

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the period from incorporation on April 8, 2020 to April 30, 2020**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements and notes thereto for the from incorporation on April 8, 2020 to April 30, 2020 of HAVN Life Sciences Inc. (formerly 1246780 B.C. LTD.) (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

**DATE**

This MD&A is prepared as of September 1, 2020.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about the global economic environment, the market price and demand for products and our ability to manage our operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) the uncertainty of government regulation and politics (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, (4) other factors beyond our control, and (5) the risk factors set out in the Prospectus (as defined below).

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below as well as in the Prospectus as set out in the section entitled "Risk Factors".

**DESCRIPTION OF BUSINESS**

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 Agreement, 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, this 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.

## OVERALL PERFORMANCE

The Company has not generated revenues to date from operations as it is in the start up phase. Once the Company completes the proposed Acquisition it will begin recognizing revenue from the wholly-owned subsidiary and continue pursuing biotechnology healthcare related operating activities.

The net assets of the Company total \$1,901,424 at April 30, 2020 and consist of cash of \$1,616,985, prepaid expenses of \$75,000, promissory note receivable of \$250,548 net of accounts payable and accrued liabilities of \$41,109.

## SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the period from incorporation on April 8, 2020 to April 30, 2020:

	<b>Period Ended April 30, 2020</b>
	<b>(\$)</b>
Operating Expenses	(41,124)
Net Income (Loss)	(40,576)
Basic and Diluted Earnings (Loss) Per Share	(0.01)

	<b>As at April 30, 2020</b>
	<b>(\$)</b>
Cash	1,616,985
Prepaid expenses	75,000
Promissory note receivable	250,548
Total Assets	1,942,533

## RESULTS OF OPERATIONS

### Period Ended April 30, 2020

During the period ended April 30, 2020, the Company incurred a net and comprehensive loss of \$40,576. The net and comprehensive loss for the period consists primarily of professional fees of \$41,109.

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the period from inception on April 8, 2020 to April 30, 2020:

	<b>Period from inception on April 8, 2020 to April 30, 2020 \$</b>
Revenue	Nil
Net loss	(40,576)
Loss per share, basic and diluted	(0.01)

On a quarter-by-quarter basis, losses are expected to fluctuate significantly due to a number of factors including timing of operating activities from the date of incorporation due to the nature of a start up Company.

An analysis of the quarterly result from inception shows that the Company has incurred mostly professional fees related to the newly formed entity and the pending transaction to acquire a biotechnology healthcare company.

## LIQUIDITY

The Company had cash of \$1,616,985 at April 30, 2020. The Company had working capital of \$1,901,424 at April 30, 2020.

During the period ended April 30, 2020:

- a. 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;
- b. The Company issued 6,924,000 units at \$0.25 per unit for total proceeds of \$1,731,000 pursuant to a private placement. 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
- c. Issued 9,550,000 common shares at \$0.02 per common share for total proceeds of \$191,000. Subsequent to April 30, 2020, these shares were cancelled and replaced with \$0.02 special warrants.

In addition to the above, the Company holds a promissory note receivable of \$250,548 that will be forgiven on completion of the Share Purchase Agreement. See Note 6 of the April 30, 2020 audited financial statements.

Subsequent to year end, the Company completed the following private placements:

- a. Issued 21,550,000 special warrants at a price of \$0.02 per special warrant for total net proceeds of \$431,000 and issued 12,356,667 special warrants pursuant to \$247,133 in consulting fees. Each special warrant automatically converts into a common share of the Company at the earlier of 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;
- b. Issued 249,000 special warrants at a price of \$0.10 per special warrant for total proceeds of \$24,900. Each special warrant automatically converts into a common share of the Company at the earlier of 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; and

- c. Issued 9,550,000 units at a price of \$0.25 per common share for total net proceeds of \$2,387,500 pursuant to completion of a private placement. Each unit consists of one share and one share purchase warrant at an exercise price of \$0.50 for 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. These shareholders have entered into a voluntary escrow agreement whereby, the units are released four months after the date of listing.

In connection with completing the aforementioned private placements, the Company paid \$49,500, issued 110,000 finder's units and 198,000 finder's warrants pursuant to finders' fees. Each unit consists of one common share and one warrant. The finders warrants and the warrants issued as part of the unit have 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.

In connection with completing the SPA, the Company paid \$150,000 and issued 798,000 units pursuant to finders' 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.

#### **Operating Activities**

The Company used net cash of \$75,015 in operating activities during the period ended April 30, 2020.

#### **Financing Activities**

The Company received net cash of \$1,942,000 from financing activities during the period ended April 30, 2020.

#### **Investing Activities**

The Company used net cash of \$250,000 in investing activities during the period ended April 30, 2020.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

#### **TRANSACTIONS WITH RELATED PARTIES**

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

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

#### **PROPOSED TRANSACTIONS**

As of the date of this MD&A, there were no proposed transactions aside from the SPA described in the section titled DESCRIPTION OF BUSINESS.

#### **SUBSEQUENT EVENTS**

In addition to the financing activities discussed under the section titled LIQUIDITY the Company had the following subsequent events:

- i) 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.
- ii) 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.
- iii) On June 3, 2020, the Company entered into the SPA with HAVN in connection with the Acquisition. 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 1/10<sup>th</sup> of the Purchaser Shares released on date of successful listing and the remaining shares released every 6 months over a 36-month escrow period.
- iv) 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.
- v) During May 2020, all of the subscribers of the \$0.02 private placement entered into special warrant subscription agreements at a price of \$0.02 per special warrant. The special warrant subscription agreements resulted in termination of the previous \$0.02 subscription agreement and cancellation of the underlying common shares. In total, the Company cancelled all 9,550,000 common shares.
- vi) Subsequent to year end, the Company loaned \$200,000 at 4% interest due on demand to an unrelated third-party.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

### ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the period from incorporation on April 8, 2020 to April 30, 2020, the Company incurred the following significant expenses:

	2020	2019
Professional fees	\$41,109	-

These professional fees consist of the audit fee accrual and legal accrual for work performed to date.

### DISCLOSURE OF OUTSTANDING SHARE DATA

#### Common Shares

The Company is currently a private company. The Company’s authorized share capital consists of an unlimited number common shares without par value. As at April 30, 2020 the Company had 16,474,000 common shares issued and outstanding.

### RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company’s business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company’s current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below as well as in the Prospectus. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

### **Risks Related to the Company's Business**

*The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.*

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

*The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.*

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

*The Company has no operating history*

The Company has no operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

*History of Losses*

The Company has incurred losses in the period from inception to April 30, 2020. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

*Reliance on Management*

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

### *Insurance and Uninsured Risks*

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

### *The Company Will Be an Entrant Engaging in a New Industry*

The biotechnology healthcare industry is fairly new. There can be no assurance that an active and liquid market for shares of the Company will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

### *Dependence on Suppliers and Skilled Labour*

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

### *Difficulty to Forecast*

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the biotechnology industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

### *Management of Growth*

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### *Internal Controls*

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's shares.

### *Liquidity*

The Company cannot predict at what prices the Company will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Company.

*Litigation*

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Reporting Issuer's shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Reporting Issuer resources.

For a complete list of risk factors, please see the section entitled "Risk Factors" in the Prospectus.

**BOARD APPROVAL**

The board of directors of the Company has approved this MD&A.