

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)

Financial Statements

For the period from incorporation on April 8, 2020 to April 30, 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Directors of HAVN Life Sciences Inc. (formerly 1246780 B.C. Ltd.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HAVN Life Sciences Inc. (formerly 1246780 B.C. Ltd) (the "Company"), which comprise the statement of financial position as at April 30, 2020 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on April 8, 2020 to April 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2020 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 2 in the financial statements, which indicates that the Company has incurred losses since inception and has no current source of operating revenue. As stated in Note 2, the Company's ability to continue as a going concern is dependent upon the receipt of equity and/or related party debt financing. These matters, along with other matters as set forth in Note 2, 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.



Chartered Professional Accountants

Vancouver, BC, Canada

September 1, 2020

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Statement of Financial Position
As at April 30, 2020
(Expressed in Canadian dollars)

As at	Notes	April 30, 2020
ASSETS		
Current Assets		
Cash	\$	1,616,985
Prepaid expenses		75,000
Promissory note receivable	6	250,548
TOTAL ASSETS		1,942,533
LIABILITIES		
Current		
Accounts payable and accrued liabilities		41,109
SHAREHOLDERS' EQUITY		
Share capital	5	1,922,000
Subscriptions received	5	20,000
Deficit		(40,576)
Total equity		1,901,424
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	1,942,533

Nature of operations – Note 1
 Going concern – Note 2
 Subsequent events – Note 11

These financial statements were authorized for issue by the Board of Directors on September 1, 2020.

Approved on behalf of the Board of Directors:

“Eli Dusenbury”, Director

“Tim Laidler”, Director

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

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Statement of Loss and Comprehensive Loss
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

	Period ended April 30, 2020
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EXPENSES	
Bank charges and interest	\$ 15
Professional fees	41,109
TOTAL OPERATING EXPENSES	(41,124)
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OTHER ITEM	
Interest income	548
	(40,576)
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LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (40,576)
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Loss per share, basic and diluted	\$ (0.01)
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Weighted average number of common shares outstanding – Basic and diluted	3,121,546

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

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Statement of Changes in Shareholders' Equity
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

	Share Capital		Subscriptions Received	Deficit	Total Equity
	Number	Amount			
		\$	\$	\$	\$
Incorporation, April 8, 2020	-	-	-	-	-
Incorporation share issued	1	1	-	-	1
Incorporation share repurchased by the Company	(1)	(1)	-	-	(1)
Shares issued pursuant to private placements	16,474,000	1,922,000	-	-	1,922,000
Subscription receipts	-	-	20,000	-	20,000
Net loss for the period	-	-	-	(40,576)	(40,576)
April 30, 2020	16,474,000	1,922,000	20,000	(40,576)	1,901,424

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

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Statement of Cash Flows
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

	Period ended April 30, 2020
Cash (used in) provided by:	
OPERATING ACTIVITIES	
Net loss for the period	\$ (40,576)
Items not involving cash:	
Interest income	(548)
Net changes in non-cash working capital items:	
Prepaid expenses	(75,000)
Accounts payable and accrued liabilities	41,109
Net cash used in operating activities	(75,015)
INVESTING ACTIVITIES:	
Promissory note receivable	(250,000)
Cash used in investing activities	(250,000)
FINANCING ACTIVITIES:	
Proceeds from the issuance of common shares	1,922,000
Subscriptions received	20,000
Cash provided by financing activities	1,942,000
Net increase in cash	1,616,985
Cash, beginning of period	-
Cash, end of period	\$ 1,616,985

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

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Notes to the Financial Statements
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

HAVN Life Sciences Inc. (formerly 1246780 B.C. LTD.) (“the Company”) was incorporated under the laws of British Columbia on April 8, 2020. The Company’s registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

The Company has been active in establishing strategic relationships towards executing the goal of acquiring assets and businesses in the psychopharmacological industry, through an acquisition transaction. On June 3, 2020, the Company entered into a share purchase agreement (the “SPA”) with HAVN Research Inc. (“HAVN”), a privately owned research and development biotechnology company. Pursuant to the terms of the SPA, the Company will acquire all of the issued and outstanding securities of HAVN in exchange for the issuance of 15,233,333 common shares to the HAVN shareholders on a pro rata basis (the “Acquisition”). Consequently, the Acquisition will constitute control of HAVN by the Company, with HAVN representing a wholly-owned subsidiary of the Company for accounting and reporting purposes. In connection with the completion of the Acquisition, the Company will file and subsequently seek a final receipt for a long form non-offering prospectus (the “Prospectus”) from Canadian securities regulators and look to successfully list on the Canadian Securities Exchange (“CSE”).

In connection with completion of the Acquisition, the Company will pursue a going-public transaction and list its shares on the CSE. The Company will focus its business on pursuing opportunities in the biotechnology healthcare industry.

These audited financial statements of the Company for the period ended April 30, 2020, were approved by the Board of Directors on September 1, 2020.

2. GOING CONCERN

The Company has incurred losses since inception and has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable to it.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Notes to the Financial Statements
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

3. BASIS OF PRESENTATION

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these financial statements and are based on International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

3.1. Basis of measurement

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical Accounting Judgments

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management’s strategic planning. Should those judgments prove to be inaccurate, management’s continued use of the going concern assumption could be inappropriate.

Financial Instruments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgements or assessments made by management.

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Notes to the Financial Statements
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

3. BASIS OF PRESENTATION (CONTINUED)

3.1. Significant judgments, estimates and assumptions (continued)

Critical Accounting Estimates

Income Taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

3.3 Foreign Currency Translation

Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

The functional currency of the Company was determined to be the Canadian dollar.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

HAVN Life Sciences Inc.
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(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Notes to the Financial Statements
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(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

4.4 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Notes to the Financial Statements
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.6 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

4.7 Financial Instruments - Recognition and Measurement

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Notes to the Financial Statements
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Financial Instruments - Recognition and Measurement (continued)

The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash	FVTPL
Promissory note receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

HAVN Life Sciences Inc.
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Notes to the Financial Statements
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Comprehensive Loss

Total comprehensive loss comprises all components of profit or loss and other comprehensive loss. Other comprehensive loss includes items such as gains and losses on re-measuring financial instruments designated as FVTOCI financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.9 Changes in Significant Accounting Policies

Accounting standard anticipated to be effective

There are no new standards issued, but not yet effective, that are anticipated to have a material impact on the Company's financial statements.

5. EQUITY

5.1 Authorized Share Capital

Unlimited number of common shares without par value.

5.2 Shares Issued

There are 16,474,000 common shares issued and outstanding as at April 30, 2020.

During the period ended April 30, 2020, the Company:

- i. Issued 1 incorporation share for gross proceeds of \$0.01 on April 8, 2020. This share was repurchased and canceled by the Company on April 21, 2020;
- ii. Issued 6,924,000 units at \$0.25 per unit for total proceeds of \$1,731,000. Each unit consists of one common share and one warrant, with each warrant being exercisable at \$0.50 per common share for a period of two years, provided that in the event that the common shares trade on the CSE, or other recognized stock exchange or market, as applicable, at a price of \$0.75 or more for a period of at least ten (10) consecutive trading days, the Company shall be entitled to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the warrants; and
- iii. Issued 9,550,000 common shares at \$0.02 per common share for total proceeds of \$191,000 (Note 11 iii).

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Notes to the Financial Statements
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

5. EQUITY (CONTINUED)

5.3 Warrants

At April 30, 2020, the following warrants were outstanding:

	Warrants	Exercise Price
April 8, 2020	-	\$ -
Issued	6,924,000	0.50
April 30, 2020	6,924,000	\$ 0.50

Expiry date	Warrants	Exercise Price
April 20, 2022	4,000,000	\$ 0.50
April 29, 2022	2,924,000	0.50
Balance, April 30, 2020	6,924,000	\$ 0.50

At April 30, 2020, the weighted-average remaining life of the outstanding warrants was 1.98 years.

6. PROMISSORY NOTE RECEIVABLE

On April 20, 2020, the Company entered into a promissory note agreement (the “Note”) with HAVN to advance \$250,000 for the purpose of pursuing a transaction whereby the Company and HAVN would enter into the Acquisition (Note 11) with the effect that HAVN would become a wholly-owned subsidiary of the Company, and the Company would subsequently pursue a going-public transaction in respect of HAVN. The Note will accrue interest at 8% per annum, payable monthly in arrears and on the date of any prepayment or repayment. The Note is due on the earlier of (a) July 31, 2020 and (b) twenty days after the date that either party provides notice to the other that negotiations to enter into a definitive agreement whereby the Company will acquire 100% of the issued and outstanding securities of HAVN have formally ended.

At April 30, 2020, the Company has recognized accrued interest income of \$548.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the directors and officers of the Company.

There were no key management or related party transactions during the period.

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Notes to the Financial Statements
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

8. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	<u>April 30, 2020</u>
Loss for the period	\$ (40,576)
Expected income tax recovery	(11,000)
Change in unrecognized deductible temporary differences	11,000
Total income tax expense (recovery)	<u>\$ -</u>

The Company's deductible temporary differences and unused tax losses consist of the following:

	<u>April 30, 2020</u>
Deferred income tax asset:	
Non-capital loss carry forwards	<u>\$ 11,000</u>

The Company did not recognize the deferred tax assets for the period ended April 30, 2020 as future taxable profits are uncertain.

The Company has non-capital losses of approximately \$40,600 which may be carried forward and applied against taxable income in future years. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements and have been offset by a valuation allowance.

9. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. LTD.)
Notes to the Financial Statements
For the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

10. RISK MANAGEMENT

10.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. The Company currently holds a promissory note receivable. There is a risk that this amount will not be collectible due to unforeseen material events.

c. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at April 30, 2020, the Company's working capital is \$1,901,424 and it does not have any long-term liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2020, the Company had cash of \$1,616,985 and total liabilities of \$41,109.

d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

10.2 Fair Values

The carrying values of cash, promissory note receivable and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

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10. RISK MANAGEMENT (CONTINUED)

10.2 Fair Values (continued)

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

11. SUBSEQUENT EVENTS

- i) On May 1, 2020, the Company issued a \$200,000 promissory note to an unrelated party. This note will receive interest at 4%, and is due on demand.
- ii) On May 6, 2020, pursuant to an executive employment agreement, the Company granted 500,000 stock options, exercisable at \$0.25 per common share, and expiring on June 4, 2025. On the same date, the Company issued 500,000 restricted shares. The restricted shares will vest and be released in three equal tranches based on the successful completion of certain milestones.
- iii) During May 2020, all of the subscribers of the \$0.02 private placement (Note 5) entered into special warrant subscription agreements at a price of \$0.02 per special warrant. The special warrant subscription agreements resulted in the termination of the previous \$0.02 subscription agreements, and the cancellation of the underlying common shares. In total, the Company cancelled all 9,550,000 common shares on May 28, 2020.
- iv) On June 1, 2020, the Company granted 9,000,000 performance warrants, pursuant to certain consulting agreements. Each performance warrant entitles the holder to acquire one common share of the Company at \$0.05 per common share for a period of three years from the date of issuance.
- v) On June 3, 2020, the Company entered into the SPA with HAVN. Under the terms of the SPA, the Company will acquire 100% of the outstanding shares of HAVN for an aggregate of 15,233,333 common shares of the Company (the “Purchaser Shares”). The Purchaser Shares issued to complete the SPA will be subject to escrow terms with 1/10th of the Purchaser Shares released on date of successful listing, and the remaining shares released every 6 months over a 36-month escrow period.

In connection with entering into this SPA, the Company paid \$150,000 and issued 798,000 units pursuant to finder’s fees. Each unit consists of one common share and one warrant at an exercise price of \$0.50 per warrant for a period of two years, provided that in the event that the common shares trade on the CSE, or other recognized stock exchange or market, as applicable, at a price of \$0.75 or more for a period of at least ten (10) consecutive trading days, the Company shall be entitled to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the warrants.

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11. SUBSEQUENT EVENTS (CONTINUED)

- vi) On May 28, 2020, the Company completed the private placement of 21,550,000 special warrants at a price of \$0.02 per special warrant for total net proceeds of \$431,000. Each special warrant automatically converts into a common share of the Company at the earlier of (a) the date that is four months and a day following the closing date and (b) the day on which a receipt for the final prospectus of the Company qualifying the distribution of its common shares underlining the special warrant is received.

- vii) During June 2020, the Company completed the following private placements:
 - a. 249,000 special warrants at a price of \$0.10 per special warrant for total net proceeds of \$24,900. Each special warrant automatically converts into a common share of the Company at the earlier of (a) the date that is four months and a day following the closing date and (b) the day on which a receipt for the final prospectus of the Company qualifying the distribution of its common shares underlining the special warrant is received; and

 - b. 9,550,000 units at a price of \$0.25 per unit for total net proceeds of \$2,387,500. Each unit consists of one common share and one warrant, with each warrant being exercisable at \$0.50 per common share for a period of two years, provided that in the event that the common shares trade on the CSE, or other recognized stock exchange or market, as applicable, at a price of \$0.75 or more for a period of at least ten (10) consecutive trading days, the Company shall be entitled to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the warrants.

In connection with completing the aforementioned private placements, the Company paid \$49,500 in finder's fees and issued 110,000 finder's units and 198,000 finder's warrants. Each finder's unit consists of one common share and one warrant, with each warrant being exercisable at \$0.50 per common share for a period of two years, provided that in the event that the common shares trade on the CSE, or other recognized stock exchange or market, as applicable, at a price of \$0.75 or more for a period of at least ten (10) consecutive trading days, the Company shall be entitled to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the warrants. The finder's warrants have the same terms as those included in the units.

- viii) During June 2020, the Company issued 12,356,667 special warrants in consideration for consulting fees totalling \$247,133. Each special warrant automatically converts into a common share of the Company at the earlier of (a) the date that is four months and a day following the closing date and (b) the day on which a receipt for the final prospectus of the Company qualifying the distribution of its common shares underlining the special warrant is received.

- ix) On June 4, 2020, pursuant to a consulting agreement, the Company granted 250,000 stock options, exercisable at \$0.25 per common share, and expiring on June 4, 2025.