does not intend to pay dividends in the foreseeable future.

Off-Balance Sheet Arrangements

Contingent consideration payable to Equasy Enterprises
Pursuant to the purchase agreement entered into with Equasy Enterprises for the purchase of certain IP assets, the Company agreed to issue Equasy Enterprises up to 330,000 Common Shares upon the successful completion of certain development and regulatory milestones. Subsequent to period end, the Company announced certain milestones had been met resulting in the issuance of 70,000 of the shares.

Deferred share units ("DSUs") granted
On December 13, 2021, the Company granted 35,172 DSUs to a director of the Company, pursuant to a restricted share unit ("RSU") and DSU compensation plan ("RSU/DSU Plan") adopted by the Company. The maximum number of awards issuable under the RSU/DSU Plan, together with the number of stock options issuable under the Company's stock option plan, may not exceed 10% of the number of issued and outstanding common shares of the Company as at the date of grant. Each vested DSU entitles the participant to receive one common share of the Company upon settlement. As the RSU/DSU Plan remains subject to the approval of the Neo Exchange Inc. and shareholder ratification as at year ended January 31, 2023, no share-based compensation related to the issuance of DSUs has been made in these consolidated financial statements.

Related Party Transactions

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's senior management. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. Unless otherwise stated, none of the transactions incorporated special terms and

conditions and no guarantees were given or received. During the years ended January 31, 2023 and 2022, the Company had the following related party transactions:

(a) Key management includes directors and officers of the Company. Compensation awarded to key management was comprised of the following for the periods:

		Year ended January 31, 2023		Year ended January 31, 2022
Short-term compensation	$	1,540,765	$	1,199,807
Share-based payments		424,145		671,047
Total	**$**	**1,964,910**	$	1,870,854

(b) As at January 31, 2023, a balance of $232,788 (January 31, 2022 - $68,205) was due to directors and officers of the Company, which was included in accounts payable and accrued liabilities on the consolidated statements of financial position. The balance was non-interest bearing, unsecured and repayable on demand.

Critical Accounting Estimates and Judgements

The preparation of the consolidated 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.

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.

Estimated useful lives, impairment considerations, 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. Goodwill and indefinite life intangible asset impairment testing require management to make estimates in the impairment testing model. On an annual basis, the Company tests whether goodwill and indefinite life intangible assets

are impaired. Impairment is influenced by judgment in defining a cash generating unit ("CGU") and determining the indicators of impairment, and estimates used to measure impairment losses. The recoverable value of goodwill, indefinite and definite long-lived assets is determined using discounted future cash flow models, which incorporate assumptions regarding projected future cash flows and capital investment, growth rates and discount rates.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. The determination of the fair value of identifiable intangible assets, in particular, requires the use of significant estimates and assumptions, such as estimated growth rate, margins and discount rates.

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.

Deferred taxes

Significant estimates are required in determining the Company's income tax provision. Some estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favourable or unfavourable effects on the Company's future effective tax rate. These include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, and results of tax audits by tax authorities.

Standards issued but not yet effective

International Accounting Standard ("IAS") 1 Classification of Liabilities as Current or Non-Current

In January 2021, the 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.

Disclosure of Accounting Policies (Amendments to IAS 1)

The amendments to IAS 1 require an entity to disclose its material accounting policies instead of its significant accounting policies, The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively. The implementation of this amendment is not expected to have a significant impact on the Company.

Deferred Tax on Assets and Liabilities Arising From Lease and Decommissioning Obligation Transactions (Amendments to IAS 12, Income Taxes)

The amendments to IAS 12 provide clarifications in accounting for deferred tax on certain transactions such as leases and decommissioning obligations. The amendments clarify that the initial recognition exemption does not apply to transactions such as leases and decommissioning obligations. As a result, entities may need to recognize both a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied to transactions that occur on or after the beginning of the earliest comparative period presented. The implementation of this amendment is not expected to have a significant impact on the Company.

Standards issued and adopted

During the year ended January 31, 2023, the Company adopted certain IFRS amendments. The application of these amendments had no significant impact on the Company's financial position or results of operations. As required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the nature of these changes are disclosed below:

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets)

On May 14, 2020, the IASB issued amendments to IAS 37 to specify that the 'cost of fulfilling' a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The adoption of these amendments did not have a material impact on the consolidated financial statements.

Fees in the '10 Per Cent Test' for Derecognition of Financial Liabilities (Amendments to IFRS 9, Financial Instruments)

The amendments to IFRS 9 clarify which fees an entity includes when it applies the '10 per cent test' in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Property, Plant and Equipment – Proceeds Before Intended Use (Amendments to IAS 16, Property, Plant and Equipment)

The amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Financial Instruments

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 January 31, 2023, 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 year ended January 31, 2023, level three inputs were used to determine the fair value o the contingent consideration. All convertible debentures and derivative liabilities were either converted or extinguished at January 31, 2022.

Risk Management

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

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 January 31, 2023, 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 its 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:

As at January 31, 2023	Total $	Less than 1 year $	1 year to 3 years $	3 year to 5 years $	Over 5 years $
Accounts payable and accrued liabilities	1,981,725	1,981,725	-	-	-
Lease liabilities	2,579,042	386,517	664,237	526,839	1,001,449
Loans payable	781,800	-	781,800	-	-
Contingent consideration	850,000	250,000	600,000	-	-
	6,192,567	**2,618,242**	**2,046,037**	**526,839**	**1,001,449**

As at January 31, 2022	Total $	Less than 1 year $	1 year to 3 years $	3 year to 5 years $	Over 5 years $
Accounts payable and accrued liabilities	1,287,214	1,287,214	-	-	-
Lease liabilities	3,061,503	355,977	730,425	617,577	1,357,524
Contingent consideration	1,350,000	250,000	800,000	300,000	-
	5,698,717	**1,893,191**	**1,530,425**	**917,577**	**1,357,524**

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.

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	(432,632)	10%	(70,907)
EUR	11,826	10%	1,710
USD	(131,071)	10%	(17,449)
NOK	(5,754,909)	10%	(76,747)

Risk Factors

The Company's AIF sets forth material risks and uncertainties that may affect the Company's business that could cause the Company's future results to differ materially from those described in this MD&A. The risks and uncertainties described in the AIF are those the Company currently believes to be material, but they are not the only ones the Company faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that it currently considers not to be material, actually occur or become material risks, the Company's business, financial condition, results of operations and cash flows, and consequently the price of the Shares, could be materially and adversely affected. See "Risk Factors" in the AIF for details.