AWAKN LIFE SCIENCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2024 AND 2023
(Expressed in Canadian Dollars, unless otherwise noted)

Independent Auditor's Report

To the Shareholders of Awakn Life Sciences Corp.:

Opinion

We have audited the consolidated financial statements of Awakn Life Sciences Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2024 and January 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at January 31, 2024 and January 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and negative operating cash flow during the year ended January 31, 2024 and, as of that date, the Company had an accumulated deficit and negative working capital. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

MNP LLP
1122 International Blvd, 6th floor, Burlington ON, L7L 6Z8 T: 905.333.9888 F: 905.333.9583

Revenue

Key Audit Matter Description

MNP determined this to be a key audit matter due to the nature of the services in the license contracts and the complexity in applying IFRS when determining the number of performance obligations in the contract. The risk identified is the occurrence and accuracy of revenue.

Audit Response

We responded to this matter by performing audit procedures over revenue. Our audit work in relation to this included, but was not restricted to, the following:

- We obtained an understanding and evaluated the design and implementation of controls related to the recording of revenue.
- Reviewed management's revenue recognition memo to assess if their policies on revenue recognition are in accordance with IFRS.
- Selected a sample of revenue service contracts and tested these by vouching to supporting documentation including contracts, invoices, receipts, and tracing cash received to bank statements.
- Sent confirmations to a sample of customers.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Giacomo Angelini.

MNP LLP

Burlington, Ontario	Chartered Professional Accountants
May 28, 2024	Licensed Public Accountants

AWAKN LIFE SCIENCES CORP.
Consolidated Statements of Financial Position
As at
(Expressed in Canadian dollars)

	Note	January 31, 2024 $	January 31, 2023 $
Assets			
Current assets			
Cash		**407,301**	550,866
Prepayments and deposits		**68,467**	280,938
Accounts receivable		**6,746**	44,109
Other receivables		**13,862**	99,326
Total current assets		**496,376**	975,239
Non-current assets			
Prepayments and deposits		**-**	408,981
Property and equipment	**5**	**637**	1,490,305
Intangible assets	**6**	**46,333**	56,583
Right-of-use assets	**7**	**-**	1,462,520
Total assets		**543,346**	4,393,628
Liabilities			
Accounts payable and accrued liabilities	**12,15**	**2,066,217**	1,981,725
Deferred revenue		**7,418**	37,012
Lease liabilities	**7**	**-**	386,517
Contingent consideration		**-**	57,634
Total current liabilities		**2,073,635**	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		**2,073,635**	4,443,370
Shareholders' Deficiency			
Share capital	**8**	**22,219,422**	20,007,433
Contributed surplus	**8**	**7,493,345**	6,896,640
Accumulated other comprehensive income		**(277,941)**	(102,749)
Accumulated deficit		**(30,965,115)**	(25,953,586)
Total equity (deficiency) attributable to equity holders of the parent		**(1,530,289)**	847,738
Non-controlling interest		**-**	(897,480)
Total Shareholders' Deficiency		**(1,530,289)**	(49,742)
Total Liabilities and Shareholders' Deficiency		**543,346**	4,393,628

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

Going concern (note 1)
Commitments and contingencies (note 15)
Subsequent events (note 18)
Approved and authorized for issue by the Board of Directors on May 27, 2024.

"George Scorsis"
Director

"Steve Page"
Director

AWAKN LIFE SCIENCES CORP.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended January 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	Year ended January 31, 2024 $	Year ended January 31, 2023 $
Revenue			
Service revenue		**87,373**	-
Total revenue		**87,373**	-
Operating expenses			
Research and development		**827,816**	1,356,150
General and administration		**1,914,454**	2,111,242
Sales and marketing		**439,585**	1,167,638
Share-based compensation	**8, 12, 15**	**813,715**	628,234
Depreciation and amortization	**5, 6, 7**	**18,296**	14,411
Total operating expenses		**4,013,866**	5,277,675
Other expense (income)			
Other income		**-**	2,374
Finance costs (income)	**10**	**(87,668)**	(305,788)
Foreign exchange loss (gain)		**(167,750)**	(17,302)
Loss from operations before income taxes		**(3,671,075)**	(4,956,959)
Income tax expense - current		**-**	-
Income tax expense - deferred		**-**	-
Loss from continuing operations		**(3,671,075)**	(4,956,959)
Loss after tax from discontinued operations	**9**	**(1,431,629)**	(4,694,608)
Net loss		**(5,102,704)**	(9,651,567)
Other comprehensive income (loss)			
Foreign exchange translation adjustment		**(175,192)**	(118,411)
Comprehensive loss		**(5,277,896)**	(9,769,978)
Net loss from continuing operations attributable to:			
Shareholders		**(3,671,075)**	(4,956,959)
Non-controlling interests		**-**	-
		(3,671,075)	(4,956,959)
Net loss from discontinued operations attributable to:			
Shareholders		**(1,340,454)**	(4,185,596)
Non-controlling interests		**(91,175)**	(509,012)
		(1,431,629)	(4,694,608)
Comprehensive loss attributable to:			
Shareholders		**(5,186,721)**	(9,260,966)
Non-controlling interests		**(91,175)**	(509,012)
		(5,277,896)	(9,769,978)
Net loss per share:			
Net loss attributable to common shares ($) - continuing operations		**(3,671,075)**	(4,956,959)
Basic and diluted loss per share - continuing operations	**11**	**(0.13)**	(0.20)
Net loss attributable to common shares ($) - discontinued operations		**(1,431,629)**	(4,694,608)
Basic and diluted loss per share - discontinued operations	**11**	**(0.05)**	(0.19)
Weighted average number of shares outstanding – basic and diluted	**11**	**29,067,704**	25,202,576

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

AWAKN LIFE SCIENCES CORP.
Consolidated Statements of Changes in Shareholders' Deficiency
For the years ended January 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	Number of Shares	Share Capital $	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**	7,588,880	3,869,809	2,199,467	-	-	6,069,276	-	6,069,276
Share-based compensation	**8**	-	-	628,233	-	-	628,233	-	628,233
Net loss from continuing operations		-	-	-	-	(4,956,959)	(4,956,959)	-	(4,956,959)
Net loss from discontinued operations		-	-	-	-	(4,185,596)	(4,185,596)	(509,012)	(4,694,608)
Other comprehensive loss		-	-	-	(118,411)	-	(118,411)	-	(118,411)
Balance, January 31, 2023		**32,476,187**	**20,007,433**	**6,896,640**	**(102,749)**	**(25,953,586)**	**847,738**	**(897,480)**	**(49,742)**
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**	6,445,010	2,144,889	771,645	-	-	2,916,534	-	2,916,534
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**	-	-	813,715	-	-	813,715	-	813,715
Net loss from continuing operations		-	-	-	-	(3,671,075)	(3,671,075)	-	(3,671,075)
Net loss from discontinued operations	**9**	-	-	-	65,901	(1,340,454)	(1,274,553)	(91,175)	(1,365,728)
Other comprehensive loss		-	-	-	(241,093)	-	(241,093)		(241,093)
Change in ownership of Bristol	**4**	-	-	(988,655)	-	-	(988,655)	988,655	-
Balance, January 31, 2024		**39,091,197**	**22,219,422**	**7,493,345**	**(277,941)**	**(30,965,115)**	**(1,530,289)**	**-**	**(1,530,289)**

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

AWAKN LIFE SCIENCES CORP.
Consolidated Statements of Cash Flows
For the years ended January 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	Year ended January 31, 2024 $	Year ended January 31, 2023 $
CASH FLOW USED IN OPERATING ACTIVITIES			
Loss from continuing operations		**(3,671,075)**	(4,956,959)
Items not affecting cash:			
Share-based compensation	**8,15**	**813,715**	628,233
Depreciation and amortization	**5, 6, 7**	**18,289**	14,053
Effect of foreign exchange translation		**46,290**	(8,838)
Changes in non-cash working capital items:			
Decrease in prepayments and deposits		**195,840**	44,418
Increase in accounts receivable		**(6,746)**	-
Increase in other receivables		**85,464**	1,013
Decrease (increase) in accounts payable and accrued liabilities		**896,397**	432,639
Increase in deferred revenue		**7,418**	-
Cash flow used in operating activities from continuing operations		**(1,614,408)**	(3,845,441)
Cash flow used in operating activities from discontinued operations		**(767,008)**	(3,518,145)
CASH FLOW USED IN INVESTING ACTIVITIES			
Cash flow used in investing activities from continuing operations		**-**	-
Cash flow used in investing activities from discontinued operations		**(20,406)**	(95,345)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net	**8**	**2,656,014**	5,972,388
Issuance of warrants, net	**10**	**-**	99,170
Cash flow from financing activities from continuing operations		**2,656,014**	6,071,558
Cash flow (used in) from financing activities from discontinued operations		**(199,968)**	331,981
Effect of exchange rate changes		**(13,475)**	(16,932)
Increase (decrease) in cash		**54,224**	(1,055,392)
Cash, beginning of year		**550,866**	1,623,190
Cash, end of year		**591,615**	550,866
Reclassification of cash as discontinued operations	**9**	**184,314**	462,331
Cash, end of period from continuing operations		**407,301**	88,535
Non-cash transactions			
Shares issued for intangible asset	**6**	**23,100**	-
Shares issued for contingent consideration	**8**	**44,000**	-
Additions to right of use assets	**7**	**195,255**	-
Shares for debt transactions	**8**	**260,520**	-

The accompanying notes are an integral part of these consolidated 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 Canadian Securities Exchange (the "CSE") 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 January 31, 2024 and for the year ended January 31, 2024, the Company had not yet achieved profitable operations, has accumulated losses of $30,965,115 since its inception and expects to incur further losses in the development of its business, has negative cash flows from operating activities, and a working capital deficit, 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 consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on May 27, 2024.

(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. The comparative figures in the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' deficiency, and the consolidated statements of cash flows have been reclassified to conform with the current period as a result of the disposition of subsidiaries and disclosure of discontinued operations for presentation purposes (Note 9).

(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 year ended January 31, 2024, 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)

(e) Use of estimates and judgements (continued)

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

Management uses the Black-Scholes option-pricing model to calculate the fair value of share-based payments, warrants and any identified derivative liabilities, including the conversion feature and any embedded warrants that do not meet the "fixed for fixed" criteria. Management considers factors that knowledgeable, willing market participants would consider when selecting the appropriate valuation model to apply. Use of this method requires 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.

2. Basis of Presentation (continued)

(e) Use of estimates and judgements (continued)

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.

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.

Expected credit loss (ECL)

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

3. Significant Accounting Policies

A summary of the significant accounting policies, which have been applied consistently to all periods presented in the accompanying consolidated financial statements are set out below:

Business combinations and asset acquisitions

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

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

Cash

Cash in the consolidated statement of financial position is comprised of cash held at a major financial institution.

Accounts receivable

Accounts receivables are non-interest bearing, unsecured obligations due from licensing partners.

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

3. Significant Accounting Policies (continued)

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment. Likewise, when a major inspection is performed, its cost is recognized in the carrying value of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of loss and comprehensive loss as incurred.

Depreciation is calculated on a straight line basis over the expected useful life of the asset as follows, except for construction in progress which is not amortized:

Leasehold improvements	Shorter of useful life or remaining lease term
Furniture and fixtures	5 years
Computer equipment	3 years
Construction in progress	No term

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of loss and comprehensive loss in the period the asset is derecognized.

Intangible assets

Intangible assets acquired are stated at cost, less accumulated amortization except for intangible assets that are considered to have an indefinite useful life. Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

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

Asset type	Amortization Term
Intellectual property assets (“IP Assets”)	5 years

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed as incurred. Development activities involve a plan or design to produce new, or substantially improved, products and processes related to the Company’s technology platforms. Development expenditures are capitalized only if the relevant criteria are met, including: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) the intention to complete the intangible asset and use or sell it, (iii) the ability to use or sell the intangible asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses. During the year ended January 31, 2024, no internal development expenditures were capitalized (2023 – $Nil).

3. Significant Accounting Policies (continued)

Leases

The Company determines if an arrangement is a lease at contract inception. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Clinics	5 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies of impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its IBR at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Impairment of non-financial assets

Intangible assets with a finite useful life are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

3. Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration. For testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or “CGU”). An impairment loss is recognized for the amount, if any, by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less cost to sell (“FVLCS”) and the value in use (“VIU”) (being the present value of expected future cash flows of the asset or CGU). The determination of the recoverable amount in the impairment assessment requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized, with the exception of goodwill.

Financial instruments

Classification

On initial recognition, the Company determines the classification of financial instruments based on the following categories:

1. Measured at amortized cost
2. Measured at fair value through profit or loss (FVTPL)
3. Measured at fair value through other comprehensive income (FVOCI)

The classification under IFRS 9 is based on the business model under which a financial asset is managed and on its contractual cash flow characteristics. Assets held for the collection of contractual cashflows and for which those cashflows correspond solely to principal repayments and interest payments are measured at amortized cost. Contracts with embedded derivatives where the host is a financial instrument in the scope of the standard will be assessed as a whole for classification.

A financial asset is measured at amortized cost if both of the following criteria are met:

- held within a business model whose objective is to hold assets to collect contractual cash flows; and
- contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company may irrevocably elect, on initial recognition, to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives), or if the Company has chosen to evaluate them at FVTPL.

3. Significant Accounting Policies (continued)

The classification of financial instruments under IFRS 9 is as follows:

Financial Instrument	**Classification under IFRS 9**
Cash	Amortized cost
Accounts receivable	Amortized cost
Other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Contingent consideration	FVTPL

Measurement

Initial recognition – A financial asset or financial liability is initially recorded at its fair value, which is typically the transaction price, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In the event that fair value is determined to be different from the transaction price, and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference between fair value and transaction price is recognized as a gain or loss at the time of initial recognition.

Amortized cost – The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

Fair value through profit or loss – Changes in fair value after initial recognition, whether realized or not, are recognized through the consolidated statement of loss and comprehensive loss. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statement of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Fair value through other comprehensive income – Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statement of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

The Company has applied the simplified approach to recognize lifetime expected credit losses for its accounts receivable.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition

Financial assets – Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred. Gains and losses from the derecognition are recognized in the consolidated statement of loss and comprehensive loss.

Convertible debentures

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

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

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

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

Share-based payments

The stock option plan allows the directors, officers, employees and consultants of the Company to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from share-based payment reserve to share capital.

In situations where equity instruments are issued to non-employees and some or all of the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based payments, otherwise, measured at the fair value of the services received.

3. Significant Accounting Policies (continued)

Share-based payments (continued)

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based payments is transferred to accumulated losses (deficit).

Revenue

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

The Company generates service revenue from licensing its intellectual property to licensing partners. Revenues are recognized as performance obligations are completed. Annual licensing fees are deferred and recognized over the life of the contract, while revenue share and training revenue are recognized as services are rendered.

Prior to the disposition of the Former Subsidiaries, the Company generated service revenue from the delivery of ketamine-assisted psychotherapy sessions at its clinic locations.

Standards issued and adopted

During the year ended January 31, 2024, 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 is 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.

Standards issued but not yet effective

IAS 1, Presentation of financial statements ("IAS 1")

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted.

IFRS 16 – Leases ("IFRS 16")

In September 2022, the IASB issued amendments to IFRS 16, Leases, which add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the financial statements.

(Expressed in Canadian dollars, unless otherwise noted)

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 dollars, resulting in 100% ownership of Awakn Bristol Limited and its Bristol Clinic as at March 26, 2023. The total balance of non-controlling interest as at March 26, 2023 of $988,655 was transferred to contributed surplus. On July 14, 2023, the Company liquidated its subsidiary Awakn Bristol (Note 9).

5. Property and Equipment

Property and equipment as at January 31, 2024 and 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	6,787	-	72,329
Balance, January 31, 2024	**-**	**4,328**	**-**	**4,328**
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	-	1,444	-	1,444
Disposals	(386,104)	(62,533)	-	(448,637)
Exchange realignment	7,810	477	-	8,287
Balance, January 31, 2024	**-**	**3,691**	**-**	**3,691**
Net book value				
At January 31, 2023	1,300,567	189,738	-	1,490,305
At January 31, 2024	**-**	**637**	-	**637**

(Expressed in Canadian dollars, unless otherwise noted)

5. Property and Equipment (continued)

Depreciation expense related to property and equipment was $1,444 for the year ended January 31, 2024 (2023 - $383,638). 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 year ended January 31, 2024, $Nil relating to the completion of the construction in progress to leasehold improvements (2023 - $1,293,767 relating to the completion of the construction of the London clinic was transferred from construction in progress to leasehold improvements).

In connection with the disposition of the Former Subsidiaries (Note 9), the Company disposed of property and equipment with a carrying value of $1,439,733.

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, January 31, 2024	**88,100**
Accumulated amortization	
Balance, February 1, 2022	**11,917**
Amortization	13,000
Balance, January 31, 2023	**24,917**
Amortization	16,850
Balance, January 31, 2024	**41,767**
Net book value	
At January 31, 2023	56,583
At January 31, 2024	**46,333**

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 of January 31, 2023.

(Expressed in Canadian dollars, unless otherwise noted)

6. Intangible Assets (continued)

During the year ended January 31, 2024, 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 year ended January 31, 2024, 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 related activity is likely to have all conditions met as well as the likelihood of issuance of shares.

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 January 31, 2024 and 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, January 31, 2024	-
Accumulated depreciation	
Balance, February 1, 2022	152,873
Depreciation	206,896
Exchange realignment	(3,229)
Balance, January 31, 2023	356,540
Depreciation	-
Disposals	(360,473)
Exchange realignment	3,933
Balance, January 31, 2024	-
Net book value	
At January 31, 2023	1,462,520
At January 31, 2024	**-**

(Expressed in Canadian dollars, unless otherwise noted)

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

Lease liabilities

Lease liabilities consist of the following as at January 31, 2024 and 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, January 31, 2024	**-**

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 year ended January 31, 2024, was $102,040 (2023 - $219,284), which was 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 January 31, 2024, 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)	1,442,856	435,341
Issuance of common shares for debt	(8)	441,348	203,020
Issuance of common shares and warrants, net of issuance cost	(9)	1,542,858	486,812
Issuance of common shares for debt	(9)	125,000	57,500
Issuance of common shares and warrants, net of issuance cost	(10)	500,000	186,682
Balance, January 31, 2024		39,091,197	22,219,422

8. Shareholders' Equity (Continued)

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.

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.

Year ended January 31, 2024

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 patent applications for its research program with Equasy Enterprises Ltd at a price of $0.33 per common share (Note 6).

(Expressed in Canadian dollars, unless otherwise noted)

8. Shareholders' Equity (continued)

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. This amount includes 441,348 units related to shares issued for debt settlements for total amount of $203,020. 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. This amount includes 125,000 units related to shares issued for debt settlements for total amount of $57,500. 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.

10) On December 15, 2023, the Company closed the fourth tranche of a non-brokered private placement financing previously announced on April 25, 2023, by issuing 500,000 units at a price of $0.46 per unit for gross proceeds of $230,000. 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 $41,284. The Company incurred share issuance costs of $2,479 related to the completion of the private placement, of which $2,034 was allocated to share capital and $445 was allocated to the total warrant reserve.

Stock options

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

	Number of options	Weighted average exercise price ($)
Balance, 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	(965,000)	0.70
Balance, January 31, 2024	**2,056,746**	**1.03**

(Expressed in Canadian dollars, unless otherwise noted)

8. Shareholders' Equity (continued)

Stock options (continued)

During the year ended January 31, 2024, there were no options granted. During the year ended January 31, 2024, 965,000 options expired.

During the year ended January 31, 2023, 1,261,918 options were granted, with vesting periods ranging from immediate to 24 months. The options had an aggregate value of $401,448. No options were exercised during the period.

The share-based compensation and charge to share-based reserve relating to the vesting of stock options for the year ended January 31, 2024, was $750,064 (2023 - $628,233). This includes $506,775 related to 2,700,000 warrants issued to a consultant (see Warrants below) during the year ended January 31, 2024.

During the year ended January 31, 2024, $Nil (2023 - $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 January 31, 2024:

Grant date	Exercise price ($)	Weighted average remaining life (yrs)	Number of options outstanding	Number of options exercisable
May 6, 2020	0.075	1.26	40,000	40,000
January 31, 2021	0.300	2.00	30,000	30,000
March 8, 2021	1.200	2.10	510,000	397,500
April 12, 2021	1.200	2.20	200,000	180,000
July 5, 2021	2.500	0.43	15,000	15,000
July 19, 2021	2.500	0.47	30,000	30,000
September 14, 2021	2.500	2.62	20,000	15,000
September 17, 2021	2.500	2.63	100,000	100,000
October 4, 2021	2.500	2.68	75,000	56,250
December 13, 2021	2.900	2.87	24,828	24,828
April 25, 2022	2.200	0.14	11,918	11,918
December 12, 2022	0.550	3.87	1,000,000	666,667
		2.96	2,056,746	1,567,163

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

	Year ended January 31, 2024	Year ended January 31, 2023
Volatility	N/A	103.42% to 135.65%
Risk-free interest rate	N/A	2.55% - 2.98%
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	$0.68

During the year ended January 31, 2024, the Company had adequate trading and volatility history to calculate using its own volatility data (see Warrants below). Volatility was calculated by using the historical volatility of other public companies that the Company considered comparable and that have adequate trading and volatility history for the year ended January 31, 2023.

(Expressed in Canadian dollars, unless otherwise noted)

8. Shareholders' Equity (continued)

Stock options (continued)

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	7,533,693	0.63
Expired	(1,822,785)	1.85
Balance, January 31, 2024	**14,760,238**	**0.76**

The following table presents information related to warrants outstanding as at January 31, 2024:

Issue Date		Weighted Average Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
March 21, 2022	(1)	2.20	0.14	1,015,625
September 14, 2022	(2)	0.68	0.65	1,880,454
September 24, 2022	(3)	0.68	0.65	53,200
October 24, 2022	(4)	0.68	0.73	600,000
November 16, 2022	(5)	0.68	0.79	3,395,902
November 16, 2022	(6)	0.68	0.79	281,364
April 25, 2023	(7)	0.63	4.24	1,794,644
June 9, 2023	(8)	0.63	4.36	2,700,000
June 14, 2023	(9)	0.63	4.37	1,413,153
September 14, 2023	(10)	0.63	4.62	1,250,896
December 15, 2023	(11)	0.63	4.88	375,000
		0.76	2.57	14,760,238

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.

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.

8. Shareholders' Equity (continued)

Warrants (continued)

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.

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.

11) On December 15, 2023, 375,000 warrants of the Company were issued as part of a private placement, with an exercise price of $0.63 per common share, exercisable until December 15, 2028. The $41,284 total fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 5 years; annualized volatility – 147.88%; risk-free interest rate – 3.24%; dividend rate - 0%; and stock price - $0.14.

(Expressed in Canadian dollars, unless otherwise noted)

9. Discontinued Operations

During the year ended January 31, 2024, as the Company had limited financial resources available, the Company determined that it would focus its resources on its research and development, hence would be exiting its clinic business. 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)	(368,318)
Gain on disposal of assets	(224,414)

(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.

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 consolidated 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 year ended January 31, 2024	For the year ended January 31, 2023
Revenue	**947,361**	1,495,343
Research and development	**(90,692)**	(216,297)
General and administration	**(465,831)**	(1,305,939)
Sales and marketing	**(81,845)**	(233,246)
Change in contingent consideration	**14,306**	617,867
Depreciation and amortization	**(314,093)**	(589,123)
Service costs	**(1,536,611)**	(3,050,028)
Finance costs	**(194,539)**	(572,304)
Impairment of intangible assets	**-**	(840,881)
Foreign exchange translation	**65,901**	-
Gain on disposal of assets	**224,414**	-
	(1,431,629)	(4,694,608)

(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:

	Year ended January 31, 2024 $	Year ended January 31, 2023 $
Numerator:		
Net loss from continuing operations attributable to shareholders - basic and diluted	**(3,671,075)**	(4,956,959)
Net loss from discontinued operations attributable to shareholders - basic and diluted	**(1,431,629)**	(4,185,596)
Denominator:		
Weighted-average number of common shares	**29,067,704**	25,202,576

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.

(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 years ended January 31, 2024, and 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:

	Year ended January 31, 2024	Year ended January 31, 2023
Short-term compensation	**$ 994,757**	$ 1,540,765
Share-based payments	**361,219**	424,145
Total	**$ 1,355,976**	$ 1,964,910

(b) As at January 31, 2024, a balance of $343,127 (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.

(Expressed in Canadian dollars, unless otherwise noted)

13. Segment Reporting (continued)

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

	Development (R&D) $	Delivery (Services) $	Corporate $	Total $
For the year ended January 31, 2024				
Revenue	**-**	**87,373**	**-**	**87,373**
Net loss from continuing operations	**493,750**	**442,452**	**2,734,873**	**3,671,075**
Net loss from discontinuing operations	**264,234**	**1,019,036**	**148,359**	**1,431,629**
For the year ended January 31, 2023				
Revenue	-	-	-	-
Net loss from continuing operations	1,317,274	(53,879)	3,693,564	4,956,959
Net loss from discontinuing operations	229,093	3,858,460	607,055	4,694,608
As at January 31, 2024				
Non-current assets	**46,333**	**-**	**637**	**46,970**
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 year ended January 31, 2024			
Revenue - continuing operations	**41,764**	**45,609**	**87,373**
Revenue - discontinued operations	**-**	**947,361**	**947,361**
For the year ended January 31, 2023			
Revenue - continuing operations	-	-	-
Revenue - discontinued operations	-	1,495,343	1,495,343
As at January 31, 2024			
Non-current assets	**322**	**46,648**	**46,970**
As at January 31, 2023			
Non-current assets	1,201	3,417,188	3,418,389

(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 January 31, 2024, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent due to their short-term nature. During the year ended January 31, 2024, 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 of January 31, 2024, 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 January 31, 2024	Total $	Less than 1 year $	1 year to 3 years $	3 year to 5 years $	Over 5 years $
Accounts payable and accrued liabilities	2,066,217	2,066,217	-	-	-
	2,066,217	**2,066,217**	**-**	**-**	**-**

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.

(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 foreign denomination balances, impact of net loss 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	(245,224)	10%	(41,310)
EUR	759	10%	110
USD	72,431	10%	9,704

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 and contributed surplus. The DSUs vested immediately upon issuance.

On January 22, 2024, the Company issued 496,666 DSUs at a price of $0.11 per unit for a total value of $54,633 based on the share price at the date of issuance, which was recognized as share-based compensation expense and contributed surplus. The DSUs vested immediately upon issuance.

As at January 31, 2024, the Company had 531,838 DSUs outstanding.

(Expressed in Canadian dollars, unless otherwise noted)

15. Commitments and contingencies (continued)

Restricted share units ("RSUs")

On January 22, 2024, the Company granted 993,334 RSUs to certain directors, officers, employees, and consultants of the Company. The RSUs vest in two stages, with 50% vesting on the date that is one year from the date of grant, and the remaining 50% vesting on the date that is two years from the date of grant. Each RSU, once vested, represents the right to receive one common share of the Company. As of January 31, 2024, the RSUs remain unvested. The 993,334 RSUs had a total value of $109,267, based on the share price of $0.11 per unit. During the year ended January 31, 2024, $1,632 was recognized as share-based compensation expense and contributed surplus.

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 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.

17. Income Taxes

The income tax expense (recovery) shown in the consolidated statement of loss and comprehensive loss differs from the amounts obtained by applying statutory rates due to the following:

	2024	2023
Loss from continuing operations before recovery of income taxes	$(3,671,075)	$(4,956,959)
Loss from discontinued operations before recovery of income taxes	(1,431,629)	(4,694,608)
	(5,102,704)	(9,651,567)
Expected income tax recovery at statutory rate of 26.5% (2023 – 26.5%)	(1,352,217)	(2,557,665)
Impact of non-deductible expenses	(91,441)	185,859
Impact of temporary differences and losses not recognized	1,181,733	1,900,900
Impact of foreign income tax rate differential	46,291	468,159
Share-based compensation	215,634	166,482
Contingent consideration	-	(163,735)
Total income tax expense (recovery)	-	-
Current Tax Expense (recovery)	-	-
Deferred Tax Expense (recovery)	-	-
Total income tax expense (recovery)	-	-

(Expressed in Canadian dollars, unless otherwise noted)

17. Income taxes (continued)

Deferred tax

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. A deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The effect of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax assets and liabilities that have been recognized during the year are as follows:

	January 31, 2023	Recognized in profit and loss	January 31, 2024
Deferred tax asset			
Loss carry forwards	$63,927	$(63,927)	$-
Right of use lease liabilities	295,271	(295,271)	-
	359,198	(359,198)	-
Deferred tax liability			
Property and equipment	(63,927)	63,927	-
Right of use assets	(295,271)	295,271	-
	(359,198)	359,198	-
Net deferred tax liability	**-**	**-**	**-**

Gross temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset, which have not been recognized, are approximately as follows:

	2024	2023
Non capital losses	$16,392,161	$19,447,318
Net capital losses	4,538,164	-
Right of use lease liabilities	-	154,621
Intangible assets and property and equipment	30,606	16,426
Share issuance costs	801,167	778,134
Total	21,762,098	20,396,499

(Expressed in Canadian dollars, unless otherwise noted)

17. Income taxes (continued)

Deferred tax (continued)

The company has the following Canadian non-capital losses available to reduce future years' federal and provincial taxable income, which expire as follows:

Year of Expiry	Amount
2042	$7,296,421
2043	3,837,092
2044	3,270,104
	14,403,617

The Company has Irish trading losses of $1,988,545 available to reduce future years' taxable income, which can be carried forward indefinitely:

The Base Erosion and Profit Shifting (BEPS) 2.0 initiative is a significant reform of the international tax system led by the Inclusive Framework and the Organisation for Economic Co-operation and Development (OECD). This initiative includes a substantial change for large multinational groups with the "Pillar Two" proposal of a global minimum tax of 15%. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. The legislation will be effective for the Company's financial year beginning February 1, 2024. The Company is in the process of assessing the potential exposure arising from Pillar Two legislation, however based on a preliminary assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%, and as such the Company does not expect a material exposure to the Pillar Two legislation.

18. Subsequent events

On February 5, 2024, the Company announced it had closed the fifth tranche of the Offering, initially announced on April 25, 2023, by issuing 142,857 Units for gross proceeds of $65,714 for this tranche and $3,030,377 in total for the Offering to date.

On April 17, 2024, the Company announced it had closed a first tranche of its non-brokered private placement through the issuance of an additional 285,714 units (the "Units") at a price of $0.46 per Unit for additional gross proceeds of $131,428.