

HAVN Life Sciences Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended July 31, 2021

(Unaudited - Expressed in Canadian Dollars)

HAVN Life Sciences Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

As at	Notes	July 31, 2021	April 30, 2021 (Audited)
ASSETS			
Current Assets			
Cash		\$ 5,781,026	\$ 9,401,676
Amounts receivable	4	274,221	210,225
Prepaid expenses and deposits	5	650,853	998,119
Inventory	5	357,427	-
Total Current Assets		7,063,527	10,610,020
Non-Current Assets			
Deposit		18,030	18,030
Leasehold improvements		118,002	32,613
Right-of-use asset	6	425,256	448,835
Equipment	7	194,830	199,826
Intangible assets	7	10,928,052	2,930,953
Total Non-Current Assets		11,684,170	3,630,257
TOTAL ASSETS		18,747,697	14,240,277
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	9	498,319	584,037
Current portion of lease liability	6	130,946	130,946
Total Current Liabilities		629,265	714,983
Non-Current Liability			
Lease liability	6	309,565	325,386
TOTAL LIABILITIES		938,830	1,040,369
SHAREHOLDERS' EQUITY			
Share capital	8	44,223,531	36,996,908
Contributed surplus		507,519	507,519
Share-based payment reserve	8	6,470,216	6,116,690
Deficit		(33,392,399)	(30,421,209)
Total equity		17,808,867	13,199,908
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 18,747,697	\$ 14,240,277

Nature of operations – Note 1

Approved on behalf of the Board of Directors:

“Tim Moore”, Director

“Rick Brar”, Director

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

HAVN Life Sciences Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Notes	For the three months ended July 31, 2021	For the three months ended July 31, 2020
REVENUES		\$ 9,367	\$ -
COST OF GOODS SOLD	5	5,330	-
GROSS PROFIT		4,037	-
OPERATING EXPENSES			
Advertising and promotion		189,488	63,400
Amortization	7	130,818	-
Consulting fees and employee payroll		287,123	309,867
Investor relations and marketing		1,004,595	-
Management and directors' fees	9	439,417	128,000
Office and miscellaneous		68,481	18,524
Professional fees		50,486	198,309
Rent		51,059	-
Research and development		252,955	-
Share-based payments	8, 9	480,807	94,690
Transfer agent and filing fees		7,064	11,153
Travel		7,917	-
		2,970,210	823,943
LOSS FROM OPERATIONS		(2,966,173)	(823,943)
OTHER ITEMS			
Foreign exchange gain		11,899	6,658
Interest expense	6	(16,916)	-
		(5,017)	6,658
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ (2,971,190)	\$ (817,285)
Weighted average number of common shares outstanding – basic and diluted		118,167,893	16,583,718
Loss per share, basic and diluted		\$ (0.03)	\$ (0.05)

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

HAVN Life Sciences Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three Months ended July 31, 2020
(Unaudited - Expressed in Canadian dollars)

	Share Capital		Contributed surplus		Subscriptions Received	Share-Based Payment Reserve Options, RSRs and Performance Warrants	Deficit	Total Equity
	Number	Amount	Special warrants	Finders' warrants / options				
		\$	\$	\$				
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	-	-	-	-	-
<i>Special warrants</i>								
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 private placements	9,550,000	2,387,500	-	-	(20,000)	-	-	2,367,500
Finders' units	908,000	227,000	-	-	-	-	-	227,000
<i>Share issuance costs</i>								
Cash	-	(192,357)	-	-	-	-	-	(192,357)
110,000 finders' units	-	(27,500)	-	-	-	-	-	(27,500)
198,000 finders' warrants	-	(22,900)	-	22,900	-	-	-	-
Fair value of options granted and expected to vest	-	-	-	-	-	84,702	-	84,702
Fair value of RSRs granted and expected to vest	-	-	-	-	-	9,988	-	9,988
Net loss for the period	-	-	-	-	-	-	(817,285)	(817,285)
July 31, 2020	17,382,000	4,102,743	455,900	22,900	-	341,823	(857,861)	4,065,505

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

HAVN Life Sciences Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

	Share Capital		Contributed surplus		Subscriptions Received	Share-Based Payment Reserve Options, RSRs and Performance Warrants	Deficit	Total Equity
	Number	Amount	Special warrants	Finders' warrants / options				
		\$	\$	\$				
April 30, 2021	107,639,128	36,996,908	-	507,519	-	6,116,690	(30,421,209)	13,199,908
Shares issued pursuant to acquisition of Bolt Therapeutics IP	15,894,040	10,649,007	-	-	-	-	-	10,649,007
Reserve on 5,298,008 common shares pursuant to acquisition of Bolt Therapeutics IP	-	(3,549,665)	-	-	-	-	-	(3,549,665)
Fair value of cashless option exercises	191,413	89,781	-	-	-	(89,781)	-	-
Fair value of RSRs exercised	150,000	37,500	-	-	-	(37,500)	-	-
Fair value of options granted and expected to vest	-	-	-	-	-	455,714	-	455,714
Fair value of RSRs granted and expected to vest	-	-	-	-	-	25,093	-	25,093
Net loss for the period	-	-	-	-	-	-	(2,971,190)	(2,971,190)
July 31, 2021	123,874,581	44,223,531	-	507,519	-	6,470,216	(33,392,399)	17,808,867

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

HAVN Life Sciences Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	For the three months ended July 31, 2021	For the three months ended July 31, 2020
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Loss for the period	\$ (2,971,190)	\$ (817,285)
Items not involving cash:		
Amortization	130,818	-
Shares issued for consulting services rendered	-	247,133
Share-based payments	480,807	94,690
Interest expense	16,916	-
Net changes in non-cash working capital items:		
Amounts receivable	(63,996)	(45,138)
Prepaid expenses and deposits and inventory	(10,161)	(693,718)
Accounts payable and accrued liabilities	(85,718)	263,064
Cash used in operating activities	(2,502,524)	(951,254)
INVESTING ACTIVITIES:		
Leasehold improvements	(85,389)	-
Cash paid to acquire Bolt Therapeutics IP	(1,000,000)	-
Deposits on acquisition	-	(142,857)
Promissory note receivable	-	(100,000)
Cash used in investing activities	(1,085,389)	(242,857)
FINANCING ACTIVITIES:		
Repayment of lease liabilities	(32,737)	-
Proceeds from the issuance of common shares	-	2,367,500
Proceeds from special warrants	-	264,900
Share issuance costs	-	(192,357)
Cash provided by (used in) financing activities	(32,737)	2,440,043
Net increase (decrease) in cash	(3,620,650)	1,245,932
Cash, beginning of period	9,401,676	1,616,985
Cash, end of period	\$ 5,781,026	\$ 2,862,917

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

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

HAVN Life Sciences Inc. (“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 financial statements were approved by the Board of Directors on September 23, 2021.

2. BASIS OF PRESENTATION

2.1. Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting (“IAS 34”), using accounting policies which are consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

2.2. Basis of presentation

These condensed interim 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 condensed interim 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 condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

2.3. Basis of consolidation

These condensed interim 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 condensed interim consolidated financial statements.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

2.4. Significant judgments, estimates and assumptions

The preparation of the Company's condensed interim 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

Inventory

The Company estimates the net realizable value of inventory taking into account the most reliable evidence available at each reporting date.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

2.4. Significant judgments, estimates and assumptions (Continued)

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.

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.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

2.4. Significant judgments, estimates and assumptions (Continued)

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.

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

Except as described below, these condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended April 30, 2021, filed August 30, 2021.

Certain amounts in the prior period financial statements have been reclassified to conform with the presentation of the current period financial statements.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Revenue recognition, accounts receivable and allowance for doubtful accounts

The Company's revenue consists of product sales, manufacturing and supply income and rental income.

The Company recognizes revenues when a contract has been entered into and performance obligations are known, the price has been determined, control of the goods passes to the customer and the significant risks and benefits of ownership are transferred and performance obligations have been satisfied. Revenue is measured based on the price specified, net of trade discounts and estimated returns at the time of sale. Historical experience is used to estimate allowances for returns. Accounts receivable consist of amounts due from customers and are recorded upon the sale of product to customers. Credit terms are extended to customers in the normal course of business and no collateral is required. The Company estimates an allowance for doubtful accounts based on historical losses, the existing economic conditions and the financial stability of its customers. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when collected.

The Company derives revenues from:

- Sale of its Natural Health products (“NHP”) in Canada through both commercial retail channels and directly to consumers;
- Goods manufacturing and supplied pursuant to the exclusive manufacturing and supply agreement; and
- Rental income for storage use of its manufacturing warehouse space.

Revenue is recognized upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied, and revenue is recognized, either over time or at a point in time. Sale of the Company’s NHP are recognized when the Company transfers control of the good to the customer upon delivery and collectability is ensured. Rental income is recognized monthly when due and collectability is ensured.

3.2 Inventory

Inventory consists of finished goods NHP and is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method, which under the circumstances, management believes will provide for the most practical basis for the measurement of periodic income. Management periodically reviews inventory for slow moving or obsolete items and considers realizability based on the Company’s marketing strategies and sales forecasts to determine if an allowance is necessary. If net realizable value is below cost, then an allowance is created to adjust the carrying amount of inventory.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 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. AMOUNTS RECEIVABLE

The Company's amounts receivable balance consists of:

	July 31, 2021	April 30, 2021
Accounts receivable	\$ 8,483	\$ -
GST receivable	265,738	210,225
TOTAL	274,221	\$ 210,225

5. INVENTORY

As at July 31, 2021, the Company's inventory balance consists of finished goods NHP. During the three months ended July 31, 2021, the Company expensed \$1,873 (2020 - \$nil) of inventory included within cost of goods sold.

During the three months ended July 31, 2021, \$359,300 of inventory was transferred from prepaid expenses and deposits. Included in prepaid expenses and deposits is \$493,736 (April 30, 2021 - \$359,300) of raw materials inventory paid for in advance.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

6. 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 and July 31, 2021	\$ 471,574
ACCUMULATED AMORTIZATION	
Balance, April 30, 2020	\$ -
Additions	22,739
Balance, April 30, 2021	22,739
Additions	23,579
Balance, July 31, 2021	\$ 46,318
Net, April 30, 2020	\$ -
Net, April 30, 2021	\$ 448,835
Net, July 31, 2021	\$ 425,256

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

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

The carrying value of the lease obligation is as follows:

Balance, April 30, 2021	\$ 456,332
Interest/accretion expense	16,916
Repayments	(32,737)
Balance, July 31, 2021	\$ 440,511
Less: Current portion	(130,946)
Lease liability, long-term	\$ 309,565

Included in rent expense for the three months ended July 31, 2021 is \$51,059 (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	\$ 98,209
April 30, 2023	132,351
April 30, 2024	136,566
April 30, 2025	137,971
April 30, 2026	106,640
Total lease payments	611,731
Remaining present value adjustment to be accreted over the lease term	(171,226)
Lease liability balance, July 31, 2021	\$ 440,511

7. ACQUISITION, INTANGIBLE ASSETS AND EQUIPMENT

Bolt Therapeutics IP

On June 2, 2021, the Company acquired intellectual property ("IP") from Bolt Therapeutics Limited Partnership ("Bolt") consisting primarily of a formulation for non-psychedelic 2 Bromo-Lysergic Acid Diethylamide (LSD) and a patent application which will allow the company to begin executing on certain milestones. To complete the acquisition of the IP, 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 (the "Milestone Shares") upon satisfaction of milestones tied to the IP. The common shares were measured at the issuance date fair value of \$0.67 for total fair value of \$10,649,007. As of July 31, 2021, there has been no progress towards achievement of the milestones and accordingly, the Company has recognized a reserve on all 5,298,008 Milestone Shares for a total reserve of \$3,549,665. As milestones are achieved and the Milestone Shares are released from escrow, the Company will reduce the related reserve amount.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

7. ACQUISITION, INTANGIBLE ASSETS AND EQUIPMENT (CONTINUED)

The carrying value of the Company's intangible assets at July 31, 2021 is as follows:

Cost		Section 56 Exemption		Exclusive Supply Rights*		Bolt IP**		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
Additions		-		-		8,099,342		8,099,342
Balance, July 31, 2021	\$	4,547,716	\$	2,965,034	\$	8,099,342	\$	15,612,092
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)
Additions		-		(102,243)		-		(102,243)
Balance, July 31, 2021	\$	(4,547,716)	\$	(136,324)	\$	-	\$	(4,684,040)
Net, April 30, 2020	\$	-	\$	-	\$	-	\$	-
Net, April 30, 2021	\$	-	\$	2,930,953	\$	-	\$	2,930,953
Net, July 31, 2021	\$	-	\$	2,828,710	\$	8,099,342	\$	10,928,052

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

** The acquired IP consists of a patent application which is in process. The Company will begin amortizing this asset once the patent has been granted.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

7. ACQUISITION, INTANGIBLE ASSETS AND EQUIPMENT (CONTINUED)

The carrying value of the Company's equipment at July 31, 2021 is as follows:

Cost		Equipment
Balance, April 30, 2020	\$	-
Additions		199,826
Balance, April 30, 2021	\$	199,826
Additions		-
Balance, July 31, 2021	\$	199,826
Accumulated amortization		
Balance, April 30, 2020 and 2021	\$	-
Additions		4,996
Balance, July 31, 2021	\$	4,996
Net, April 30, 2020	\$	-
Net, April 30, 2021	\$	199,826
Net, July 31, 2021	\$	194,830

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

8. EQUITY

8.1 Authorized Share Capital

Unlimited number of common shares without par value.

8.2 Shares Issued

There are 123,874,581 common shares issued and outstanding as at July 31, 2021, of which 16,492,148 are held in escrow.

Shares issued during the three months ended July 31, 2021 were as follows:

	Description	Number of shares	Amount
			\$
Balance, April 30, 2021		107,639,128	36,996,908
June 2, 2021	Acquisition of Bolt Therapeutics IP	15,894,040	10,649,007
June 2, 2021	Reserve on Bolt Therapeutics IP	-	(3,549,665)
July 14, 2021	Cashless options exercised	191,413	89,781
July 14, 2021	RSRs exercised	150,000	37,500
Balance, July 31, 2021		123,874,581	44,223,531

- i. On June 2, 2021, the Company acquired IP from Bolt. To complete the acquisition of the IP, the Company issued 15,894,040 common shares and paid \$1,000,000 in cash. The shares were measured at the issuance date fair value of \$0.67 for total fair value recognized on \$10,649,007.

Of the purchase price, 10,596,032 common shares will be subject to escrow with 1/6th of the common shares being released every three months from the closing date and 5,298,008 common shares (the "Milestone Shares") upon satisfaction of milestones tied to the IP. As of July 31, 2021, there has been no progress towards achievement of the milestones and accordingly, the Company has recognized a reserve on all 5,298,008 Milestone Shares for a total reserve of \$3,549,665. As milestones are achieved and the Milestone Shares are released from escrow, the Company will reduce the related reserve amount.

During the three months ended July 31, 2021, the Company issued common shares pursuant to options and RSRs exercised, as follows:

	Description	Number of shares issued	Options/RSRs/warrants exercised	Exercise price	Fair value reclassified to share capital	Proceeds
July 14, 2021	Cashless options exercised	183,080	275,000	\$ 0.25	\$ 63,080	\$ Nil
July 14, 2021	Cashless options exercised	8,333	50,000	\$ 0.65	\$ 26,701	\$ Nil
July 14, 2021	RSRs exercised	150,000	150,000	N/A	\$ 37,500	\$ Nil

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

8. EQUITY (CONTINUED)

8.3 Warrants

At July 31, 2021, the following warrants were outstanding:

	Warrants		Exercise Price
April 30, 2020	6,924,000	\$	0.50
Issued in May and June 2020	9,550,000		0.50
Exercised in November 2020	(10,937,856)		0.50
Expired in November 2020	(5,536,144)		0.50
Issued in January 2021	10,747,900		1.34
April 30, 2021 and July 31, 2021	10,747,900	\$	1.34
Expiry date	Warrants		Exercise Price
Warrants			
January 7, 2024	10,747,900	\$	1.34
Balance, July 31, 2021	10,747,900	\$	1.34

At July 31, 2021, the following finders' warrants were outstanding:

	Finders' warrants		Exercise Price
April 30, 2020	-	\$	-
Issued in May and June 2020	1,106,000		0.50
Expired 2020	(1,106,000)		0.50
April 30, 2021 and July 31, 2021	-	\$	-

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

8. EQUITY (CONTINUED)

8.3 Warrants (Continued)

At July 31, 2021, the following performance warrants were outstanding:

	Performance warrants	Exercise Price
April 30, 2020	-	\$ -
Granted in June and September 2020	19,000,000	0.05
Exercised 2020	(9,958,333)	0.05
Outstanding, April 30, 2021 and July 31, 2021	9,041,667	\$ 0.05
Vested	-	-
Exercisable, April 30, 2021 and July 31, 2021	-	\$ -

Expiry date	Performance warrants outstanding	Performance warrants exercisable	Exercise Price
Performance Warrants			
September 4, 2023	9,041,667	-	\$ 0.05
Balance, July 31, 2021	9,041,667	-	\$ 0.05

At July 31, 2021, the weighted-average remaining life of the outstanding performance warrants was 2.10 years.

Of the outstanding performance warrants, 2,000,000 are reserved for reallocation.

8.4 Options

During the three months ended July 31, 2021, the Company option transactions are summarised as follows:

	Options	Weighted Average Exercise Price
April 30, 2020	-	\$ -
Granted in June, September, October 2020 and January 2021	6,485,000	0.56
Exercised	(60,000)	0.32
April 30, 2021	6,425,000	\$ 0.56
Exercised	(325,000)	0.31
Outstanding, July 31, 2021	6,100,000	\$ 0.57

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

8. EQUITY (CONTINUED)

8.4 Options (Continued)

The Company's options as at July 31, 2021 are as follows:

Expiry date	Options outstanding	Options exercisable	Exercise Price
Options			
June 4, 2025	500,000	500,000	0.25
September 4, 2022	1,325,000	625,000	0.25
September 4, 2022	200,000	150,000	0.50
September 10, 2025	2,075,000	2,075,000	0.65
October 4, 2025	1,750,000	656,250	0.79
January 15, 2026	250,000	250,000	0.85
Balance, July 31, 2021	6,100,000	4,256,250	\$ 0.57

At July 31, 2021, the weighted-average remaining life of the outstanding options was 3.37 years.

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

	July 31, 2021
Share price	\$ 0.39 – 0.79
Exercise price	\$ 0.25 – 0.79
Expected life	2 – 5 years
Volatility	120%
Risk-free interest rate	0.24% – 0.38%

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

8. EQUITY (CONTINUED)

8.4 Options (Continued)

During the three months ended July 31, 2021, the Company recognized \$455,714 (2020 - \$84,702) in share-based payment expense in connection with the options granted.

At July 31, 2021, the following finders' options were outstanding:

	Finders' options	Exercise Price
April 30, 2020	-	\$ -
Issued in January 2021	644,874	1.07
April 30, 2021 and July 31, 2021	644,874	\$ 1.07

The Company's finders' options as at July 31, 2021 are as follows:

Expiry date	Finders' options outstanding	Finders' options exercisable	Exercise Price
Options			
January 7, 2024	644,874	644,874	1.07
Balance, July 31, 2021	644,874	644,874	\$ 1.07

8.5 Restricted Share Rewards ("RSRs")

At July 31, 2021, the following RSRs were outstanding:

	RSRs
April 30, 2020	-
Granted June, September, October 2020 and January 2021	4,679,130
Exercised	(2,549,130)
April 30, 2021	2,130,000
Exercised	(150,000)
Outstanding, July 31, 2021	1,980,000
Vested	2,017,500
Exercised	(150,000)
Vested, July 31, 2021	1,867,500

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

8. EQUITY (CONTINUED)

8.5 Restricted Share Rewards (“RSRs”) (continued)

The Company’s RSRs at July 31, 2021 are as follows:

Grant date	RSRs outstanding	RSRs exercisable
RSRs		
June 4, 2020	500,000	500,000
September 4, 2020	100,000	100,000
September 10, 2020	200,000	200,000
October 4, 2020	1,080,000	1,036,250
October 11, 2020	50,000	18,750
January 15, 2021	50,000	12,500
Balance, July 31, 2021	1,980,000	1,876,500

During the three months ended July 31, 2021, the Company recognized \$25,093 (2020 - \$9,988) in share-based payment expense in connection with the RSRs granted.

8.6 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.

9. 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 three months ended July 31, 2021 is summarized as follows:

	July 31, 2021	July 31, 2020
Management and directors’ fees	\$ 439,417	\$ 128,000
Share-based payments (fair value)	489,431	94,690
	\$ 928,848	\$ 222,690

As at July 31, 2021, \$48,607 (April 30, 2021 - \$49,285) is owed to certain officers and directors of the Company.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the three months ended July 31, 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 CEO and Director pursuant to officer services provided	Options	750,000	2,314	60,000
A company controlled by the Chief Operating Officer pursuant to officer services provided				36,000
The CFO pursuant to CFO services provided				15,417
A company controlled by the former CFO pursuant to CFO services provided				37,500
The Chief Psychedelics Officer pursuant to officer services provided	Options	1,000,000	297,633	30,000
The Chief Research Officer pursuant to officer services provided	Options	100,000	29,764	25,500
A company controlled by the Chief Science Officer pursuant to officer services provided	Options	200,000	(12,361)	15,000
A Director and Chair of the Company pursuant to director services provided	RSRs	2,050,000	5,579	62,500
A Director and Vice Chair of the Company pursuant to director services provided	Options	1,250,000	83,993	
A Director and Vice Chair of the Company pursuant to director services provided	RSRs	1,040,000	4,463	57,500
A Director of the Company pursuant to director services provided	Options	1,000,000	62,995	
A Director of the Company pursuant to director services provided	RSRs	50,000	8,767	50,000
A company controlled by a Director of the Company pursuant to director services provided	RSRs	50,000	6,284	50,000
			\$ 489,431	\$ 439,417

* The fair value recognized during the three months ended July 31, 2021 relates to the vesting of equity incentives previously granted.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

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.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended July 31, 2021
(Unaudited - Expressed in Canadian dollars)

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 July 31, 2021, the Company's working capital is \$6,434,262. 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 July 31, 2021, the Company had cash of \$5,781,026 and total liabilities of \$938,830.

Contractual undiscounted cash flow requirements for financial liabilities as at July 31, 2021 are as follows:

- i. Accounts payable and accrued liabilities are due within 90 days; and
- ii. See Note 6 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 financial instruments of the Company consist of cash, amounts 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.