AWAKN LIFE SCIENCES CORP.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2023 AND 2022
(Expressed in Canadian Dollars, unless otherwise noted)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

AWAKN LIFE SCIENCES CORP.
Condensed Consolidated Interim Statements of Financial Position
As at
(Unaudited, expressed in Canadian dollars)

	Note	October 31, 2023 $	January 31, 2023 $
Assets			
Current assets			
Cash		**554,657**	550,866
Prepayments and deposits		**140,945**	280,938
Accounts receivable		**212,367**	44,109
Other receivables		**130,985**	99,326
Total current assets		**1,038,954**	975,239
Non-current assets			
Prepayments and deposits		**-**	408,981
Property and equipment	**5**	**1,003**	1,490,305
Intangible assets	**6**	**50,738**	56,583
Right-of-use assets	**7**	**-**	1,462,520
Total assets		**1,090,695**	4,393,628
Liabilities			
Accounts payable and accrued liabilities	**12**	**2,016,478**	1,981,725
Deferred revenue		**22,230**	37,012
Lease liabilities	**7**	**-**	386,517
Contingent consideration		**-**	57,634
Total current liabilities		**2,038,708**	2,462,888
Non-current liabilities			
Long-term lease liabilities	**7**	**-**	1,228,699
Contingent consideration		**-**	71,260
Loans payable	**10**	**-**	680,523
Total Liabilities		**2,038,708**	4,443,370
Shareholders' Equity			
Share capital	**8**	**22,032,740**	20,007,433
Contributed surplus	**8**	**7,351,059**	6,896,640
Accumulated other comprehensive income		**(391,802)**	(102,749)
Accumulated deficit		**(29,940,010)**	(25,953,586)
Total equity attributable to equity holders of the parent		**(948,013)**	847,738
Non-controlling interest		**-**	(897,480)
Total Shareholders' Equity		**(948,013)**	(49,742)
Total Liabilities and Shareholders' Equity		**1,090,695**	4,393,628

** The comparative figures have been reclassified to conform with the current period.*

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

Going concern (note 1)
Commitments and contingencies (note 15)
Approved and authorized for issue by the Board of Directors on December 14, 2023.

"George Scorsis" — Director

"Steve Page" — Director

AWAKN LIFE SCIENCES CORP.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended October 31, 2023
(Unaudited, expressed in Canadian dollars)

	Note	**Three months ended October 31, 2023 $**	Three months ended October 31, 2022 $	**Nine months ended October 31, 2023 $**	Nine months ended October 31, 2022 $
Revenue					
Service revenue		**28,940**	-	**65,555**	-
Total revenue		**28,940**	-	**65,555**	-
Operating expenses					
Research and development		**188,976**	238,654	**575,875**	1,126,040
General and administration		**338,833**	496,213	**1,530,407**	1,546,642
Sales and marketing		**101,827**	167,839	**309,831**	867,729
Share-based compensation	**8, 12**	**67,925**	74,045	**720,006**	414,683
Depreciation and amortization	**5, 6, 7**	**6,306**	3,598	**13,528**	10,804
Total operating expenses		**703,867**	980,349	**3,149,647**	3,965,898
Other expense (income)					
Gain on disposition of subsidiaries	**9**	**-**	-	**(274,414)**	-
Other income		**-**	(107)	**-**	(2,621)
Finance costs (income)	**10**	**(2,114)**	(80,734)	**(83,501)**	(211,116)
Foreign exchange loss (gain)		**(25,579)**	(45,382)	**(370,522)**	422,567
Loss from operations before income taxes		**(647,234)**	(854,126)	**(2,355,655)**	(4,174,728)
Income tax expense - current		**-**	-	**-**	-
Income tax expense - deferred		**-**	-	**-**	-
Loss from continuing operations		**(647,234)**	(854,126)	**(2,355,655)**	(4,174,728)
Loss after tax from discontinued operations	**9**	**-**	(768,975)	**(1,721,944)**	(2,637,524)
Net loss		**(647,234)**	(1,623,101)	**(4,077,599)**	(6,812,252)
Other comprehensive income (loss)					
Foreign exchange translation adjustment		**(1,745)**	(38,084)	**(289,053)**	147,160
Comprehensive loss		**(648,979)**	(1,661,185)	**(4,366,652)**	(6,665,092)
Net loss from continuing operations attributable to:					
Shareholders		**(647,234)**	(854,126)	**(2,355,655)**	(4,174,728)
Non-controlling interests		**-**	-	**-**	-
		(647,234)	(854,126)	**(2,355,655)**	(4,174,728)
Net loss from discontinued operations attributable to:					
Shareholders		**-**	(616,798)	**(1,630,769)**	(2,312,631)
Non-controlling interests		**-**	(152,177)	**(91,175)**	(324,893)
		-	(768,975)	**(1,721,944)**	(2,637,524)
Comprehensive loss attributable to:					
Shareholders		**(648,979)**	(1,509,008)	**(4,275,477)**	(6,340,199)
Non-controlling interests		**-**	(152,177)	**(91,175)**	(324,893)
		(648,979)	(1,661,185)	**(4,366,652)**	(6,665,092)
Net loss per share:					
Net loss attributable to common shares ($) - continuing operations		**(647,234)**	(854,126)	**(2,355,655)**	(4,174,728)
Basic and diluted loss per share - continuing operations	**11**	**(0.02)**	(0.03)	**(0.08)**	(0.16)
Net loss attributable to common shares ($) - discontinued operations		**-**	(768,975)	**(1,721,944)**	(2,637,524)
Basic and diluted loss per share - discontinued operations	**11**	**-**	(0.03)	**(0.06)**	(0.10)
Weighted average number of shares outstanding – basic and diluted	**11**	**30,511,149**	26,918,557	**28,223,421**	26,368,661

** The comparative figures have been reclassified to conform with the current period.*

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

AWAKN LIFE SCIENCES CORP.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the nine months ended October 31, 2023 and 2022
(Unaudited, expressed in Canadian dollars)

	Note	Number of Shares	Share Capital	Shares to be Issued	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total	Non-Controlling Interest	Total
			$	$	$	$	$	$	$	$
Balance, February 1, 2022		24,887,307	16,137,624	-	4,068,940	15,662	(16,811,031)	3,411,195	(388,468)	3,022,727
Issuance of common shares and warrants, net of issuance costs	8	3,911,704	2,705,444	-	1,508,968	-	-	4,214,412	-	4,214,412
Shares to be issued	8	-	-	145,679	-	-	-	145,679	-	145,679
Share-based compensation	8	-	-	-	414,683	-	-	414,683	-	414,683
Net loss from continuing operations		-	-	-	-	-	(4,174,728)	(4,174,728)	-	(4,174,728)
Net loss from discontinued operations		-	-	-	-	-	(2,312,631)	(2,312,631)	(324,893)	(2,637,524)
Other comprehensive income		-	-	-	-	147,160	-	147,160	-	147,160
Balance, October 31, 2022		28,799,011	18,843,068	145,679	5,992,591	162,822	(23,298,390)	1,845,770	(713,361)	1,132,409
Balance, February 1, 2023		**32,476,187**	**20,007,433**	**-**	**6,896,640**	**(102,749)**	**(25,953,586)**	**847,738**	**(897,480)**	**(49,742)**
Issuance of common shares and warrants, net of issuance costs	**8**	**5,945,010**	**1,958,207**	**-**	**730,806**	**-**	**-**	**2,689,013**	**-**	**2,689,013**
Shares issued as contingent consideration	**8**	**100,000**	**44,000**	**-**	**-**	**-**	**-**	**44,000**	**-**	**44,000**
Shares issued for milestone payments	**6**	**70,000**	**23,100**	**-**	**-**	**-**	**-**	**23,100**	**-**	**23,100**
Share-based compensation	**8**	**-**	**-**	**-**	**712,268**	**-**	**-**	**712,268**	**-**	**712,268**
Net loss from continuing operations		**-**	**-**	**-**	**-**	**-**	**(2,355,655)**	**(2,355,655)**	**-**	**(2,355,655)**
Net loss from discontinued operations	**9**	**-**	**-**	**-**	**-**	**-**	**(1,630,769)**	**(1,630,769)**	**(91,175)**	**(1,721,944)**
Other comprehensive loss		**-**	**-**	**-**	**-**	**(289,053)**	**-**	**(289,053)**	**-**	**(289,053)**
Change in ownership of Bristol	**4**	**-**	**-**	**-**	**(988,655)**	**-**	**-**	**(988,655)**	**988,655**	**-**
Balance, October 31, 2023		**38,591,197**	**22,032,740**	**-**	**7,351,059**	**(391,802)**	**(29,940,010)**	**(948,013)**	**-**	**(948,013)**

* *The comparative figures have been reclassified to conform with the current period.*

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

AWAKN LIFE SCIENCES CORP.
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended October 31, 2023 and 2022
(Unaudited, expressed in Canadian dollars)

	Note	**Nine months ended October 31, 2023 $**	Nine months ended October 31, 2022 $
CASH FLOW USED IN OPERATING ACTIVITIES			
Net loss for the period		**(4,077,599)**	(6,812,252)
Net loss from discontinued operations		**(1,721,944)**	(2,637,524)
Loss from continuing operations		**(2,355,655)**	(4,174,728)
Items not affecting cash:			
Share-based compensation	**8**	**720,006**	414,683
Depreciation and amortization	**5, 6, 7**	**13,518**	10,803
Effect of foreign exchange translation		**(82,518)**	29,759
Gain on sale of assets		**(274,414)**	-
Changes in non-cash working capital items:			
Decrease in prepayments and deposits		**123,362**	(66,571)
Increase in accounts receivable		**(212,367)**	-
Increase in other receivables		**(31,659)**	(125,048)
Decrease (increase) in accounts payable and accrued liabilities		**578,400**	723,755
Increase in deferred revenue		**22,230**	-
Cash flow used in operating activities from continuing operations		**(1,499,097)**	(3,187,347)
Cash flow (used in) from operating activities from discontinued operations		**(782,906)**	(1,928,509)
CASH FLOW USED IN INVESTING ACTIVITIES			
Cash proceeds from sale of subsidiaries	**5**	**60,736**	-
Cash flow used in investing activities from continuing operations		**60,736**	-
Cash flow used in investing activities from discontinued operations		**(81,142)**	(96,286)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net	**8**	**2,689,013**	4,176,458
Issuance of warrants, net	**10**	**-**	187,134
Cash flow (used in) from financing activities from continuing operations		**2,689,013**	4,363,592
Cash flow (used in) from financing activities from discontinued operations		**(199,968)**	357,950
Effect of exchange rate changes		**1,469**	-
Increase (decrease) in cash		**186,636**	(490,600)
Cash, beginning of period		**550,866**	1,623,190
Cash, end of period		**738,971**	1,132,590
Reclassification of cash as discontinued operations		**184,314**	840,253
Cash, end of period from continuing operations		**554,657**	292,337
Non-cash transactions			
Shares issued for intangible asset	**6**	**23,100**	-
Shares issued for contingent consideration	**9**	**44,000**	-
Additions to right of use assets	**7**	**195,255**	-

* The comparative figures have been reclassified to conform with the current period.

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

1. Nature of the business and going concern

Awakn Life Sciences Corp. (the "Company") was incorporated under the *Business Corporations Act (British Columbia)* on June 21, 2018. The common shares of the Company are traded on the Neo Exchange Inc. under the stock symbol "AWKN". The Company's head office and registered office is located at 301-217 Queen Street W., Toronto, ON, M5V 0R2.

On June 16, 2021, the Company completed a reverse takeover transaction with Awakn Life Sciences Inc. ("Awakn Inc.") (the "Transaction"), a company incorporated under the Business Corporations Act (Ontario) on April 27, 2020. Awakn Inc. is a clinical stage biotechnology company developing therapeutics targeting addiction. The Transaction constituted a reverse takeover of the Company by Awakn Inc. for accounting purposes and the business of the amalgamated entities became the business of the Company.

At October 31, 2023, the Company had not yet achieved profitable operations, has accumulated losses of $29,940,010 since its inception and expects to incur further losses in the development of its business, all of which indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. The Company has been successful in raising funds from the issuance of shares, convertible debentures and 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.

2. Basis of Presentation

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended October 31, 2023, and 2022 have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretation of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements meet the requirements of International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at January 31, 2023.

(b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for the contingent consideration which has been recorded at fair value.

(c) Principles of consolidation

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

2. Basis of Presentation (Continued)

Name of entity	Principal place of business	%	Functional currency
Awakn Life Sciences Inc.	Canada	100%	Canadian dollar
1233705 B.C. Ltd.	Canada	100%	Canadian dollar
Awakn Bristol Limited	United Kingdom	100%*	British pound
Awakn Life Sciences UK Ltd	United Kingdom	100%*	British pound
Awakn London Limited	United Kingdom	100%*	British pound
Awakn Manchester Limited	United Kingdom	100%*	British pound
Awakn LS Europe Holdings Limited	Ireland	100%	Euro
Awakn LS Partnerships Limited	Ireland	100%	Euro
Awakn Norway AS (formerly Oslo AS)	Norway	100%*	Norwegian krone

**On March 26, 2023, the Company acquired 100% control of Awakn Bristol Limited. Prior to March 26, 2023, the Company had 51% control of Awakn Bristol Limited. During the period ended October 31, 2023, the Company completed the sale of Awakn London Limited and Awakn Norway AS, dissolved Awakn Manchester Limited, and put Awakn Bristol Limited and Awakn Life Sciences UK Ltd. into liquidation (together, defined as the "Former Subsidiaries").*

(d) Functional and presentation currency

For financial reporting purposes, the consolidated financial statements of the Company have been presented in Canadian dollars, the presentation currency. The financial statements of the entities are translated from their functional currency into the reporting currency as follows: assets and liabilities are translated at the exchange rates at the period end date, revenue, expenses and other income (expense) are translated at the average exchange rate for the period and shareholders' equity is translated based on historical exchange rates. Translation adjustments are not included in determining net loss but are included as a foreign exchange translation adjustment to other comprehensive income, a component of shareholders' equity.

(e) Use of 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.

2. Basis of Presentation (Continued)

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

Management uses the Black-Scholes option-pricing model to calculate the fair value of share-based payments, warrants and any identified derivative liabilities, including the conversion feature and any embedded warrants that do not meet the “fixed for fixed” criteria. Management considers factors that knowledgeable, willing market participants would consider when selecting the appropriate valuation model to apply. Use of this method requires assumptions and estimates about the share price on the measurement date, expected 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. At minimum, 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 rates, 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.

2. Basis of Presentation (Continued)

(e) Use of estimates and judgements (continued)

Assets held for sale and discontinued operations

The Company classifies assets and liabilities as held for sale in accordance with *IFRS 5, Non-current assets held for sale and discontinued operations*. Management is required to use judgement in assessing whether certain criteria under IFRS 5 are met, including whether a sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. The assets or disposal groups are measured at the lower of their carrying amount and estimated fair value less costs of disposal, which Management determines based on market factors.

The Company considers its disposal groups as discontinued operations if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
- Is a subsidiary acquired exclusively with a view to re-sell

Loss from discontinued operations is excluded from net loss from continuing operations and are presented as a single amount under "loss from discontinued operations" account in the consolidated statement of loss and comprehensive loss.

3. Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended January 31, 2023.

<u>Standards issued and adopted</u>

During the nine months ended October 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:

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.

3. Significant Accounting Policies (Continued)

Standards issued and adopted (continued)

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.

4. Call Option

The Company has an option ("Call Option") to require Dr. Sessa to sell to the Company all of Dr. Sessa's shares for a total consideration of the greater of (i) $2,000,000; or (ii) the fair value of Dr. Sessa's shares ("Call Option Consideration"), being equivalent to approximately 49% of the issued shares in Mandala Therapy Limited ("Bristol"). The Call Option Consideration shall be satisfied by the issue of such number of the Company's common shares to Dr. Sessa as is equivalent to the Call Option Consideration. As the exercise of the Call Option is at or above fair value, and is within the Company's control, no asset value has been assigned to the Call Option.

On March 26, 2023, the Company acquired the remaining 49% of Awakn Bristol Limited that it did not currently own for approximately $2, resulting in 100% ownership of Awakn Bristol Limited and its Bristol Clinic as at October 31, 2023. The total balance of non-controlling interest as at March 26, 2023 of $988,655 was transferred to contributed surplus.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

5. Property and Equipment

Property and equipment as at October 31, 2023 and January 31, 2023 consists of the following:

	Leasehold improvements	Computer equipment and Furniture and fixtures	Construction in progress	Total
	$	$	$	$
Cost				
Balance, January 31, 2022	**447,185**	**227,267**	**1,243,537**	**1,917,989**
Additions	8,979	35,953	50,413	95,345
Transfers	1,293,767	-	(1,293,767)	-
Exchange realignment	(71,070)	(9,179)	(183)	(80,432)
Balance, January 31, 2023	**1,678,861**	**254,041**	**-**	**1,932,902**
Additions	-	81,142	-	81,142
Disposals	(1,744,403)	(337,642)	-	(2,082,045)
Exchange realignment	65,542	6,806	-	72,348
Balance, October 31, 2023	**-**	**4,347**	**-**	**4,347**
Accumulated depreciation				
Balance, January 31, 2022	**38,942**	**13,753**	-	**52,695**
Depreciation	333,363	50,275	-	383,638
Exchange realignment	5,989	275	-	6,264
Balance, January 31, 2023	**378,294**	**64,303**	**-**	**442,597**
Depreciation	-	1,083	-	1,083
Disposals	(386,104)	(62,533)	-	(448,637)
Exchange realignment	7,810	491	-	8,301
Balance, October 31, 2023	**-**	**3,344**	**-**	**3,344**
Net book value				
At January 31, 2023	1,300,567	189,738	-	1,490,305
At October 31, 2023	**-**	**1,003**	-	**1,003**

Depreciation expense related to property and equipment was $361 and $1,083 for the three and nine months ended October 31, 2023, respectively (2022 - $97,794 and $279,798, respectively). Construction in progress is transferred to property and equipment when the assets are available for use and depreciation of these assets commences at that point. During the nine months ended October 31, 2023, $Nil relating to the completion of the construction was transferred from construction in progress to leasehold improvements (2022 - $1,293,767 relating to the completion of the construction of the London clinic).

In connection with the disposition of the Former Subsidiaries (Note 9), the Company disposed of property and equipment with a carrying value of $1,633,408.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

6. Intangible Assets

	IP Assets $
Cost	
Balance, February 1, 2022	**65,000**
Additions	16,500
Balance, January 31, 2023	**81,500**
Additions	6,600
Balance, October 31, 2023	**88,100**
Accumulated amortization	
Balance, February 1, 2022	**11,917**
Amortization	13,000
Balance, January 31, 2023	**24,917**
Amortization	12,445
Balance, October 31, 2023	**37,362**
Net book value	
At January 31, 2023	56,583
At October 31, 2023	**50,738**

On March 8, 2021, the Company completed the acquisition of proprietary research data on next generation candidate 3-4 methylenedioxymethamphetamine (“MDMA”) and Ketamine molecules from Prof. David Nutt’s Equasy Enterprises Ltd. for an aggregate purchase price of $60,000, payable by the issuance of 50,000 common shares of the Company at a deemed price of $1.20 per share. In the event that a patent is filed in the name of the Company for a next generation molecule that is created using the IP assets acquired, the Company shall issue the vendor an additional 50,000 common shares at a deemed price of $1.20 per share. Subsequently, Awakn signed an amendment to the agreement with Equasy Enterprises Ltd., under which it agreed to issue Equasy Enterprises Ltd. up to an additional 280,000 shares upon the successful completion of certain development and regulatory milestones. During the year ended January 31, 2023, patents were filed using the IP assets acquired as mentioned above and subsequently, the Company capitalized $16,500 as additions to intangible assets, valued at 50,000 shares priced at $0.33 per share, payable to Equasy Enterprises Ltd. This amount was accrued for as at January 31, 2023.

During the nine months ended October 31, 2023, the Company issued 70,000 common shares with a price of $0.33 per common share, to Equasy Enterprises Ltd., with a total value of $23,100, consisting of 50,000 shares accrued for as at January 31, 2023, and an additional 20,000 shares with a value of $6,600 (Note 8).

Total additions to intangible assets during the nine months ended October 31, 2023, is $6,600, which related to the IP assets acquired from Equasy Enterprises Ltd. As the share-based payments are equity-settled, the Company recognized a corresponding increase in equity, and no re-measurement of the fair value will occur regardless of whether the milestones are achieved. The share-based milestone payments will be recognized at the time the obligating event or related activity that gives rise to the variability occurs.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

7. Right-of-Use Assets and Lease Liabilities

Right-of-use assets

In connection with the disposition of the Former Subsidiaries (Note 9); the Company disposed of right-of-use assets with a carrying value of $1,712,887 and lease liabilities of $1,741,962.

The right-of-use assets consist of the following as at October 31, 2023 and January 31, 2023:

Cost	**$**
Balance, February 1, 2022	**1,900,589**
Exchange realignment	(81,529)
Balance, January 31, 2023	1,819,060
Additions	200,286
Disposals	(2,073,360)
Exchange realignment	54,014
Balance, October 31, 2023	-
Accumulated depreciation	
Balance, February 1, 2021	**152,873**
Depreciation	206,896
Exchange realignment	(3,229)
Balance, January 31, 2022	356,540
Depreciation	-
Disposals	(360,473)
Exchange realignment	3,933
Balance, October 31, 2023	-
Net book value	
At January 31, 2023	1,462,520
At October 31, 2023	**-**

Lease liabilities

Lease liabilities consist of the following as at October 31, 2023 and January 31, 2023:

	$
Balance, February 1, 2022	**1,808,871**
Payments	(332,726)
Interest expense	219,284
Exchange realignment	(80,213)
Balance, January 31, 2023	**1,615,216**
Additions	195,255
Payments	(199,968)
Interest expense	102,040
Disposals	(1,741,962)
Exchange realignment	29,419
Balance, October 31, 2023	**-**

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

7. Right-of-Use Assets and Lease Liabilities (Continued)

IBRs ranging from 12.0% to 20.14% were used to determine the present value of the lease liabilities. Interest expense on lease liabilities for the three and nine months ended October 31, 2023, was $46,287 and $102,040, respectively (2022 - $52,204 and $165,537 respectively), which were included in discontinued operations.

8. Shareholders' Equity

Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value. As at October 31, 2023, there were no shares issued and outstanding other than common shares.

		Number of shares	Amount $
Balance, February 1, 2022		24,887,307	16,137,624
Issuance of common shares and warrants, net of issuance cost	(1)	2,031,250	2,253,466
Issuance of common shares and warrants, net of issuance cost	(2)	1,880,454	458,680
Issuance of common shares and warrants, net of issuance cost	(3)	3,395,812	1,068,032
Issuance of common shares for debt	(4)	281,364	89,631
Balance, January 31, 2023		32,476,187	20,007,433
Issuance of common shares and warrants, net of issuance cost	(5)	2,392,948	775,534
Issuance of common shares as contingent consideration	(6)	100,000	44,000
Issuance of common shares for milestone payments	(7)	70,000	23,100
Issuance of common shares and warrants, net of issuance cost	(8)	1,884,204	638,361
Issuance of common shares and warrants, net of issuance cost	(9)	1,667,858	544,312
Balance, October 31, 2023		38,591,197	22,032,740

Year ended January 31, 2023

1) On March 21, 2022, the Company issued 2,031,250 units at $1.60 per unit, for aggregate gross proceeds of $3,250,000. Each unit consisted of one common share and one half of one common share purchase warrant exercisable at $2.20 for a period of two years from the date of issuance. The Company recorded a warrant reserve of $869,506 attributable to the value of these warrants. The Company incurred cash costs of $173,427 related to the completion of the private placement, of which $127,028 was allocated to share capital and $46,399 was allocated to warrant reserve.

2) 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. The Company recorded a total warrant reserve of $537,092, of which $522,313 is attributable to the value of the financing warrants and $14,780 is attributable to the finder warrants. The Company incurred cash costs of $80,044 related to the completion of the private placement, of which $38,477 was allocated to share capital and $41,567 was allocated to the total warrant reserve.

3) On November 16, 2022, the Company issued 3,395,812 units at $0.55 per unit, for aggregate gross proceeds of $1,869,913. 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 recorded a total warrant reserve of $752,239. The Company incurred cash costs of $83,053 related to the completion of the private placement, of which $49,642 was allocated to share capital and $33,411 was allocated to the total warrant reserve.

8. Shareholders' Equity (Continued)

4) On November 16, 2022, the Company issued 281,364 units at $0.55 per unit, to satisfy debt in the amount of $154,750. 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 recorded a total warrant reserve of $65,119.

Nine months ended October 31, 2023

5) On April 25, 2023, the Company closed the first tranche of a non-brokered private placement financing by issuing 2,392,948 units at a price of $0.46 per unit for gross proceeds of $1,100,756. 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 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 recorded a total warrant reserve of $311,118. The Company incurred cash costs of $19,661 related to the completion of the private placement, of which $14,104 was allocated to share capital and $5,557 was allocated to the total warrant reserve.

6) On March 1, 2023, the Company issued 100,000 common shares at a price of $0.44 per common share as per agreement, to the former shareholders of Awakn Norway AS pursuant to the earnout and the opening of a new clinic in Trondheim.

7) On April 11, 2023, the Company issued 70,000 common shares pursuant to the filing of the PCT applications for its NCE program with Equasy Enterprises Ltd at a price of $0.33 per common share (Note 6).

8) On June 14, 2023, the Company closed the second tranche of a non-brokered private placement financing previously announced on April 25, 2023, by issuing 1,884,204 units at a price of $0.46 per unit for gross proceeds of $866,734. 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 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 recorded a total warrant reserve of $210,559. The Company incurred cash costs of $23,531 related to the completion of the private placement, of which $17,814 was allocated to share capital and $5,716 was allocated to the total warrant reserve.

9) On September 14, 2023, the Company closed the third tranche of a non-brokered private placement financing previously announced on April 25, 2023, by issuing 1,667,858 units at a price of $0.46 per unit for gross proceeds of $767,215. 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 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 recorded a total warrant reserve of $221,124. The Company incurred share issuance costs of $2,500 related to the completion of the private placement, of which $1,779 was allocated to share capital and $721 was allocated to the total warrant reserve.

<u>Stock options</u>

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

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

8. Shareholders' Equity (continued)

Stock options (Continued)

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

	Number of options	Weighted average exercise price ($)
Balance, February 1, 2022	**2,009,828**	**1.26**
Granted	1,261,918	0.68
Forfeited	(150,000)	1.77
Expired	(100,000)	2.50
Balance, January 31, 2023	**3,021,746**	**0.95**
Expired	(715,000)	0.92
Balance, October 31, 2023	**2,306,746**	**0.96**

During the nine months ended October 31, 2023, there were no options granted. During the nine months ended October 31, 2023, 715,000 options expired.

During the nine months ended October 31, 2022, 161,918 options were granted with immediate vesting. The options had an aggregate value of $73,777. During the nine months ended October 31, 2022, Nil options were exercised for total proceeds of $Nil.

The share-based compensation and charge to share-based reserve relating to the vesting of stock options for the three and nine months ended October 31, 2023, was $60,187 and $712,268, respectively, (2022 - $74,045 and $414,683, respectively). This includes $506,775 related to 2,700,000 warrants issued to a consultant (see Warrants below) during the period ended October 31, 2023.

During the nine months ended October 31, 2022, $54,300 of share-based payment reserve attributable to forfeited options was reversed out of share-based compensation.

The following table presents information related to stock options outstanding as at October 31, 2023:

Grant date	Exercise price ($)	Weighted average remaining life (yrs)	Number of options outstanding	Number of options exercisable
May 6, 2020	0.075	1.52	40,000	40,000
December 15, 2020	0.300	0.17	150,000	150,000
January 31, 2021	0.300	2.25	30,000	30,000
March 8, 2021	1.200	2.35	510,000	397,500
April 12, 2021	1.200	2.45	200,000	180,000
July 5, 2021	2.500	0.68	15,000	15,000
July 19, 2021	2.500	0.72	30,000	30,000
September 14, 2021	2.500	2.87	20,000	15,000
September 17, 2021	2.500	2.88	100,000	100,000
October 4, 2021	2.500	2.93	75,000	56,250
December 13, 2021	2.900	3.12	24,828	18,621
April 25, 2022	2.200	0.39	11,918	11,918
December 12, 2022	0.550	4.12	1,000,000	333,333
December 12, 2022	0.550	0.12	100,000	100,000
		2.88	2,306,746	1,477,622

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

8. Shareholders' Equity (continued)

Stock options (Continued)

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

	Period ended October 31, 2023	Period ended October 31, 2022
Volatility	N/A	103.42% to 111.37%
Risk-free interest rate	N/A	2.55% - 2.70%
Expected life (years)	N/A	1 to 5 years
Dividend yield	N/A	Nil
Forfeiture rate	N/A	Nil
Weighted average fair value per common share	N/A	$1.01

Volatility is calculated by using the historical volatility of other public companies that the Company considers comparable and that have adequate trading and volatility history for the period ended October 31, 2022.

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, February 1, 2022	**1,822,785**	**1.85**
Issued	7,226,545	0.89
Balance, January 31, 2023	**9,049,330**	**1.09**
Issued	7,158,693	0.63
Expired	(1,822,785)	1.85
Balance, October 31, 2023	**14,385,238**	**0.76**

The following table presents information related to warrants outstanding as at October 31, 2023:

Issue Date		Weighted Average Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
March 21, 2022	(1)	2.20	0.39	1,015,625
September 14, 2022	(2)	0.68	0.90	1,880,454
September 24, 2022	(3)	0.68	0.90	53,200
October 24, 2022	(4)	0.68	0.98	600,000
November 16, 2022	(5)	0.68	1.05	3,395,902
November 16, 2022	(6)	0.68	1.05	281,364
April 25, 2023	(7)	0.63	4.49	1,794,644
June 9, 2023	(8)	0.63	4.61	2,700,000
June 14, 2023	(9)	0.63	4.62	1,413,153
September 14, 2023	(10)	0.63	4.88	1,250,896
		0.76	2.34	14,385,238

1) On March 21, 2022, 1,015,625 warrants of the Company were issued as part of a private placement with an exercise price of $2.20 per common share, exercisable until March 21, 2024. The $869,506 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 112.01%; risk-free interest rate – 2.23%; dividend rate – 0%; and stock price - $1.65. Share issuance cost of $46,399 was allocated to the warrant.

8. Shareholders' Equity (continued)

Warrants (continued)

2) On September 14, 2022, 1,880,454 warrants of the Company were issued as part of a private placement with an exercise price of $0.68 per common share, exercisable until September 14, 2024. The $522,313 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 98.14%; risk-free interest rate - 3.71%; dividend rate - 0%; and stock price - $0.57. Share issuance costs of $40,424 was allocated to the warrants.

3) On September 14, 2022, 53,200 finder warrants of the Company were issued as part of a private placement with an exercise price of $0.68 per common share, exercisable until September 14, 2024. The $14,780 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 98.14%; risk-free interest rate - 3.71%; dividend rate - 0%; and stock price - $0.57. Share issuance costs of $1,143 was allocated to the finder warrants.

4) On October 24, 2022, 600,000 warrants of the Company were issued as part of the debt financing agreement (Note 10) with an exercise price of $0.68 per common share, exercisable until October 24, 2024. The $99,170 value of the warrants was calculated as the residual amount after deducting the fair value of the debt from gross proceeds. Total debt issuance costs were $17,989, of which $2,282 was allocated to warrants and $15,707 was allocated to the debt portion.

5) On November 16, 2022, 3,395,902 warrants of the Company were issued as part of a private placement with an exercise price of $0.68 per common share, exercisable until November 16, 2024. The $752,239 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 2 years; annualized volatility – 125.18%; risk-free interest rate - 3.78%; dividend rate - 0%; and stock price - $0.41. Share issuance costs of $33,411 was allocated to the warrants.

6) On November 16, 2022, 281,364 warrants of the Company were issued in connection with the shares for debt transaction, with an exercise price of $0.68 per common share, exercisable until November 16, 2024. The $65,119 total fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 2 years; annualized volatility – 125.18%; risk-free interest rate - 3.78%; dividend rate - 0%; and stock price - $0.41.

7) On April 25, 2023, 1,794,644 warrants of the Company were issued as part of a private placement, with an exercise price of $0.63 per common share, exercisable until April 25, 2028. The $311,118 total fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 2 years; annualized volatility – 124.21%; risk-free interest rate – 2.92%; dividend rate - 0%; and stock price - $0.23.

8) On June 9, 2023, the Company issued 2,700,000 warrants to a consultant of the Company, with an exercise price of $0.63 per common share until June 9, 2028. The $506,775 total fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 5 years; annualized volatility – 124.59%; risk-free interest rate – 3.68%; dividend rate - 0%; and stock price - $0.25.

9) On June 14, 2023, 1,413,153 warrants of the Company were issued as part of a private placement, with an exercise price of $0.63 per common share, exercisable until June 14, 2028. The $210,559 total fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 5 years; annualized volatility – 124.59%; risk-free interest rate – 3.72%; dividend rate - 0%; and stock price - $0.20.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

8. Shareholders' Equity (continued)

Warrants (continued)

10) On September 14, 2023, 1,250,896 warrants of the Company were issued as part of a private placement, with an exercise price of $0.63 per common share, exercisable until September 14, 2028. The $221,124 total fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 5 years; annualized volatility – 110.56%; risk-free interest rate – 3.06%; dividend rate - 0%; and stock price - $0.26.

9. Discontinued Operations

On July 4, 2023, the Company completed the sale of Awakn London Limited and on July 31, 2023, the Company completed the sale of Awakn Norway AS. The Company also liquidated its subsidiaries in Awakn Bristol and Awakn UK on July 14, 2023 and July 6, 2023, respectively.

In connection with the disposition of the Former Subsidiaries, the Company recognized a gain on disposal as follows:

	$
Net assets disposed (net of intercompany) (1)	143,904
Sale consideration(2)	(418,318)
Gain on disposal of assets	(274,414)

(1) In connection with the sale of Awakn Norway, the Company no longer has any future commitments or obligations related to the Loan Payable (Note 10).
(2) As part of the consideration, each of Awakn London Limited and Awakn Norway AS become licensing partners of the Company resulting in certain revenue shares. The Company has not accrued any value related to these revenue shares.

In assessing the fair values of the assets and liabilities, the Company determined that all assets and liabilities had a fair value which is equal to net book value.

The sale of the Former Subsidiaries meets the criteria of a discontinued operation under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The Former Subsidiaries were not previously classified as held-for-sale or as a discontinued operation. The comparative condensed consolidated interim statements of comprehensive loss have been restated to show the discontinued operation separately from continuing operations.

Analysis of the result of discontinued operations is as follows:

	For the period ended October 31, 2023	For the period ended October 31, 2022
Revenue	**947,361**	1,023,530
Research and development	**(90,692)**	(161,443)
General and administration	**(465,671)**	(1,044,038)
Sales and marketing	**(81,845)**	(140,382)
Change in contingent consideration	**14,306**	634,964
Depreciation and amortization	**(314,093)**	(433,271)
Service costs	**(1,536,611)**	(2,123,230)
Finance costs	**(194,539)**	(393,654)
	(1,721,944)	(2,637,524)

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

10. Loans Payable

On October 24, 2022, Awakn Norway AS (“Awakn Norway”) entered into a debt financing agreement (the "Loan Agreement") with TD Veen (the "Lender"). The amount borrowed under this Loan Agreement is for the purpose of financing the expansion of two clinics in Norway, including without limitation funding of cash deposits under its lease agreements. Pursuant to the Loan Agreement, the Lender advanced $781,800 (NOK 6,000,000) bearing interest at a rate of 9% per annum, which is secured against Awakn Norway’s assets. The Lender is entitled to 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 (Note 8). All amounts outstanding under this Loan Agreement are required to be paid in full on the maturity date, which is two years after the disbursement date of October 24, 2022.

The fair value of the debt was calculated as $682,630, with the residual amount of $99,170 allocated to the 600,000 warrants issued in connection with the debt financing agreement. The effective interest rate used to calculate the debt is consistent with the estimated market rate as the interest on the debt without warrants on the date of issuance. Total debt issuance costs were $17,989, of which $2,282 was allocated to warrants, $15,707 was allocated to the debt portion. In connection with the sale of Awakn Norway (Note 9), the loans payable balance $705,714 was disposed of as of the date of sale.

The first royalty payment was based on the aggregate amount of revenues earned in the period from the date of the disbursement of funds (October 24, 2022) to the date of disposition (the "First Royalty Period"). The accrued royalty payment balance of $15,750 was disposed of in connection with the sale of the Oslo Awakn (Note 9).

11. Loss per Share

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

	Three months ended October 31, 2023 $	Three months ended October 31, 2022 $	**Nine months ended October 31, 2023 $**	Nine months ended October 31, 2022 $
Numerator:				
Net loss from continuing operations attributable to shareholders - basic and diluted	**(647,234)**	(854,127)	**(2,355,655)**	(4,174,729)
Net loss from discontinued operations attributable to shareholders - basic and diluted	**-**	(768,975)	**(1,721,944)**	(2,637,524)
Denominator:				
Weighted-average number of common shares	**30,511,149**	26,918,557	**28,223,421**	26,368,661

The Company’s potentially dilutive securities which include stock options and warrants granted have been excluded from the computation of diluted net loss per share as the effect would be anti-dilutive. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

12. 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 three and nine months ended October 31, 2023, 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 October 31, 2023	Three months ended October 31, 2022	**Nine months ended October 31, 2023**	Nine months ended October 31, 2022
Short-term compensations	**$ 155,263**	$ 339,847	**$ 781,957**	$ 1,164,954
Share-based payments	**54,235**	55,089	**182,273**	260,128
Total	**$ 209,499**	$ 394,935	**$ 964,230**	$ 1,425,082

(b) As at October 31, 2023, a balance of $400,040 (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.

13. Segment Reporting

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

- The development segment, which focuses on researching and developing next-generation psychedelic drugs and therapies, ketamine-assisted psychotherapy and MDMA-assisted psychotherapy to treat substance and behavioral addictions.
- The delivery segment, which includes a chain of medical psychedelic clinics across Europe and through licensing partners; and
- The corporate segment, which comprises corporate income and expense items.

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

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

13. Segment Reporting (continued)

	Development (R&D) $	Delivery (Services) $	Corporate $	Total $
For the nine months ended October 31, 2023				
Revenue	-	65,555	-	**65,555**
Change in fair value of contingent consideration	-	-	-	**-**
Net loss from continuing operations	394,252	95,424	1,865,979	**2,355,655**
Net loss from discontinuing operations	264,234	1,309,351	148,359	**1,721,944**
For the nine months ended October 31, 2022				
Revenue	-	-	-	**-**
Change in fair value of contingent consideration	-	-	-	**-**
Net loss from continuing operations	1,122,500	181,035	2,871,193	**4,174,728**
Net loss from discontinuing operations	173,049	1,965,521	498,954	**2,637,524**
For the three months ended October 31, 2023				
Revenue	-	28,940	-	**28,940**
Change in fair value of contingent consideration	-	-	-	**-**
Net loss from continuing operations	135,958	4,252	507,024	**647,234**
Net loss from discontinuing operations	-	-	-	**-**
For the three months ended October 31, 2022				
Revenue	-	-	-	**-**
Change in fair value of contingent consideration	-	-	-	**-**
Net loss from continuing operations	250,108	75,062	528,956	**854,126**
Net loss from discontinuing operations	53,613	618,142	97,220	**768,975**
As at October 31, 2023				
Non-current assets	50,738	-	1,003	**51,741**
As at January 31, 2023				
Non-current assets	56,583	3,353,577	8,229	**3,418,389**

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

	North America $	Europe $	Total $
For the nine months ended October 31, 2023			
Revenue - continuing operations	**-**	65,555	65,555
Revenue - discontinued operations	**-**	947,361	947,361
For the nine months ended October 31, 2022			
Revenue - continuing operations	-	-	-
Revenue - discontinued operations	-	1,023,530	1,023,530
As at October 31, 2023			
Non-current assets	542	51,199	51,741
As at January 31, 2022			
Non-current assets	1,201	3,417,188	3,418,389

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

14. Financial Instruments and Risk Management

Fair Value of Financial Instruments

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

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

As at October 31, 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 and nine months ended October 31, 2023, level three inputs were used to determine the fair value of the contingent consideration.

Risk Management

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

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash, accounts receivable and other receivables. Management believes credit risk with respect to its financial instruments is minimal. The Company's maximum exposure to credit risk as at October 31, 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 it operations and anticipating its operating and investing activities. The table below summarizes the contractual undiscounted payments its financial liabilities:

As at October 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	2,016,478	2,016,478	-	-	-
	2,016,478	**2,016,478**	**-**	**-**	**-**

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.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

14. Financial Instruments and Risk Management (continued)

Foreign currency risk

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

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

Base currency	Total financial instruments in base currency	% change in exchange rate	Total impact on net loss
GBP	(257,265)	10%	(43,339)
EUR	719	10%	106
USD	197,307	10%	27,368

15. Commitments and contingencies

Contingent consideration payable to Equasy Enterprises Ltd.

Pursuant to the purchase agreement entered into with Equasy Enterprises Ltd for the purchase of the IP Assets (Note 6), the Company agreed to issue Equasy Enterprises Ltd up to 330,000 shares upon the successful completion of certain development and regulatory milestones. 70,000 shares of these shares have been issued to date.

Deferred share units ("DSUs")

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.

On June 27, 2023, the RSU/DSU Plan was approved and ratified at the Company's annual shareholder meeting. On the date of grant, the Company issued 35,172 DSUs at a price of $0.21 per unit for a total value of $7,386 based on the share price at the date of issuance, which was recognized as share-based compensation expense. This amount was included in accounts payable and accrued liabilities as of October 31, 2023. The DSUs vested immediately upon issuance. During the period ended October 31, 2023, the Company recorded a loss of $352 from the revaluation of the liability, reflecting the increase in share price of the Company to $0.22 at period end.

16. Capital Management

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