AWAKN LIFE SCIENCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED APRIL 30, 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 June 14, 2023, and is for three months ended April 30, 2023. It is supplemental to and should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended April 30, 2023, and with the 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 condensed consolidated interim 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 June 14, 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.

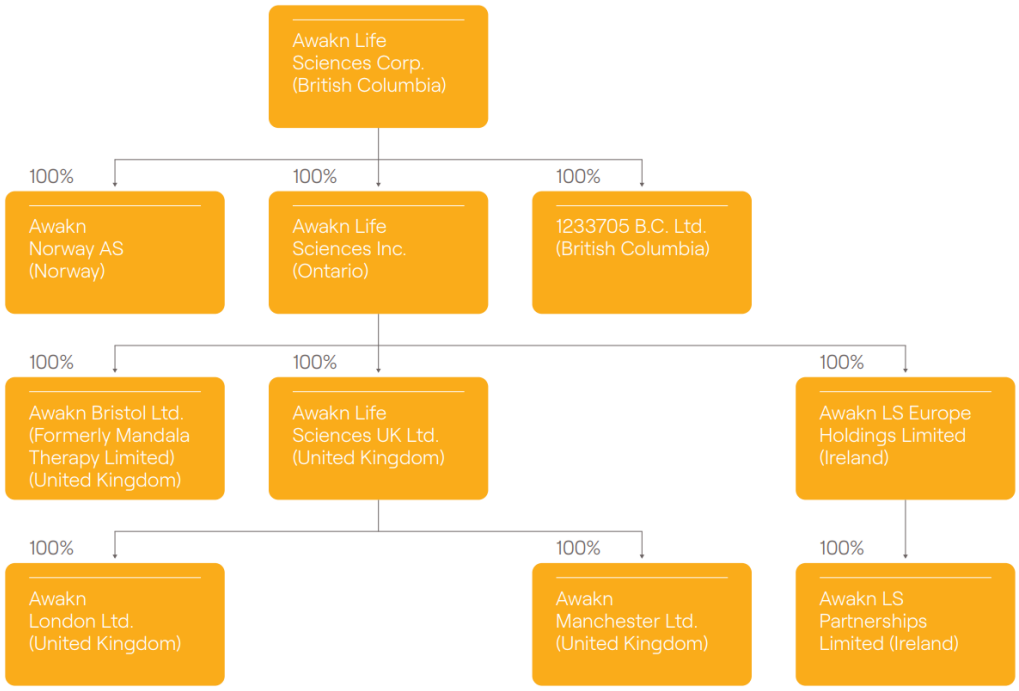
Corporate Structure

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 therapeutics targeting addiction with appropriate intellectual property moats.

2. **Commercialization**

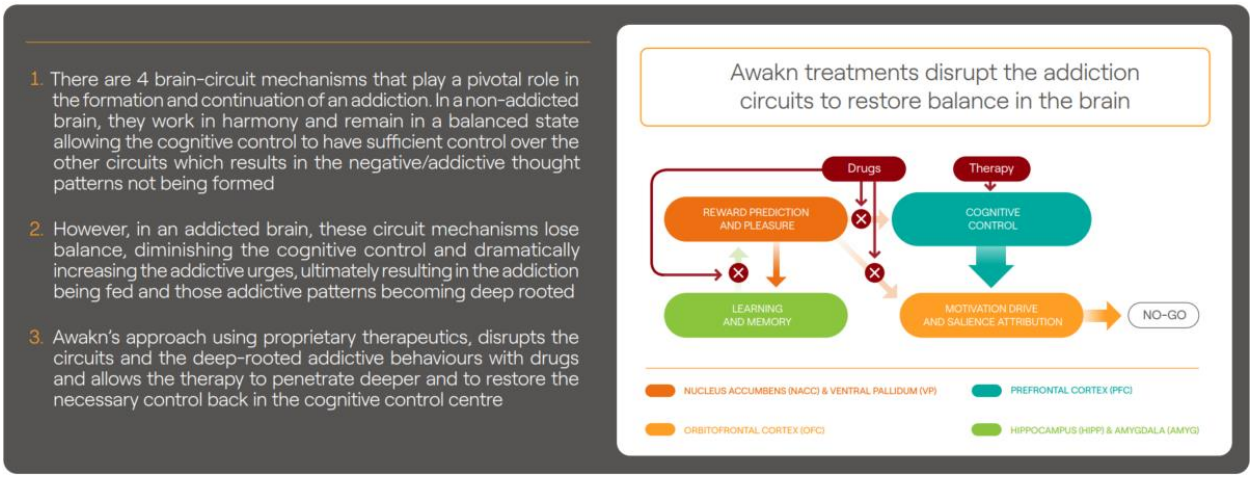
    - **Clinics:**
      Awakn has historically operated a limited number of healthcare clinics deploying the therapeutics developed in the Company's R&D business; to generate revenue and clinical data, and to provide the latest evidence backed therapeutics to treat addiction and mental health conditions. On 9th June 2023, Awakn announced its intention to exit from the healthcare clinics business and Awakn plans to sale, transfer, or shut its four healthcare clinics between June 2023 and August 2023.
    - **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.

Approach to treating addiction

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's go-forward focus from commercialization is via its 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.

Historically, the Company has also operated 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 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. Subsequent to period end announced that it:

1. Has initiated a strategic review of its Norwegian healthcare clinics business unit, Awakn Oslo AS, which consists of two clinics, one in Oslo and one in Trondheim. Awakn Oslo AS generated its highest monthly revenue to date during May

2023, driven by the opening of its Trondheim clinic in March 2023, and its new Oslo clinic in May 2023. As part of the strategic review, Awakn is seeking potential purchasers of Awakn Oslo AS.

2. Has signed a non-binding term sheet to exclusively license selected elements of its healthcare services intellectual property ("IP"), within the UK, and to non-exclusive license for Awakn Kare, also within the UK, with a consortium consisting of a private UK investment company and a large UK 3rd sector addiction and mental health treatment provider, for an upfront fee and a revenue share.
3. Is initiating a restructuring of its UK healthcare clinics business unit, in which Awakn's UK entities are expected to enter into administration or liquidation.

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, 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.

Highlights of the Current Period Ended April 30, 2023

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, 2023

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.

Highlights of the Current Period Ended April 30, 2023

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.

One June 9, 2023, the Company announced that it:

1. Has initiated a strategic review of its Norwegian healthcare clinics business unit, Awakn Oslo AS, which consists of two clinics, one in Oslo and one in Trondheim. Awakn Oslo AS generated its highest monthly revenue to date during May 2023, driven by the opening of its Trondheim clinic in March 2023, and its new Oslo clinic in May 2023. As part of the strategic review, Awakn is seeking potential purchasers of Awakn Oslo AS.
2. Has signed a non-binding term sheet to exclusively license selected elements of its healthcare services intellectual property ("IP"), within the UK, and to non-exclusive license for Awakn Kare, also within the UK, with a consortium consisting of a private UK investment company and a large UK 3rd sector addiction and mental health treatment provider, for an upfront fee and a revenue share.
3. Is initiating a restructuring of its UK healthcare clinics business unit, in which Awakn's UK entities are expected to enter into administration or liquidation.

Awakn Corporate

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.

Highlights of the Current Period Ended April 30, 2023

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.

On June 9, 2023, the Company agreed to issue 2,700,000 share purchase warrants to a consultant of the Company. The warrants shall be exercisable at $0.63, for a period of five years from the date of issuance. The issuance of these warrants has been approved by the exchange.

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**
Open additional Awakn Medical Psychedelic-Assisted Psychotherapy Clinic in Trondheim, Norway	Q1 2023	Completed
Open larger Awakn Medical Psychedelic-Assisted Psychotherapy Clinic in Oslo, Norway	Q2 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	Q3 2023	Not started
Ketamine for reduction of Alcoholic Relapse Phase III MHRA regulatory and ethics approval	Q3 2023	In Progress
Zydis MDMA feasibility study stage one completed	Q3 2023	In Progress
Complete Zydis MDMA feasibility study	Q4 2023	In Progress
Negotiate and execute global license agreement for Zydis MDMA	Q4 2023	Not Started
Ketamine for reduction of Alcoholic Relapse Phase III first participant, first visit	Q4 2023	Not started
IND submission to FDA for proprietary (S)-ketamine to treat AUD	Q1 2024	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 three months ended April 30, 2023 and 2022.

	Three months ended April 30, 2023	Three months ended April 30, 2022
	($)	($)
Revenue	510,764	253,154
Net Loss attributable to shareholders	(1,588,984)	(2,717,190)
Net Loss per share attributable to shareholders – basic and diluted	(0.06)	(0.11)
Total assets	4,448,239	7,713,602
Working capital (deficit)	(2,308,072)	938,956
Long-term liabilities	2,068,056	1,792,945
Cash dividends declared	Nil	Nil

Revenue

	Three months ended April 30, 2023	Three months ended April 30, 2022
	($)	($)
Service revenue	510,764	253,134

Revenue of $510,764 (2022 - $253,154) for the three months ended April 30, 2023, was generated from the provision of Ketamine assisted therapies at the Oslo, Bristol, London and Trondheim clinics. During the comparable period, the Oslo and Bristol clinics were operating, and the London clinic opened during the quarter. Revenue for the three months ended April 30, 2023 increased by approximately 102% compared to the three months ended April 30, 2022 of $253,154. This increase is due to the continued ramp up in the number of clients being seen at all four clinics, and the opening of Trondheim.

Operating Expenses

Components of operating expenses for the three months ended April 30, 2023 and 2022 were as follows:

	Three months ended April 30, 2023	Three months ended April 30, 2022
	($)	($)
Research and development	**219,100**	681,510
General and administration	**826,597**	1,003,553
Sales and marketing	**224,594**	289,347
Stock-based compensation	**79,505**	198,747
Depreciation and amortization	**171,192**	139,240
Service costs	**940,684**	587,549

The Company incurred research and development costs of $219,100 (2022 - $681,510) for the three months ended April 30, 2023. The Company saw a significant decrease of $462,410 for the current period compared to the prior year period, largely because the hit to lead program for the NCE development program with Evotec was completed during the prior year. 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.

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

	Three months ended April 30, 2023	Three months ended April 30, 2022
	($)	($)
Personnel costs	355,319	513,117
Professional fees	256,204	228,892
Office and general	215,074	261,544
Total	826,597	1,003,553

During the three months ended April 30, 2023, the largest component of the general and administrative costs related to personnel costs of $355,319 (2022 -$513,117). The Company saw a reduction in personnel costs as in 2022, included costs related to the startup of the London clinic prior to starting to see patients.

Sales and marketing costs of $224,594 (2022 - $289,347) for the three months ended April 30, 2023 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 $64,753 for the three months ended April 30, 2023, from the comparative period ended April 30, 2022, was due to cost cutting mechanisms.

Stock-based compensation costs of $79,505 (2022 - $198,747) for the three months ended April 30 2023, 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 from the same prior year period was due to option vesting periods and certain options that vested on issuance.

Service costs for the three months ended April 30, 2023, totaled $940,684 (2022 - $587,549), an increase of $353,135 from the comparative period ended April 30, 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 four 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 $429,920 (2022 - $334,395) for the three months ended April 30, 2023. The service costs as a percentage of revenue for the period ended April 30, 2023, was 184%, compared to 232% for the three months ended April 30, 2022, reflecting that the revenue has been increasing while the Company works to reduce the costs.

Other expense (income)

Components of other expense (income) for the three months ended April 30, 2023, and 2022 were as follows:

	Three months ended April 30, 2023	Three months ended April 30, 2022
	($)	($)
Other loss (income)	545	(416)
Finance costs	68,213	58,512
Change in fair value of contingent consideration	(14,305)	(163,867)
Foreign exchange loss (gain)	(325,202)	259,685
Total	(270,749)	153,914

During the three months ended April 30, 2023, finance costs of $68,213 (2022 - $58,512), were incurred relating to the Company's lease liabilities and loan payable. The slight increase is due to a new lease in Trondheim, Norway.

During the three months ended April 30, 2023, the value of the contingent consideration decreased by $44,000, which was the value of the shares issued to the former shareholders of Awakn Norway AS pursuant to the opening of Awakn Clinics Trondheim. During the three months ended April 30, 2023, the change in fair value of contingent consideration was $14,305 (2022 - $163,867), 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 ended April 30, 2023, the foreign exchange gain was $325,202 (2022- loss of $259,685). The changes are due to fluctuations of USD, EUR and GBP against CAD in current period.

Summary of Quarterly Results

The following table sets out selected quarterly information for the previous quarters of Awakn up to April 30, 2023.

	Three months ended April 30, 2023	Three months ended January 31, 2023	Three months ended October 31, 2022	Three months ended July 31, 2022
	($)	($)	($)	($)
Revenue	510,764	471,813	430,504	339,872
Net Loss attributable to shareholders	(1,588,984)	(2,655,196)	(1,470,924)	(2,299,245)
Net Loss per share attributable to shareholders – basic and diluted	(0.06)	(0.09)	(0.05)	(0.09)
Total assets	4,448,239	4,393,628	5,793,687	5,122,761
Working capital (deficit)	(2,308,072)	(1,487,649)	(995,277)	(1,144,198)
Long-term liabilities	2,068,056	1,980,482	1,871,845	1,564,365
Cash dividends declared	Nil	Nil	Nil	Nil

	Three months ended April 30, 2022	Three months ended January 31, 2022	Three months ended October 31, 2021	Three months ended July 31, 2021
	($)	($)	($)	($)
Revenue	253,154	204,300	31,737	-
Net Loss attributable to shareholders	(2,717,190)	(4,040,518)	(2,945,617)	(7,799,878)
Net Loss per share attributable to shareholders – basic and diluted	(0.11)	(0.16)	(0.12)	(0.37)
Total assets	7,713,602	6,876,056	10,736,918	9,944,697
Working capital (deficit)	938,956	255,650	4,374,955	8,590,769
Long-term liabilities	1,792,945	1,997,250	2,064,064	89,529
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 8.3%.

The comprehensive loss for the three months ended April 30, 2023 was $1,918,938 (2022 - $2,701,870), of which $91,175 (2022 - $83,516) was allocated towards a non-controlling interest. The loss was primarily due to (i) general and administrative expenses of $826,597 (2022 - $1,003,553); (ii) sales and marketing expenses of $224,594 (2022 - $289,347) and service costs of $940,684 (2022 – $587,549).

Liquidity and Capital Resources

The Company's total cash balance as at April 30, 2023 was $389,696 (January 31, 2023 - $550,866) and a total working deficit of $2,308,072 (January 31, 2023 - $1,487,649). 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 April 30, 2023, the Company has long-term debt obligations, including the loan to Awakn Norway, leases and contingent consideration.

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.

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 April 30, 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 three months ended April 30, 2023 as compared to the three months ended April 30, 2022.

	Three months ended April 30, 2023	**Three months ended April 30, 2022**
	($)	**($)**
Cash used in operating activities	(753,196)	(1,986,472)
Cash used in investing activities	(70,268)	(85,432)
Cash from financing activities	969,202	3,013,572

Cash used in operating activities

During the three months ended April 30, 2023, cash used in operating activities of $753,196 was primarily due to the Company's focus on its initial research programs, costs incurred for the clinics, and other general overhead and working capital items.

Cash used in investing activities

During the three months ended April 30, 2023, cash used in investing activities of $70,268 consisted primarily of the acquisition of property and equipment, largely related to furniture acquisitions for its Norway based clinics.

Cash from financing activities

During the three months ended April 30, 2023, cash from financing activities of $969,202 was primarily due to proceeds from a non-brokered private placement through the issuance of 2,392,858 units at a price of $0.46 per unit for gross proceeds of $1,100,715.

Contractual obligations and commitments

As at April 30, 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	2,590,892	2,590,892	Nil	Nil	Nil
Finance lease obligations	2,842,592	455,603	777,310	647,269	962,410
Contingent consideration	600,000	300,000	300,000	Nil	Nil
Other obligations	674,838	Nil	674,838	Nil	Nil
Total contractual obligations	**6,708,322**	**3,346,495**	**1,752,148**	**647,269**	**926,410**

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 June 14, 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 the period ended April 30, 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 periods ended April 30, 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:

	Three months ended April 30, 2023	Three months ended April 30, 2022
Short-term compensation	$ 338,892	$ 412,144
Share-based payments	70,774	121,455
Total	**$ 409,666**	$ 533,599

(b) As at April 30, 2023, a balance of $479,086 (January 31, 2023 - $232,788) 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 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 and adopted

During the three months ended April 30, 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:

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.

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.

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.

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.

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 April 30, 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 three months ended April , 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 April 30, 2023.

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 April 30, 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:

April 30, 2023	**Total** **$**	**1 year** **$**	**3 years** **$**	**5 years** **$**	**5 years** **$**
Accounts payable and accrued liabilities	2,590,892	2,590,892	-	-	-
Lease liabilities	2,842,592	455,603	777,310	647,269	962,410
Loans payable	674,838	-	674,838	-	-
Contingent consideration	600,000	300,000	300,000	-	-
	6,708,322	**3,346,495**	**1,752,148**	**647,269**	**962,410**

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**

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	(414,190)	10%	(70,524)
EUR	13,080	10%	1,952
USD	(188,633)	10%	(25,571)
NOK	(5,523,643)	10%	(70,116)

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.