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

Consolidated Financial Statements

For the year ended April 30, 2021

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of HAVN Life Sciences Inc. (formerly 1246780 B.C. Ltd) (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended April 30, 2021 and the period from incorporation on April 8, 2020 to April 30, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2021 and 2020 and its financial performance and its cash flows for the periods 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 Consolidated 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 consolidated 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.

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 consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
August 30, 2021

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. Ltd.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	April 30, 2021	April 30, 2020
ASSETS			
Current Assets			
Cash		$ 9,401,676	$ 1,616,985
Amounts receivable		210,225	-
Prepaid expenses and deposits		998,119	75,000
Promissory note receivable	7	-	250,548
Total Current Assets		10,610,020	1,942,533
Non-Current Assets			
Deposit		18,030	-
Leasehold improvements		32,613	-
Right-of-use asset	4	448,835	-
Equipment	5	199,826	-
Intangible assets	5	2,930,953	-
Total Non-Current Assets		3,630,257	-
TOTAL ASSETS		14,240,277	1,942,533
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	8	584,037	41,109
Current portion of lease liability	4	130,946	-
Total Current Liabilities		714,983	41,109
Non-Current Liability			
Lease liability	4	325,386	-
TOTAL LIABILITIES		1,040,369	41,109
SHAREHOLDERS' EQUITY			
Share capital	6	36,996,908	1,922,000
Contributed surplus	6	507,519	-
Subscriptions received	6	-	20,000
Share-based payment reserve	6	6,116,690	-
Deficit		(30,421,209)	(40,576)
Total equity		13,199,908	1,901,424
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 14,240,277	$ 1,942,533

Nature of operations – Note 1
Subsequent events – Notes 6 and 12

Approved on behalf of the Board of Directors:

"Tim Moore", Director *"Rick Brar",* Director

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

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. Ltd.)
Consolidated Statements of Loss and Comprehensive Loss
For the year ended April 30, 2021, and the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

	Notes	For the year ended April 30, 2021	Period ended April 30, 2020
EXPENSES			
Advertising and promotion		$ 333,503	$ -
Amortization	4, 5	4,604,536	-
Consulting fees and employee payroll	6	1,135,933	-
Donations		92,020	-
Investor relations and marketing		5,162,033	-
Management and directors' fees	8	2,131,908	-
Office and miscellaneous		226,167	15
Professional fees		946,263	41,109
Rent		121,235	-
Research and development		332,571	-
Share-based payments	6, 8	9,139,473	-
Finders' performance warrants	6	6,007,444	-
Transfer agent and filing fees		97,569	-
Travel		22,483	-
TOTAL OPERATING EXPENSES		(30,353,138)	(41,124)
OTHER ITEMS			
Foreign exchange loss		(10,000)	-
Interest expense	4	(17,495)	-
Interest income		-	548
		(27,495)	548
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		$ (30,380,633)	$ (40,576)
Weighted average number of common shares outstanding – basic and diluted		58,941,091	3,121,546
Loss per share, basic and diluted		$ (0.52)	$ (0.01)

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

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. Ltd.)
Consolidated Statements of Changes in Shareholders' Equity
For the year ended April 30, 2021, and the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

	Share Capital		Warrants			Share-Based Payment Reserve		
	Number	**Amount**	**Special warrants**	**Finders' warrants**	**Subscriptions Received**	**Options and RSRs**	**Deficit**	**Total Equity**
		$	$	$	$	$	$	$
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 consolidated financial statements.

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. Ltd.)
Consolidated Statements of Changes in Shareholders' Equity
For the year ended April 30, 2021, and the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

	Share Capital		Contributed surplus			Share-Based Payment Reserve		
	Number	Amount	Special warrants	Finders' warrants / options	Subscriptions Received	Options, RSRs and Performance Warrants	Deficit	Total Equity
		$	$	$	$	$	$	$
April 30, 2020	**16,474,000**	**1,922,000**	**-**	**-**	**20,000**	**-**	**(40,576)**	**1,901,424**
Share issuance converted to 9,550,000 special warrants	(9,550,000)	(191,000)	191,000	-	-	-	-	-
Special warrants								
Issuance of 12,249,000 special warrants for cash	-	-	264,900	-	-	-	-	264,900
Issuance of 12,356,667 special warrants for consulting services rendered	-	-	-	-	-	247,133	-	247,133
Shares issued pursuant to conversion of special warrants	34,155,667	703,033	(455,900)	-	-	(247,133)	-	-
Shares issued pursuant to private placements	20,297,900	13,887,753	-	-	(20,000)	-	-	13,867,753
Shares issued pursuant to warrant exercises	10,937,856	5,468,928	-	-	-	-	-	5,468,928
600,000 warrants exercised reserved for cancellation	-	(300,000)	-	-	-	-	-	(300,000)
Finders' units	908,000	227,000	-	-	-	-	-	227,000
Shares issued for services rendered	635,108	557,622	-	-	-	-	-	557,622
Shares issued pursuant to acquisition of HAVN Research Inc.	15,233,333	3,808,333	-	-	-	-	-	3,808,333
Shares issued pursuant to acquisition of GCO Manufacturing	6,000,000	4,200,000	-	-	-	-	-	4,200,000
Reserve on 1,595,015 common shares pursuant to acquisition of GCO Manufacturing	-	(1,116,510)	-	-	-	-	-	(1,116,510)
Share issuance costs								
Cash	-	(1,163,376)	-	-	-	-	-	(1,163,376)
110,000 finders' units	-	(27,500)	-	-	-	-	-	(27,500)
198,000 finders' warrants	-	(22,900)	-	22,900	-	-	-	-
644,874 finders' options	-	(484,619)	-	484,619	-	-	-	-
Fair value of cashless option exercises	39,801	37,535	-	-	-	(37,535)	-	-
Fair value of RSRs exercised	2,549,130	2,067,116	-	-	-	(2,067,116)	-	-
Fair value of PWs exercised	9,958,333	7,423,493	-	-	-	(6,925,576)	-	497,917
Fair value of options granted and expected to vest	-	-	-	-	-	2,485,994	-	2, 485,994
Fair value of RSRs granted and expected to vest	-	-	-	-	-	3,300,300	-	3,300,300
Fair value of employee performance warrants granted and expected to vest	-	-	-	-	-	3,353,179	-	3,353,179
Fair value of finders' performance warrants granted and vested	-	-	-	-	-	6,007,444	-	6,007,444
Net loss for the year	-	-	-	-	-	-	(30,380,633)	(30,380,633)
April 30, 2021	**107,639,128**	**36,996,908**	**-**	**507,519**	**-**	**6,116,690**	**(30,421,209)**	**13,199,908**

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

HAVN Life Sciences Inc.
(Formerly 1246780 B.C. Ltd.)
Consolidated Statements of Cash Flows
For the year ended April 30, 2021, and the period from incorporation on April 8, 2020 to April 30, 2020
(Expressed in Canadian dollars)

		For the year ended April 30, 2021		For the period ended April 30, 2020
Cash (used in) provided by:				
OPERATING ACTIVITIES				
Loss for the period	$	(30,380,633)	$	(40,576)
Items not involving cash:				
Amortization		4,604,536		-
Shares issued for services rendered		804,755		-
Share-based payments		9,139,473		-
Finders' performance warrants		6,007,444		-
Interest expense		17,495		-
Interest income		-		(548)
Net changes in non-cash working capital items:				
Amounts receivable		(206,789)		-
Prepaid expenses and deposit		(919,969)		(75,000)
Accounts payable and accrued liabilities		511,693		41,109
Cash used in operating activities		(10,421,995)		(75,015)
INVESTING ACTIVITIES:				
Deposit		(18,030)		-
Leasehold improvements		(32,613)		
Net cash paid to acquire HAVN Research Inc.		(264,686)		-
Net cash paid to acquire GCO Packaging and Manufacturing Ltd.		(81,370)		-
Promissory note receivable		-		(250,000)
Cash used in investing activities		(396,699)		(250,000)
FINANCING ACTIVITIES:				
Repayment of lease liabilities		(32,737)		
Proceeds from the issuance of common shares		14,132,653		1,922,000
Proceeds from warrant exercises		5,168,928		-
Proceeds from performance warrant exercises		497,917		
Share issuance costs		(1,163,376)		-
Subscriptions received		-		20,000
Cash provided by financing activities		18,603,385		1,942,000
Net increase in cash		7,784,691		1,616,985
Cash, beginning of period		1,616,985		-
Cash, end of period	$	9,401,676	$	1,616,895

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

1. NATURE OF OPERATIONS

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. 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".

These audited financial statements were approved by the Board of Directors on August 30, 2021.

2. BASIS OF PRESENTATION

2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

2.2. Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using accrual basis of accounting except for cash flow information. All monetary references expressed in these notes are references to Canadian dollar amounts. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

2.3. Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiaries: HAVN Research Inc. ("HAVN Research"), and GCO Packaging and Manufacturing Ltd. ("GCO"), whose functional currencies are the Canadian dollar. The accounts of HAVN Research and GCO have been included from September 4, 2020 and April 7, 2021, respectively (the dates of acquisition). Intercompany balances and transactions are eliminated in preparing the consolidated financial statements.

2. BASIS OF PRESENTATION (CONTINUED)

2.4. Significant judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenues and expenses. 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

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.

Business combinations/Asset acquisitions

Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. Judgment is also used in measuring the fair value of equity instruments issued as consideration for a business combination or an asset acquisition, and in allocating the fair value of consideration paid to the assets acquired and liabilities assumed.

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values.

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.

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.

2. BASIS OF PRESENTATION (CONTINUED)

2.4. Significant judgments, estimates and assumptions (Continued)

Share-based payments

Where applicable, the fair value of certain equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Valuation of equity consideration granted

The valuation of share consideration granted involves management judgment in determining valuation of the share consideration granted. Judgment is exercised in the reliability of the fair value of consideration received.

Estimated useful lives, impairment considerations and amortization of tangible assets and intangible assets

Amortization of tangible and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Impairment of tangible and intangible assets with limited lives are affected by judgments about impairment indicators and estimates used to measure impairment losses where necessary.

The recoverable value of intangible assets is determined using discounted cash flow models, which incorporate assumptions about future events including future cash flows, growth rates and discount rates.

Functional currency

Items included in the consolidated 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 consolidated statement of profit or loss.

2. BASIS OF PRESENTATION (CONTINUED)

2.4. Significant judgments, estimates and assumptions (Continued)

Leases

The application of IFRS 16 Leases requires assumptions and estimates in order to determine the value of the right-of-use assets and the lease liabilities. Judgment must be applied to assess whether or not a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Judgment must also be applied as to whether renewal options are reasonably certain of being exercised and whether periods covered by an option to terminate are reasonably certain of not being exercised. Significant estimates are required to be made when determining the implicit and incremental rates of borrowing, as applicable.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Equipment and leasehold improvements

Fixed asset items, including equipment and leasehold improvements, are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates or over the useful life:

Equipment	Declining-balance	10%
Leasehold improvements	Straight-line	5 years

A fixed asset that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of fixed assets is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance expense.

Subsequent expenditure relating to an item of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance expense.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Intangible assets

Intangible assets acquired individually or with a group of other assets from others (other than in a business combination) are recognized at cost, including transaction costs, and allocated to the individual assets acquired based on relative fair values and no goodwill is recognized. Cost is measured based on cash consideration paid. If consideration given is in the form of non-cash assets, liabilities incurred, or equity interests issued, measurement of cost is based on either the fair value of the consideration given or the fair value of the assets (or net assets) acquired, whichever is more clearly evident and more reliably measurable. Costs of internally developing, maintaining or restoring intangible assets that are not specifically identifiable, have indeterminate lives or are inherent in a continuing business are expensed as incurred.

Intangibles with a finite useful life are amortized and those with an indefinite useful life are not amortized. The useful life is the best estimate of the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Company. The useful life is based on the duration of the expected use of the asset by the Company and the legal, regulatory or contractual provisions that constrain the useful life and future cash flows of the asset, including regulatory acceptance and approval, obsolescence, demand, competition and other economic factors. If an income approach is used to measure the fair value of an intangible asset, the Company considers the period of expected cash flows used to measure the fair value of the intangible asset, adjusted as appropriate for Company-specific factors discussed above, to determine the useful life for amortization purposes. If no regulatory, contractual, competitive, economic or other factors limit the useful life of the intangible to the Company, the useful life is considered indefinite.

Intangibles with a finite useful life are amortized on the straight-line method unless the pattern in which the economic benefits of the intangible asset are consumed or used up are reliably determinable. The Company evaluates the remaining useful life of intangible assets each reporting period to determine whether any revision to the remaining useful life is required. If the remaining useful life is changed, the remaining carrying amount of the intangible asset will be amortized prospectively over the revised remaining useful life. Licensed rights are amortized on a straight-line basis over the lease period of the leased premises to which the licensed rights are related.

Intangibles with an indefinite useful life are not amortized until its useful life is determined to be no longer indefinite. If the useful life is determined to be finite, the intangible is tested for impairment and the carrying amount is amortized over the remaining useful life in accordance with intangibles subject to amortization. Indefinite-lived intangibles are tested for impairment annually and more frequently if events or circumstances indicate that it is more-likely-than-not that the asset is impaired. The Company has not recognized any intangible assets with an indefinite useful life.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.4 Leases

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets six key evaluations, amongst which are:

a) The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
b) The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
c) The Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (continued)

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the consolidated statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

3.5 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.

3.6 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Income Taxes (Continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 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.

3.8 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, officers, employees and certain non-employees. For directors, officers 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 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.

3.10 Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development or use or sell the asset. Other development expenditures are expensed as incurred.

3.11 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.

3.12 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 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
Lease liability	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.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 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 consolidated financial statements.

4. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company's right-of-use asset relates to its leased research lab. The Company has one lease with monthly payments of $10,912 (increasing every two years by approximately 5%), before GST, with an initial term of 5 years. The incremental borrowing rate applied to lease liability was 15%.

The carrying value of the Company's right-of-use asset is as follows:

COST		Total
Balance, April 30, 2020	**$**	**-**
Additions		471,574
Balance, April 30, 2021	**$**	**471,574**
ACCUMULATED AMORTIZATION		
Balance, April 30, 2020	**$**	**-**
Additions		22,739
Balance, April 30, 2021	**$**	**22,739**
Net, April 30, 2020	**$**	**-**
Net, April 30, 2021	**$**	**448,835**

(Expressed in Canadian dollars)

4. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

The carrying value of the lease obligation is as follows:

Balance, April 30, 2020	**$**	**-**
Additions		471,574
Interest/accretion expense		17,495
Repayments		(32,737)
Balance, April 30, 2021	$	**456,332**
Less: Current portion		(130,946)
Lease liability, long-term	**$**	**325,386**

Included in rent expense for the year is $121,235 (2020 - $Nil) relating to short-term rental agreements not qualifying as leases under IFRS 16.

The Company's annual lease payments are as follows:

Years ending		
April 30, 2022	$	130,946
April 30, 2023		132,351
April 30, 2024		136,566
April 30, 2025		137,971
April 30, 2026		106,640
Total lease payments		644,474
Remaining present value adjustment to be accreted over the lease term		(188,142)
Lease liability balance, April 30, 2021	**$**	**456,332**

5. ACQUISITION AND INTANGIBLE ASSETS

HAVN Research

On September 4, 2020, the Company acquired the net assets of HAVN Research for an aggregate of 15,233,333 common shares of the Company (the "Purchaser Shares"). The Purchaser Shares issued to complete the share purchase agreement ("SPA") are subject to escrow terms with 1/10th 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.

In connection with entering into the original SPA on May 29, 2020, the Company paid $142,857 and issued 798,000 units pursuant to finder's fees measured at a fair value of $0.25 per unit for an aggregate total finders' fee expense of $342,357. 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. (see Note 6.3)

(Expressed in Canadian dollars)

5. ACQUISITION AND INTANGIBLE ASSETS (CONTINUED)

HAVN Research (continued)

The consolidated financial statements for the year ended April 30, 2021 reflect the assets, liabilities and results of operations of the Company and HAVN Research since September 4, 2020, being the date on which the Company formally became the sole shareholder of HAVN Research.

The transaction has been accounted for as an asset acquisition in accordance with IFRS 2 *Share-based payments*, with the excess purchase price having been accounted for as an intangible asset pursuant to the value of the Section 56 exemption rights ("Section 56 Exemption") granted by Health Canada to HAVN Research.

The allocation of the purchase price to the estimated fair value of the assets and liabilities of HAVN Research is as follows:

Cost of acquisition		
15,233,333 common shares measured at a fair value of $0.25 per share	$	3,808,333
798,000 finders' units measured at a fair value of $0.25 per unit		199,500
Finder's fee, cash		142,857
Promissory note receivable at April 30, 2020		250,548
Cash advances		125,000
Total consideration		4,526,238
Fair value of net assets acquired		
Cash		3,171
Amounts receivable and deposit		6,586
Total assets		9,757
Accounts payable and accrued liabilities		31,235
Net liabilities acquired		21,478
Intangible asset – Section 56 Exemption	**$**	**4,547,716**

The intangible asset was amortized over its useful life, that being from the date of acquisition up to the date of completion of research activities performed under the Section 56 Exemption Rights, completed during April 2021.

(Expressed in Canadian dollars)

5. ACQUISITION AND INTANGIBLE ASSETS (CONTINUED)

GCO Manufacturing

On April 7, 2021, the Company completed the acquisition of 100% of the shares of GCO for an aggregate of 6,000,000 common shares of the Company. The shares issued pursuant to the purchase price are subject to the following escrow provisions: 1,214,954 common shares will be subject to escrow with 50% released in four months after the closing date and 50% released 5 months after the closing date. The remaining 4,785,046 common shares will be released every 3 months after the closing date in 6 equal tranches with 1,595,015 of these common shares being subject to the condition of the GCO sub-lease being renewed. Of the shares issued to acquire GCO, 1,214,954 common shares were issued to settle in-full, $1,300,000 in debt held by a third party. The assets acquired consisted primarily of the manufacturing equipment of GCO, a sublease for a manufacturing facility and a rights and assignment of an exclusive manufacturing and supply agreement ("Exclusive Supply Rights").

Pursuant to the acquisition of GCO, 9,000,000 performance warrants ("PWs") with milestones connected to an asset acquisition, were triggered and accordingly, the Company recognized $6,007,444 in finders' performance warrants expense.

The consolidated financial statements for the year ended April 30, 2021, reflect the assets, liabilities and results of operations of the Company and GCO since April 7, 2021, being the date on which the Company formally became the sole shareholder of GCO.

The transaction has been accounted for as an asset acquisition in accordance with IFRS 2 *Share-Based Payments*, with the purchase price allocated to the assets acquired. The Company has recognized a $1,116,510 reserve against the purchase price and as a reduction to the Exclusive Supply Rights intangible asset being the fair value of 1,595,015 common shares subject to the condition noted above.

The allocation of the purchase price to the estimated fair value of the assets and liabilities of GCO is as follows:

Cost of acquisition		
6,000,000 common shares measured at a fair value of $0.70 per share	$	4,200,000
Legal fees		81,370
Less: Reserve		(1,116,510)
Total consideration		3,164,860
Fair value of net assets acquired		
Equipment		199,826
Intangible asset – Exclusive Supply Rights, net*		2,965,034
Total Assets	**$**	**3,164,860**

* The intangible assets consist of a rights assignment for an exclusive Manufacturing and Supply Agreement lasting from April 1, 2021 to June 30, 2028.

(Expressed in Canadian dollars)

5. ACQUISITION AND INTANGIBLE ASSETS (CONTINUED)

The term of Sublease Agreement is from April 1, 2021 to March 31, 2022, with no direct right of extension or renewal.

The carrying value of the Company's intangible assets at April 30, 2021 are as follows:

Cost		Section 56 Exemption	Exclusive Supply Rights*	Total
Balance, April 30, 2020	$	-	-	-
Additions		4,547,716	2,965,034	7,512,750
Balance, April 30, 2021	**$**	**4,547,716**	**2,965,034**	**7,512,750**
Accumulated amortization				
Balance, April 30, 2020	$	-	-	-
Additions		(4,547,716)	(34,081)	(4,581,797)
Balance, April 30, 2021	**$**	(4,547,716)	(34,081)	(4,581,797)
Net, April 30, 2020	**$**	**-**	**-**	**-**
Net, April 30, 2021	**$**	**-**	**2,930,953**	**2,930,953**

* The Exclusive Supply Rights are being amortized over the term of the Exclusive Supply Rights agreement of 87 months.

(Expressed in Canadian dollars)

6. EQUITY

6.1 Authorized Share Capital

Unlimited number of common shares without par value.

6.2 Shares Issued

There are 107,639,128 common shares issued and outstanding as at April 30, 2021, with 11,194,140 held in escrow.

Shares issued during the year ended April 30, 2021 were as follows:

	Description	Number of shares	Amount
			$
Balance, April 30, 2020		**16,474,000**	**1,922,000**
May 28, 2020	Share cancellation	(9,550,000)	(191,000)
May 27, 2020	Private placement	3,340,000	835,000
June 5, 2020	Private placement	6,210,000	1,552,500
June 5, 2020	Finders' units	908,000	227,000
September 4, 2020	Acquisition of HAVN Research	15,233,333	3,808,333
September 4, 2020	Conversion of special warrants	34,155,667	703,033
September 14, 2020	Investor relations and marketing services rendered	200,000	140,000
December 4, 2020	Research and development services rendered	35,212	28,874
December 4, 2020	Warrants exercised	10,937,856	5,468,928
December 4, 2020	Cancellation of warrants exercised	-	(300,000)
January 7, 2021	Private placement	10,747,900	11,500,253
January 22, 2021	Investor relations and marketing services rendered	298,896	292,918
January 22, 2021	Consulting services rendered	86,000	84,280
April 7, 2021	Acquisition of GCO, net	6,000,000	4,200,000
April 7, 2021	Reserve	-	(1,116,510)
April 12, 2021	Consulting services rendered	15,000	11,550
	RSRs exercised	2,549,130	2,067,116
	Cashless options exercised	39,801	37,535
	PWs exercised	9,958,333	7,423,493
	Share issuance costs		(1,698,395)
Balance, April 30, 2021		**107,639,128**	**36,996,908**

During the year ended April 30, 2021, the Company:

i. 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 replacement 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.

6. EQUITY (CONTINUED)

6.2 Shares Issued (Continued)

ii. On May 28, 2020, the Company completed a private placement of 21,550,000 special warrants at a price of $0.02 per special warrant for total net proceeds of $431,000 (of which $191,000 was previously received). 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.

iii. During May and June 2020, the Company completed the following private placements:

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 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) 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. (see Note 6.3)

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 (see Note 6.3). 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.

6. EQUITY (CONTINUED)

6.2 Shares Issued (Continued)

iv. On June 3, 2020, the Company entered into an Acquisition with HAVN Research. Under the terms of the Agreement, the Company is to acquire 100% of the outstanding shares of HAVN Research for an aggregate of 15,233,333 common shares of the Company (completed September 4, 2020. In connection with completing the Acquisition, the Company paid cash of $142,857 and issued 798,000 units, measured at a value of $199,500, 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. (see Note 6.3)

v. 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.

vi. Following receipt of the Company's prospectus, on September 4, 2020, the Company issued 34,155,667 common shares pursuant to the conversion of all 34,155,667 special warrants.

vii. On September 4, 2020, the Company issued 15,233,333 common shares pursuant to the acquisition of HAVN Research measured at a fair value of $3,808,333. (Note 5)

viii. During the year ended April 30, 2021, the Company received total proceeds of $5,468,928 pursuant to the exercise of 10,937,856 warrants. The Company is in the process of cancelling 600,000 of warrant exercises and has refunded 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 7,242,144 of unexercised warrants and finders' warrants expired unexercised.

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.2 Shares Issued (Continued)

xi. On January 7, 2021, the Company completed a bought deal public financing for 10,747,900 units at a price of $1.07 per unit for total proceeds of $11,500,253. Each unit consists of a common share and a warrant exercisable into a common share at $1.34 per warrant for three years.

In connection with completing the financing, the Company paid commissions, advisory and legal fees totalling $891,020 and issued 644,874 finders' options, measured at a fair value of $484,619. Each finders' option is exercisable into one unit for three years at an exercise price of $1.07 for a period of three years. Each unit consists of one common share and one warrant at an exercise price of $1.34 per warrant for a period of three years.

During the year ended April 30, 2021, the Company issued the following shares pursuant to services rendered:

Date	Description	Number of shares issued	Fair value of shares for services rendered
			$
June 2020	Consulting services rendered	12,356,667	247,133
September 14, 2020	Investor relations and marketing services rendered	200,000	140,000
December 4, 2020	Research and development-based website services rendered	35,212	28,874
January 22, 2021	Investor relations and marketing services rendered	298,896	292,918
January 22, 2021	Consulting services rendered	86,000	84,280
April 12, 2021	Consulting services rendered	15,000	11,550
	Total	12,991,775	804,755

During the year ended April 30, 2021, the Company issued common shares pursuant to options, RSRs PWs and warrants exercised, as follows:

	Description	Number of shares issued	Options/ RSRs/ warrants exercised	Exercise price	Fair value reclassified to share capital	Proceeds
January/ April, 2021	Cashless options exercised	36,301	50,000	$ 0.25	$ 32,195	$ Nil
February, 2021	Cashless options exercised	3,500	10,000	$ 0.65	$ 5,340	$ Nil
January/ February/ April, 2021	RSRs exercised	2,549,130	2,549,130	N/A	$ 2,067,116	$ Nil
March/ April, 2021	PWs exercised	9,958,333	9,958,333	N/A	$ 6,925,576	$ 497,917
December, 2020	Warrants exercised	10,337,856	10,337,856	$ 0.50	$ Nil	$ 5,168,928

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.3 Warrants

At April 30, 2021, the following warrants were outstanding:

	Warrants		Exercise Price
April 30, 2020	6,924,000	**$**	0.50
Issued in May and June	9,550,000		0.50
Exercised in November	(10,937,856)		0.50
Expired in November	(5,536,144)		0.50
Issued in January	10,747,900		1.34
April 30, 2021	**10,747,900**	**$**	**1.34**

Expiry date	Warrants		Exercise Price
Warrants			
January 7, 2024	10,747,900	$	1.34
Balance, April 30, 2021	**10,747,900**	**$**	**1.34**

At April 30, 2021, the following finders' warrants were outstanding:

	Finders' warrants		Exercise Price
April 30, 2020	-	**$**	-
Issued in May and June	1,106,000		0.50
Expired	(1,106,000)		0.50
April 30, 2021	**-**	**$**	**-**

The fair value of finders' warrants was determined on the date of issuance using the following Black-Scholes Option Pricing Model assumptions:

		April 30, 2021
Share price	$	0.25
Exercise price	$	0.50
Expected life		2
Volatility		120%
Risk-free interest rate		0.32%

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.3 Warrants (Continued)

During the year ended April 30, 2021, the Company granted the following PWs:

i. On June 4, 2020, the Company issued an aggregate of 9,000,000 PWs to certain consultants as consideration for the performance of ongoing consulting services. Each of the 9,000,000 PWs are exercisable to acquire one common share of the Company at a price of $0.05 for a period of three years from the date of issuance, and will vest and become exercisable when the Company completes an acquisition of an accretive business or asset having a value of $5,000,000 or greater either in a single or in a series of separate transactions in respect of which the vending party is identified and introduced to the Company by the holder of such performance warrants;

On April 7, 2021, the Company acquired (the "Acquisition") all of the outstanding share capital of GCO in exchange for 6,000,000 common shares of the Company. Pursuant to the Acquisition closing, the Company recognized $6,007,444 in finders' performance warrants expense on these 9,000,000 performance warrants expected to vest.

The fair value of PWs was determined using the following Black-Scholes Option Pricing Model assumptions:

		April 30, 2021
Share price	$	0.71
Exercise price	$	0.05
Expected life		2.16 years
Volatility		120%
Risk-free interest rate		0.26%
Probability of meeting performance milestones		100%

ii. On September 4, 2020, the Company issued an aggregate of 10,000,000 PWs to officers and director of the Company pursuant to the performance of services provided. Each PW is exercisable to acquire one common share of the Company at a price of $0.05 for a period of three years from the date of issuance, and will vest as follows:

(a) 50% will be exercisable upon the Company's first production of psilocybin compounds in its laboratory facility; and
(b) 50% will be exercisable upon the Corporation's first sale of a natural health product.

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.3 Warrants (Continued)

Pursuant to a settlement agreement with the President and Director of the Company, the Company modified the performance conditions such that 3,500,000 performance warrants vested on February 12, 2021, subject to escrow terms with 10% release upfront and the remainder in equal amounts every six months over thirty-six months. During the year ended April 30, 2021, the Company recognized $3,353,179 in share-based payment expense in connection with these modified PWs and issued 958,333 common shares pursuant to the exercise of 958,333 PWs.

The fair value of PWs was determined using the following Black-Scholes Option Pricing Model assumptions:

		April 30, 2021
Share price	$	1.00
Exercise price	$	0.05
Expected life		2.56 years
Volatility		120%
Risk-free interest rate		0.23%
Probability of meeting performance milestones		100%

At April 30, 2021, the following performance warrants were outstanding:

	Performance warrants		**Exercise Price**
April 30, 2020	-	**$**	**-**
Granted in June and September	19,000,000		0.05
Exercised	(9,958,333)		0.05
Outstanding, April 30, 2021	**9,041,667**	**$**	**0.05**
Vested	-		-
Exercisable, April 30, 2021	**-**	**$**	**-**

Expiry date	**Performance warrants outstanding**	**Performance warrants exercisable**		**Exercise Price**
Performance Warrants				
September 4, 2023	9,041,667	-	$	0.05
Balance, April 30, 2021	**9,041,667**	**-**	**$**	**0.05**

At April 30, 2021, the weighted-average remaining life of the outstanding performance warrants was 2.35 years.

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.4 Options

During the year ended April 30, 2021, the Company granted options subject to certain performance and time-based vesting conditions to directors, officers, employees and consultants as follows:

	Options		Weighted Average Exercise Price
April 30, 2020	**-**	**$**	**-**
Granted in June, September, October and January	6,485,000		0.56
Exercised	(60,000)		0.32
Outstanding, April 30, 2021	**6,425,000**	**$**	**0.56**

The Company's options as at April 30, 2021 are as follows:

Expiry date	Options outstanding	Options exercisable		Exercise Price
Options				
June 4, 2025	750,000	625,000		0.25
September 4, 2022	1,350,000	50,000		0.25
September 4, 2022	200,000	100,000		0.50
September 10, 2025	2,125,000	2,125,000		0.65
October 4, 2025	1,750,000	437,500		0.79
January 15, 2026	250,000	250,000		0.85
Balance, April 30, 2021	**6,425,000**	**3,587,500**	**$**	**0.56**

At April 30, 2021, the weighted-average remaining life of the outstanding options was 3.64 years.

The fair value of options was determined using the following Black-Scholes Option Pricing Model assumptions:

		April 30, 2021
Share price	$	0.25 – 0.85
Exercise price	$	0.25 – 0.85
Expected life		2 – 5 years
Volatility		120%
Risk-free interest rate		0.24% – 0.46%

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.4 Options (Continued)

During the year ended April 30, 2021, the Company recognized $2,485,994 in share-based payment expense in connection with the options granted.

At April 30, 2021, the following finders' options were outstanding:

	Finders' options		Exercise Price
April 30, 2020	**-**	**$**	**-**
Issued in January	644,874		1.07
April 30, 2021	**-**	**$**	**-**

The Company's finders' options as at April 30, 2021 are as follows:

Expiry date	Finders' options outstanding	Finders' options exercisable		Exercise Price
Options				
January 7, 2021	644,874	644,874		1.07
Balance, April 30, 2021	**644,874**	**644,874**	**$**	**1.07**

The fair value of finders' options was determined on the date of issuance using the following Black-Scholes Option Pricing Model assumptions:

		April 30, 2021
Share price	$	1.07
Exercise price	$	1.07
Expected life		3
Volatility		120%
Risk-free interest rate		0.23%

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.5 Restricted Share Rewards ("RSRs")

During the year ended April 30, 2021, the Company granted the following RSRs subject to certain performance and time-based vesting conditions to directors, officers, employees, and consultants:

	RSRs
April 30, 2020	-
Granted June, September, October and January	4,679,130
Exercised	(2,549,130)
Outstanding, April 30, 2021	**2,130,000**
Vested	4,097,047
Exercised	(2,549,130)
Vested, April 30, 2021	**1,547,917**

The Company's RSRs at April 30, 2021 are as follows:

Grant date	RSRs outstanding	RSRs exercisable
RSRs		
June 4, 2020	650,000	316,667
September 4, 2020	100,000	-
September 10, 2020	200,000	200,000
October 4, 2020	1,080,000	1,012,500
October 11, 2020	50,000	12,500
January 15, 2021	50,000	6,250
Balance, April 30, 2021	**2,130,000**	**1,547,917**

During the nine months ended April 30, 2021, the Company recognized $3,300,300 in share-based payment expense in connection with the RSRs granted.

6.6 Equity Incentive Plan

On June 4, 2020, the Company established its equity incentive plan. The equity incentive plan provides for the grant to eligible directors and employees (including officers) of stock options and restricted share rights. The equity incentive plan also provides for the grant to eligible directors of deferred share rights which the directors are entitled to redeem for 90 days following retirement or termination from the Board. The aggregate number of common shares that may be subject to issuance under the equity incentive plan, together with any other securities-based compensation arrangements of the Corporation, shall not exceed 20% of the Corporation's issued and outstanding share capital from time to time.

(Expressed in Canadian dollars)

7. PROMISSORY NOTE RECEIVABLE

On April 20, 2020, the Company entered into a promissory note agreement (the "Note") with HAVN Research to advance $250,000 for the purpose of pursuing a transaction whereby the Company and HAVN Research would enter into an acquisition with the effect that HAVN Research would become a wholly owned subsidiary of the Company, and the Company would subsequently pursue a going-public transaction in respect of HAVN Research. On September 4, 2020, the Company acquired HAVN Research (Note 5) and the promissory note receivable and accrued interest thereon have been included in the cost of acquisition.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the officers and directors of the Company. Management and directors' fees and share-based payments for the year ended April 30, 2021 is summarized as follows:

		April 30, 2021
Management and directors' fees	$	2,131,908
Share-based payments (fair value)		8,213,444
	$	**10,345,352**

As at April 30, 2021, $49,285 (April 30, 2020 - $nil) is owed to certain officers and directors of the Company.

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the year ended April 30, 2021, the Company recorded:

Equity incentives granted and fees paid to the following for services rendered:	Equity incentive	Equity incentive (amount)	Fair value	Fees paid
			$	$
The former President and Director (formerly Co-President) pursuant to officer services provided	RSRs	200,000	174,000	476,741
	Options	250,000	133,505	
	PWs*	4,500,000	3,353,179	
The former Co-President and Director pursuant to president services rendered pursuant to officer services provided	Options	250,000	133,505	330,000
	PWs	4,500,000	Nil	
The CEO and Director pursuant to officer services provided	RSRs	500,000	125,001	174,000
	Options	750,000	230,209	
A company controlled by the CFO pursuant to CFO and former co-CEO, President and Director services provided	RSRs	150,000	37,500	200,000
	Options	250,000	51,397	
The former Co-CEO pursuant to officer services provided	RSRs	39,130	35,216	84,000
	PWs**	1,000,000	Nil	
The Chief Psychedelics Officer pursuant to officer services provided	Options	1,000,000	167,859	75,500
The Chief Research Officer pursuant to officer services provided	Options	100,000	16,786	65,000
A company controlled by the Chief Science Officer pursuant to officer services provided	RSRs	100,000	25,000	45,000
	Options	200,000	71,606	
A company controlled by the Chief Operating Officer pursuant to officer services provided				20,000
A company controlled by a Director of the Company pursuant to director services provided	RSRs	50,000	25,473	140,000
	Options	250,000	133,505	
A Director of the Company pursuant to director services provided	RSRs	50,000	15,644	80,000
	Options	250,000	163,971	
A Director and Vice Chair of the Company pursuant to director services provided	RSRs	1,040,000	808,874	150,000
	Options	1,000,000	408,051	
A Director and Chair of the Company pursuant to director services provided	RSRs	2,050,000	1,603,594	291,667
	Options	1,250,000	499,569	
			$ 8,213,444	**$ 2,131,908**

* Pursuant to a settlement agreement with the former President and Director of the Company, the Company modified these performance conditions such that 3,500,000 performance warrants vested on February 12, 2021, with 1,000,000 of these PWs being reserved for reallocation.

** Pursuant to a settlement agreement with the former Co-CEO of the Company, all 1,000,000 of these PWs are reserved for reallocation.

(Expressed in Canadian dollars)

9. INCOME TAXES

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

		Year ended April 30, 2021		Period ended April 30, 2020
Loss and comprehensive loss for the period	$	(30,380,633)	$	(40,576)
Expected income tax rate		26%		26%
Expected income tax (recovery)		(7,899,000)		(11,000)
Share-based payments		3,715,000		-
Capital Cost Allowance		6,000		-
Share issuance costs		(53,000)		-
Change in unrecognized deductible temporary differences		4,231,000		11,000
Total income tax expense (recovery)	$	-	$	-

The Company's deductible unused tax assets consist of the following:

		2021		2020
Deferred income tax asset:				
Non-capital loss carry forwards	$	4,018,000	$	11,000
Share issuance costs		213,000		-
	$	4,231,000	$	11,000

The Company's non-capital loss balance as at April 30, 2021 is as follows:

		2021		2020
Expiry date				
2040	$	40,000	$	40,000
2041		15,415,000		-
	$	15,455,000	$	40,000

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 as the certainty of future profits is uncertain.

10. 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 exercises of equity instruments. 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.

11. RISK MANAGEMENT

11.1 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 is not exposed to any credit risk at this time.

11. RISK MANAGEMENT (CONTINUED)

11.1 Financial Risk Management (continued)

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, 2021, the Company's working capital is $9,895,037. The Company may seek additional financing through 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, 2021, the Company had cash of $9,401,676 and total liabilities of $1,040,369.

Contractual undiscounted cash flow requirements for financial liabilities as at April 30, 2021 are as follows:

i. Accounts payable and accrued liabilities are due within 90 days; and
ii. See Note 4 for payments due over the lease term

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.

11.2 Fair Values

The carrying values of cash, amounts receivable, promissory note receivable, accounts payable and accrued liabilities and lease liabilities. With the exception of cash, which is measured at FVTPL, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities.

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.

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).

Cash is classified at level 1.

(Expressed in Canadian dollars)

12. SUBSEQUENT EVENTS

On June 2, 2021, the Company acquired intellectual property ("IP") from Bolt Therapeutics Limited Partnership (the "Acquisition"). To complete the Acquisition, the Company issued 15,894,040 common shares and paid $1,000,000 in cash.

Of the purchase price, 10,596,032 common shares will be subject to escrow with 1/6th of the common shares will be released every three months from closing date and 5,298,008 common shares upon satisfaction of milestones tied to the IP.

Subsequent to April 30, 2021, the Company issued common shares, pursuant to options, RSRs and performance warrants exercised, as follows:

	Description	Number of shares issued	Options/ RSRs/ warrants exercised	Exercise price	Proceeds
July 14, 2021	Cashless options exercised	183,080	275,000	$ 0.25	$ Nil
July 14, 2021	Cashless options exercised	8,333	50,000	$ 0.65	$ Nil
July 14, 2021	RSRs exercised	150,000	150,000	N/A	$ Nil