**HAVN Life Sciences Inc.**

**(Formerly 1246780 B.C. Ltd.)**

# MANAGEMENT'S DISCUSSION AND ANALYSIS
## For the three and six months ended October 31, 2020

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of HAVN Life Sciences Inc. (formerly 1246780 B.C. Ltd.) (the "Company"), is for the three and six months ended October 31, 2020. It is supplemental to, and should be read in conjunction with, the Company's condensed interim consolidated financial statements and the accompanying notes for the three and six months ended October 31, 2020, as well as the audited financial statements and MD&A for the fiscal period ended April 30, 2020. Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - *Continuous Disclosure Obligations* ("NI 51-102") of the Canadian Securities Administrators.

In this MD&A, reference is made to adjusted EBITDA which does not have any standardized meaning under IFSR and is not a measure of financial performance under IFRS, and therefore, may not be comparable to similar measures presented by other companies. The Company calculates adjusted EBITDA as follows:

> Net income / (loss), plus (minus) the add-backs or reversals of the following: unrealized foreign exchange (gains) or losses, interest (income) or expense, tax expense or (recovery), amortization expense, share-based payments, impairment, one-time transaction costs and certain one-time non-operating expenses, as determined by management. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by operations.

All dollar amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated.

MD&A contains forward-looking information within the meaning of Canadian securities laws. Refer to "Cautionary Note Regarding Forward-Looking Statements" for cautionary statements regarding forward-looking statements.

### DATE

This MD&A is prepared as of December 18, 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 Company's Annual Information Form.

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 Company's Annual Information Form.

**DESCRIPTION OF BUSINESS**

HAVN Life Sciences Inc. (formerly 1246780 B.C. Ltd.) ("the Company") is a Canadian biotechnology company pursuing standardized, quality-controlled extraction of psychoactive compounds from plants and fungi and the development of natural health care products, and mental health treatments to support mental health. The Company was incorporated under the laws of the Business Corporations Act (British Columbia) on April 8, 2020 and, as such, there are no comparative periods for presentation in the consolidated statements of loss and comprehensive loss and cash flows. The Company's registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8. On September 8, 2020, the Company's shares began trading on the Canadian Securities Exchange ("CSE") under the symbol "HAVN".

On June 3, 2020, the Company entered into a share purchase agreement (the "SPA") with HAVN Research Inc. ("HAVN Research"), a privately owned research and development biotechnology company. On September 4, 2020, pursuant to the terms of the SPA, the Company acquired all of the issued and outstanding securities of HAVN Research in exchange for the issuance of 15,233,333 common shares to the HAVN Research shareholders on a pro rata basis (the "Acquisition"). Consequently, this Acquisition constituted control of HAVN Research by the Company, with HAVN representing a wholly-owned subsidiary of the Company for accounting and reporting purposes.

In connection with completion of the Acquisition and acceptance of its final long form prospectus dated September 2, 2020 (the "Prospectus"), the Company successfully began trading its shares on the CSE. The Company will focus its business on pursuing opportunities in the biotechnology healthcare industry.

**HIGHLIGHTS FOR THE PERIOD**

The Corporation has been active in establishing strategic relationships towards executing the goal of acquiring assets and businesses in the psychopharmacological industry (through the Acquisition). The Corporation is still in its start-up phase.

On May 27, 2020, HAVN Life Sciences issued 3,340,000 Units, at a price of $0.25 per Unit for aggregate gross proceeds of $835,000. Each Unit consists of one Common Share and one Warrant entitling the holder thereof to acquire one additional Common Share at an exercise price of $0.50 per Common Share for a period of two years after the date of issuance, 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 Corporation 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 ("Third Tranche of the Unit Offering").

On May 28, 2020, HAVN Life Sciences issued a total of 33,906,667 $0.02 Special Warrants pursuant to the $0.02 Special Warrant Offering for aggregate proceeds of $678,133.34. 21,550,000 of these warrants were issued for cash proceeds of $431,000, and 12,356,667 of these warrants were issued in consideration for consulting fees totalling $247,133.

On June 1, 2020, HAVN Life Sciences issued a total of 249,000 $0.10 Special Warrants pursuant to the $0.10 Special Warrant Offering for aggregate proceeds of $24,900.

June 5, 2020, HAVN Life Sciences issued 6,210,000 Units, at a price of $0.25 per Unit for aggregate gross proceeds of $1,552,500. Each Unit consists of one Common Share and one Warrant entitling the holder thereof to acquire one additional Common Share at an exercise price of $0.50 per Common Share for a period of two years after the date of issuance, 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 Corporation 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 ("Fourth Tranche of the Unit Offering", and together with the First Tranche of the Unit Offering, the Second Tranche of the Unit Offering and the Third Tranche of the Unit Offering, the "Unit Offering"). In connection with the Unit Offering, the Corporation paid a finder's fee, to certain finders, comprised of a cash payment of $49,500, the issuance of 198,000 common share purchase warrants having the same terms as the Warrants comprising part of the Units (the "Finder Warrants") and the issuance of 110,00 finder units having the same terms as the Units (the "Finder Units"). In addition, the Corporation paid a finder's fee comprised of a cash payment of $142,857 and the issuance of 798,000 Finder Units to certain finders in consideration for identifying potential targets for the purposes of negotiating the Acquisition Transaction

On September 4, 2020, the Company successfully completed the acquisition of HAVN Research consideration for 100% of the issued and outstanding shares of HAVN Research, the Company issued an aggregate of 15,233,333 common shares of the Company (the "Purchaser Shares"). The Purchaser Shares issued to complete the transaction are subject to escrow terms with 1/10$^{th}$ of the Purchaser Shares released on date of successful listing (September 2, 2020), and the remaining shares released every 6 months over a 36-month escrow period.

Following the completion of the Acquisition, the Company's common shares were listed and posted on the Canadian Securities Change and commenced trading at market open on September 8, 2020 under the symbol "HAVN."

On September 10, 2020, the Company was granted Section 56 exemption by Health Canada, pursuant to which it now has the ability to possess certain amounts of pure psilocybin for scientific purpose, specifically for the research and development of quality control methods.

On October 1, 2020, the Company joined the Drug Sciences Medical Psychedelics Working Group consortium team. The working group was launched by Drug Science, the UK's leading independent scientific body on drugs that provides an evidence base that is free from political or commercial influence, which creates a foundation for sensible and effective drug laws, by delivering, reviewing and investigating scientific evidence relating to psychoactive drugs. The Drug Science team includes:

a) Founder Prof. David Nutt, who serves as Chair of the Scientific Committee, and is also the Edmond J. Safra Professor of Neuropsychopharmacology at Imperial College London.

b) Colonel Rakesh Jetly, whose role in the Canadian military has included time as senior psychiatrist and mental health clinical advisor to the CF Surgeon General and who has published numerous articles in professional journals and presents nationally and internationally on such topics as post traumatic stress disorder and operational psychiatry.

c) Prof. Joanna Neil who has served as the Professor of Psychopharmacology in the Manchester Pharmacy School at the University of Manchester since January 2013 and who has authored over 70 peer-reviewed publications in top scientific journals. Neil has been conducting research in psychopharmacology for almost 30 years, specifically in the area of development of preclinical models of psychiatric disorders.

On, October 5, 2020, the Company:

a) Appointed Vic Neufeld as the Chairman of the Board. Vic Neufeld brings a wealth of knowledge and experience in the Natural Health Food industry, having served as the Chief Executive Officer of Jamieson Laboratories ("Jamieson"), a significant Canadian manufacturer and distributor of natural vitamins, minerals, concentrated food supplements, herbs and botanical medicines. During Mr. Neufeld's 21-year tenure with Jamieson the company went from $20 million in annual sales to over $250 million and expanded its distribution network to over 40 countries, building Jamieson to a globally recognized brand name. Mr. Neufeld is also the former President and Chief Executive Officer of Aphria Inc., a medical marijuana and cannabis oil company;

b) Appointed Rick Brar as Vice Chair of the Board. Rick Brar is an experienced business leader in the cannabis, nutraceutical, beverage, consumer packaged goods, agriculture, land development and construction sectors. Rick Brar was previously the Chief Executive Officer of Atlas Supply Company Limited, where he led this significant herb company in North America for nine years. Rick Brar was also previously the Chief Executive Officer of Zenabis Global Inc., a large Canadian cultivator of medical and adult-use recreational cannabis and a propagator and cultivator of floral and vegetable products; and

c) Announced the departure of Robert Nygren who served as co-head of corporate development and as a director of the Company.

On October 5, 2020, the acceleration clause on certain warrants was activated, thereby accelerating the expiry date on all of the Company's warrants to November 24, 2020.

On October 13, 2020, the Company submitted its application to Health Canada to obtain a Controlled Drugs and Substances Dealer's Licence ("Licence") for Psilocybin and Psilocin. This Licence, when issued, will permit the Company to sell naturally-derived psilocybe spp compounds, under the Controlled Drug and Substances Act, to universities, researchers and companies.

On October 15, 2020, the Company appointed Dennis Staudt to the Board of Directors. Dennis Staudt has over 35 years experience providing business advice, having spent most of his career with PricewaterhouseCoopers LLP ("PwC"), including 22 years as a partner in PwC's Audit and Assurance Group. Following his retirement from PwC in 2012, Mr. Staudt joined the board of directors of Aphria Inc., where he served from July 2014 to September 2018. Mr. Staudt is currently the Vice-President of Staudt Farms Limited, a family-owned farming operation in Leamington, Ontario.

On October 20, 2020, the Company signed an agreement to supply Revive Therapeutics Ltd. (CSE: RVV, USA: RVVTF) ("Revive Therapeutics") with psychedelic compounds for use in investigational new drug which would lead to future studies and clinical trials pursuant to Food and Drug Administration guidelines.

On October 26, 2020, the Company received approval from Health Canada for six of its natural health product formulations. These formulations are the first of what will be a range of natural health products that the Company is developing for launch in 2021.

On November 11, 2020, the Company received approval from Health Canada for a seventh product, with all 7 set for launch in 2021. Each product has been thoughtfully formulated with adaptogens and antioxidants to aid in overall health and wellness and support human optimization. The initial product launch includes:

a) Mind Mushroom: A blend of four mushrooms, mind is designed to help balance the immune system, fight cell damage and increase energy.
b) Bacopa Brain: Bacopa is a powerful plant extract that is clinically proven to support cognitive function and the nervous system.
c) Rhodiola Relief: Formulated to support mental focus and mental stamina.
d) Cordyceps Perform: Cordyceps mushrooms help support a healthy immune system.
e) Chaga Immunity: Chaga mushrooms help stimulate the immune system and control inflammation in the body.
f) Reishi Recharge: this multi-purpose mushroom has also been used in Traditional Chinese Medicines to strengthen the heart to reduce fatigue, insomnia and appetite as well as coughs and wheezing.
g) Lion's Mane Memory: Lion's mane helps maintain and balance the immune system.

On November 18, 2020, the Company entered into voluntary escrow agreements with certain shareholders pursuant to which an aggregate 6,300,000 common shares will be subject to a contractual resale restriction until March 8, 2021 (the "Escrowed Shares"). The Escrowed Shares were originally subject to a four-month statutory hold period which were set to expire on January 8, 2021.

On November 24, 2020, 10,927,856 common share purchase warrants ("Warrants") were exercised, resulting in proceeds to the Company of $5,463,928. The Warrants had originally been issued by the Company pursuant to a Unit Offering that closed on June 5, 2020 and were subject to an accelerated exercise period as a result of the Company's share price remaining above $0.75 for a period of 10 consecutive trading days on the Canadian Securities Exchange.

On December 1, 2020, the Company become a voting member of the Conservative Drug Policy Reform Group (CDPRG). David King, director of research for CDPRG, joined the Company's advisory board. Mr. King has co-authored several CDPRG white papers including 'The UK Review of Medicinal Cannabis: The Needs of a Nation' and 'The Medicinal Use of Psilocybin: A call for reform.' This year, Mr. King received the Dr Abbas Khan Medal by King's College London for 'outstanding humanitarian contributions to the service of society'. He is also a founder of the Breaking Convention, Europe's largest academic conference on psychedelic drug research, and was a founding director of the Breaking Convention charity from 2010 to 2019. The CDPRG is a UK-based organization that assembles evidence from across the fields of medicine, law-enforcement, economics, ethics, criminology and human rights, for the benefit of drug policy-making. This year the CDPRG launched a campaign to reschedule psilocybin in the UK as part of their mission to provide greater access for research and medicinal purposes. The Company intends to commission roughly 250 hours of work from CDPRG's researchers.

On December 3, 2020, the Company entered a partnership with the Westwood Institute (the "Institute"), a veterans mental health-focused non-profit founded by Dr. Marvin Westwood. The Institute's mission is to expand on Dr. Westwood's work with veterans and empower clinicians around the world with evidence-based interventions and clinical training. Group counselling, trauma treatment and emerging therapies are key pillars of the Institute's approach. Dr. Westwood is Professor Emeritus of Counselling Psychology, at the University of British Columbia's (UBC) Faculty of Education. Over his 25-year career at UBC, Dr. Westwood has trained countless psychologists and counsellors from across the world. His major areas of teaching and research focused on the development, teaching and delivery of group-based approaches for counselling clients, and men's psychological health.

On December 3, 2020, The Company entered into investor relations agreements with Media Relations Publishing ("MRP") and Midam Ventures, LLC ("Midam"), respectively, pursuant to which, in exchange for payment by the Company of CAD$500,000 to each of MRP and Midam, respectively, each of MIDAM and MRP will provide marketing, advertising, public relations and corporate branding services to the Company.

On December 15, 2020, the Company entered into a bought deal financing, whereby Eight Capital agreed to purchase 9,346,000 units of the Company at an exercise price of $1.07 (the "Issue Price") for gross proceeds of approximately $10,000,220. Each unit will consist of one common share and one warrant at an exercise price of $1.34 for a period of 36 months from the date of issuance. The Offering is subject to the Company receiving all necessary regulatory approvals.

The Company has agreed to grant Eight Capital an over-allotment option to purchase up to an additional 15% of the units at the Issue Price, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the offering. If this option is exercised in full, an additional approximately $1,500,033 will be raised pursuant to the offering and the aggregate proceeds of the offering will be approximately $11,500,253.

## OVERALL PERFORMANCE

The Company has not generated revenues to date from operations as it is in the start up phase; however, the Company now has 7 approved natural health products from Health Canada which is planned for distribution during calendar 2021. The Company continues to look towards building a laboratory for which it will begin research and development activities.

The net assets of the Company increased from $1,901,424 as at April 30, 2020 to $5,393,387 at October 31, 2020, an increase of $3,491,963. The assets at October 31, 2020 consist of cash of $1,880,105 (April 30, 2020 - $1,616,985), amounts receivable $121,323 (April 30, 2020 - $nil), prepaid expenses of $384,742 (April 30, 2020 - $75,000), and intangible assets of $3,829,656 (April 30, 2020 - $nil) arising on the acquisition of HAVN Research.

Liabilities as of October 31, 2020 consists of accounts payable and accrued liabilities of $822,439 (April 30, 2020 - $41,109).

## RESULTS OF OPERATIONS

The Company was incorporated under the laws of Business Corporations Act (British Columbia) on April 8, 2020 and, as such, the comparative periods for the statements of loss and comprehensive loss and statements of cash flows are not presented. The following highlights the key operating expenditures during the six months ended October 31, 2020.

### For the three months ended October 31, 2020

During the three months ended October 31, 2020, the Company incurred a loss and comprehensive loss of $5,404,315. The loss and comprehensive loss for the period consists primarily of the following:

- Amortization expense of $718,060 consists of the non-cash intangible asset amortization on the Company's Section 56 Exemption acquired through the acquisition of HAVN Research.

- Investor relations and marketing expense of $1,130,574 consists of strategic marketing, advertising, public relations and corporate branding programs executed pursuant to investor relation agreements with a focus on North American and German markets. The company issued 200,000 common shares for investor and marketing services provided. These common shares were measured at a fair value of $140,000.

- Management and directors fees of $839,667 consists of executive compensation paid to the Company's directors, executive officers. Included in management fees is $320,000 being expensed pursuant to severance fees being paid over the next two quarters to a former officer and director and of the Company. Pursuant to successfully completing the go-public transaction and the acquisition of HAVN Research, the Company expanded its management and director team.

- Professional fees of $122,642 consists primarily of legal fees incurred to complete the acquisition and successful receipt of its Prospectus from the British Columbia Securities Commission ("BCSC") on September 2, 2020.

- Share-based payments of $2,128,464 consists of the non-cash fair value as measured by the Black-Scholes option pricing model. The expense recorded consists of 6,235,000 stock options granted and 4,629,130 restricted share rewards granted since May 1, 2020, which is included in share-based payments**.**

**For the six months ended October 31, 2020**

During the six months ended October 31, 2020, the Company incurred a loss and comprehensive loss of $6,221,600. The loss and comprehensive loss for the period consists primarily of the following:

- Amortization expense of $718,060 consists of the non-cash intangible asset amortization on the Company's Section 56 Exemption acquired through the acquisition of HAVN Research.

- Investor relations and marketing expense of $1,130,574 consists of strategic marketing, advertising, public relations and corporate branding programs executed pursuant to investor relation agreements with a focus on North American and German markets. The company issued 200,000 common shares for investor and marketing services provided. These common shares were measured at a fair value of $140,000.

- Management and directors fees of $967,667 consists of executive compensation paid to the Company's directors, executive officers. Included in management fees is $320,000 being expensed pursuant to severance fees being paid over the next two quarters to a former director and officer of the Company. Pursuant to successfully completing the go-public transaction and the acquisition of HAVN Research, the Company expanded its management and director team.

- Professional fees of $320,951 consists primarily of legal fees incurred to complete the acquisition and successful receipt of its Prospectus from the BCSC on September 2, 2020.

- Share-based payments of $2,223,154 consists of the non-cash fair value as measured by the Black-Scholes option pricing model. The amount recorded consists of 6,235,000 stock options granted and 4,629,130 restricted share rewards granted. Additionally, the Company issued 12,356,667 special warrants for consulting fees measured at a fair value of $247,133, which is included in share-based payments**.**

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the most recently completed quarters since inception:

| | Quarter Ended October 31, 2020 $ | Quarter Ended July 31, 2020 $ | Period from incorporation on April 8, 2020 to April 30, 2020 $ |
|---|---|---|---|
| Revenue | Nil | Nil | Nil |
| Operating expenses | (5,399,675) | (823,943) | (40,576) |
| Loss | (5,404,315) | (817,285) | (40,576) |
| Loss per share, basic and diluted | (0.11) | (0.05) | (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, timing of stock option grants, and Acquisition related expenses.

An analysis of the quarterly result from inception shows that the Company shows changes in financial performance primarily due to the pending acquisition agreement and activities related to the go public transaction. During the first period ended April 30, 2020, the Company incurred mostly professional fees related to the newly formed entity and the Acquisition. In the quarter ended July 31, 2020, the Company incurred additional professional fees of $198,309 and management and directors fees of $128,000 and non-cash share-based payments fair valued at $341,823. During the quarter ended October 31, 2020, the Company completed the acquisition of HAVN Research, expanded its management team, issued equity incentives and made progress towards retail and development of its lab. Accordingly, the Company incurred: $718,060 in non-cash amortization expense pursuant to the Acquisition, $1,130,574 pursuant to investor relations programs, $839,667 in management and directors fees, $122,642 in professional fees and $2,128,464 in share-based payments.

## LIQUIDITY

The Company had cash of $1,880,105 as at October 31, 2020 (April 30, 2020 - $1,616,985). The Company had working capital of $1,563,731 as at October 31, 2020 (April 30, 2020 - $1,901,424).

### Financing activities

During the six months ended October 31, 2020 the company raised $2,632,400 through issuances of shares, warrants and special warrants. Summarized as follows:

a) Issued 249,000 special warrants at a price of $0.10 per special warrant for total net proceeds of $24,900. Each special warrant automatically converted 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) Issued 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 cash of $192,357 to finders, 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 units were measured at a fair value of $0.25 per finders' unit for a total of

$27,500. The finder's warrants have the same terms as those included in the units and were measured at a fair value of $22,900.

On November 24, 2020, the Company received total proceeds of $5,463,928 pursuant to the exercise of 10,927,856 warrants. The Company is in the process of cancelling 600,000 of warrant exercises and refunding exercise proceeds totalling $300,000. The Company notes that certain of the warrants were sold by their original holders to third party buyers prior to being exercised, in respect of which, the Company paid a finder's fee totalling $80,000. As of October 31, 2020, the Company had received $655,400 in subscription receipts related to the exercise of these warrants.

On December 15, 2020, the Company entered into a bought deal financing to raise up to an approximate $11,500,253 in proceeds. The Company plans to continue raising capital primarily through the private placement of its equity securities as needed. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

**Operating Activities**

The Company used cash of $2,567,637 in operating activities during the six months ended October 31, 2020.

**Investing Activities**

The Company used cash of $264,686 in investing activities pursuant to the acquisition of HAVN Research during the six months ended October 31, 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. Management compensation transactions for the six months ended October 31, 2020 is summarized as follows:

| | | October 31, 2020 |
|---|---|---|
| Management and directors fees | $ | 967,667 |
| Share-based payments (fair value) | | 1,658,168 |

As at October 31, 2020, $187,648 (April 30, 2020 - $nil) is owed to certain officers and directors of the Company.

During the six months ended October 31, 2020, the Company recorded:

a) $75,000 included in management and directors fees to Barinder Rasode, President and Director of the Company pursuant to officer services provided. $171,331 is included in share-based payments representing the fair value of vested amounts for 200,000 restricted share rights ("RSRs") and 250,000 stock options granted. $Nil expense has been recorded pursuant to 4,500,000 performance warrants granted subject to performance-based vesting conditions;
b) $330,000 included in management and directors fees to Robert Nygren, former President and Director of the Company pursuant to severance fees. $133,505 is included in share-based payments representing the fair value of vested amounts for 250,000 stock options granted;
c) $74,000 included in management and directors fees to Tim Moore, CEO of the Company pursuant to officer services provided. $202,445 is included in share-based payments representing the fair value of vested amounts for 750,000 stock options granted to Tim Moore. Tim Moore was also granted 500,000 RSRs various subject to certain performance conditions;
d) $75,000 included in management and directors fees to Eli Dusenbury, CFO of the Company pursuant to CFO services and $50,000 pursuant to Co-CEO, Director and President services provided. $77,507 is included in share-based payments representing the fair value of vested amounts for 150,000 RSRs and 250,000 stock options granted pursuant to various officer services provided;

e) $24,000 included in management and directors fees to Susan Chapelle, the Vice President (Research and Development), pursuant to officer services provided. $1,701 is included in share-based payments representing 39,130 stock options and 1,000,000 performance warrants granted with performance-based vesting conditions;
f) $14,000 included in management and directors fees to Dr. Ivan Casselman, Chief Psychedelics Officer of the Company pursuant to officer services provided. $Nil is included in share-based payments pursuant to 1,000,000 stock options granted with performance-based vesting conditions;
g) $14,000 included in management and directors fees to Alex Samuelsson, Chief Research Officer of the Company pursuant to officer services provided. $Nil included in share-based payments pursuant to 100,000 stock options granted with performance-based vesting conditions;
h) $15,000 included in management and directors fees to a Company controlled by Gary Leong, Chief Science Officer of the Company pursuant to officer services provided. $28,601 is included in share-based payments representing the fair value of vested amounts for 100,000 RSRs and 200,000 stock options granted;
i) $70,000 included in management and directors fees to a Company controlled by Tim Laidler, a Director of the Company pursuant to director services provided. $136,738 is included in share-based payments representing the fair value of vested amounts for 50,000 RSRs and 250,000 stock options granted;
j) $75,000 included in management and directors fees to Rick Brar, a Director of the Company pursuant to director services provided. $357,753 is included in share-based payments representing the fair value of vested amounts for 1,040,000 RSRs and 1,000,000 stock options granted;
k) $141,667 included in management and directors fees to Vic Neufeld, a Director of the Company pursuant to director services provided. $548,587 is included in share-based payments representing the fair value of vested amounts for 2,250,000 RSRs and 1,250,000 stock options granted; and
l) $10,000 included in management and directors fees to Dennis Staudt, a Director of the Company pursuant to director services provided.

**PROPOSED TRANSACTIONS**

On December 15, 2020, the Company entered into a bought deal financing, whereby Eight Capital agreed to purchase 9,346,000 units of the Company at an exercise price of $1.07 (the "Issue Price") for gross proceeds of approximately $10,000,220. Each unit will consist of one common share and one warrant at an exercise price of $1.34 for a period of 36 months from the date of issuance. The Offering is subject to the Company receiving all necessary regulatory approvals.

**SUBSEQUENT EVENTS**

i) On December 4, 2020, the Company issued 35,212 common shares in respect of marketing services measured at a fair value of $0.82 per share.

ii) On November 24, 2020, the Company received total proceeds of $5,463,928 pursuant to the exercise of 10,927,856 warrants. The Company is in the process of cancelling 600,000 of warrant exercises and refunding exercise proceeds totalling $300,000. The Company notes that certain of the warrants were sold by their original holders to third party buyers prior to being exercised. The Company paid a finder's fee totalling $80,000 pursuant to certain warrant exercises. The remaining 7,252,144 of unexercised warrants and finders' warrants expired unexercised. As of October 31, 2020, the Company received $655,400 pursuant to warrant exercises.

iii) On December 15, 2020, the Company entered into a bought deal financing, whereby Eight Capital agreed to purchase 9,346,000 units of the Company at an exercise price of $1.07 for gross proceeds of $10,000,200. Each unit will consist of one common share and one warrant at an exercise price of $1.34 for a period of 36 months from the date of issuance. The Offering is expected to close on or about January 8, 2021 and is subject to the Company receiving all necessary regulatory approvals.

The Company has agreed to grant Eight Capital an over-allotment option to purchase up to an additional 15% of the Units at the Issue Price, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the Offering. If this option is exercised in full, an additional approximately $1,500,030 will be raised pursuant to the Offering and the aggregate proceeds of the Offering will be approximately $11,500,230.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

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.

The Company classifies its financial instruments as follows:

| Financial assets/liabilities | |
|---|---|
| Cash | FVTPL |
| 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

**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

During the six months ended October 31, 2020, the Company incurred the following significant expenses:

| | **2020** |
|---|---|
| Amortization | $718,060 |
| Investor Relations | $1,130,574 |
| Management and directors fees | $967,667 |
| Professional fees | $320,951 |
| Share-based payments | $2,470,287 |

An analysis of material components of the Company's general and administrative expenses is disclosed in the condensed interim consolidated financial statements for the six months ended October 31, 2020 to which this MD&A relates as well as the Discussion of Operations section of this MD&A. An analysis of the material components of the Acquisition is disclosed in the notes to the condensed interim consolidated financial statements for the six months ended October 31, 2020 to which this MD&A relates.

Amortization is calculated as the life of the Section 56 Exemption which expires on August 31, 2021. Investor relations fees consist of the Company's strategic marketing, promotion and branding strategies. On September 4, 2020, the Company acquired HAVN Research and expanded its management team and has since added key directors. The professional fees consist of the audit and legal fees for work performed to date which include completion of the prospectus and go public transaction. Management directors fees consist of the fees incurred for the officers and directors for services rendered. Share-based payments consist of non-cash fair value of options, restricted share rewards, and shares issued for services provided by management and services providers.

**Adjusted EBITDA**

Adjusted EBITDA is a non-IFRS financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

Adjusted EBITDA is calculated by the Company as loss, plus the add-backs or reversals of the following: unrealized foreign exchange gains or losses, interest income or expense, tax expense or recovery, amortization expense, share-based payments, impairment, one-time transaction costs, one-time non-operating expenses, as determined by management. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by operations.

The Company calculates adjusted EBITDA as loss, plus the add-backs or reversals of the following: unrealized foreign exchange gains or losses, interest income or expense, tax expense or recovery, amortization expense, share-based payments, impairment, one-time transaction costs, one-time non-operating expenses, as determined by management as follows:

| | | For the three months ended October 31, 2020 | | For the six months ended October 31, 2020 |
|---|---|---|---|---|
| **LOSS** | $ | (5,404,315) | $ | (6,221,600) |
| Amortization (Non-cash) | | 718,060 | | 718,060 |
| Investor relations (Non-cash, 200,000 shares issued) | | 140,000 | | 140,000 |
| Share-based payments (Non-cash) | | 2,128,464 | | 2,470,287 |
| Foreign exchange loss (gain) | | 4,640 | | (2,018) |
| **ADJUSTED EBITDA** | $ | (2,413,151) | $ | (2,895,271) |

## DISCLOSURE OF OUTSTANDING SHARE DATA

### Common Shares

The Company's common shares are listed on the CSE under the symbol 'HAVN.' The Company's authorized share capital consists of an unlimited number common shares without par value. As at December 18, 2020 the Company had 77,934,068 (October 31, 2020 – 66,971,000) common shares issued and outstanding.

### Share Purchase Warrants

As at December 18, 2020 (October 31, 2020 – 16,474,000), the Company had no share purchase warrants outstanding.

### Finder's Warrants

As at December 18, 2020 (October 31, 2020 – 1,106,000), the Company had no finders' warrants outstanding.

### Performance Warrants

As at December 18, 2020 and October 31, 2020, the following performance warrants outstanding:

| Expiry date | Warrants | | Exercise Price |
|---|---|---|---|
| **Warrants** | - | $ | - |
| June 5, 2023 | 9,000,000 | | 0.05 |
| September 4, 2023 | 5,500,000 | | 0.05 |
| | **14,500,000** | **$** | **0.05** |

### Options

As at December 18, 2020 and October 31, 2020, the following options were outstanding:

| Expiry date | Options outstanding | Options exercisable | | Exercise Price |
|---|---|---|---|---|
| **Options** | | | | |
| June 4, 2025 | 750,000 | 375,000 | | 0.25 |
| September 4, 2022 | 1,400,000 | - | | 0.25 |
| September 4, 2022 | 200,000 | - | | 0.50 |
| September 10, 2025 | 2,135,000 | 2,135,000 | | 0.65 |
| October 4, 2025 | 1,750,000 | - | | 0.79 |
| | **6,235,000** | **2,510,000** | **$** | **0.55** |

### Restricted Share Rewards ("RSRs")

As at December 18, 2020 and October 30, 2020, the Company had the following RSRs outstanding:

| | RSRs |
|---|---|
| **April 30, 2020** | - |
| Granted June, September, and October | 4,629,130 |
| **Outstanding, October 31, 2020 and December 18, 2020** | **4,629,130** |
| Vested | 200,000 |
| **Vested, October 31, 2020 and December 18, 2020** | **200,000** |

## 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 risk 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 since inception. 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 psychedelic industry and market are relatively new and this industry may not succeed in the long term*

Following completion of the Acquisition Transaction, the Corporation has begun operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Corporation must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the psychedelic industry and market could have a material adverse effect on the Corporation's business, financial conditions and results of operations.

The psychedelic market will face specific marketing challenges given the products' status as a controlled substance which resulted in past and current public perception that the products have negative health and lifestyle effects and have the potential to cause physical and social harm due to psychoactive and potentially addictive effects. Any marketing efforts by the Corporation would need to overcome this perception to build consumer confidence, brand recognition and goodwill.

*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.

*Privacy*

The Corporation and its employees and consultants have access, in the course of their duties, to personal information of clients of the Corporation. There can be no assurance that the Corporation's existing policies, procedures and systems will be sufficient to address the privacy concerns of existing and future clients whether or not such a breach of privacy were to have occurred as a result of the Corporation's employees or arm's length third parties. If a client's privacy is violated, or if the Corporation's found to have violated any law or regulation, it could be liable for damages or for criminal fines and/or penalties.

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.