



HAVN Life Sciences Inc.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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

As at	Notes	January 31, 2022	April 30, 2021 (Audited)
ASSETS			
Current Assets			
Cash		\$ 844,863	\$ 9,401,676
Accounts receivable	4	118,593	210,225
Prepaid expenses and deposits	5	516,561	998,119
Inventory	5	824,707	-
Note receivable	9	750,000	-
Total Current Assets		3,054,724	10,610,020
Non-Current Assets			
Deposit		23,698	18,030
Capital assets	6	525,717	681,274
Intangible assets	8	9,867,790	2,930,953
Total Non-Current Assets		10,417,205	3,630,257
TOTAL ASSETS		\$ 13,471,929	\$ 14,240,277
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	12	\$ 449,578	\$ 584,037
Customer deposit		54,750	-
Current portion of lease liability	10	130,946	130,946
Total Current Liabilities		635,274	714,983
Non-Current Liability			
Lease liability	10	276,100	325,386
TOTAL LIABILITIES		911,374	1,040,369
SHAREHOLDERS' EQUITY			
Share capital	11	46,510,182	36,996,908
Contributed surplus		507,519	507,519
Share-based payment reserve	11	7,041,094	6,116,690
Deficit		(41,498,240)	(30,421,209)
Total equity		12,560,555	13,199,908
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 13,471,929	\$ 14,240,277

Nature of operations – Note 1

Subsequent events – Note 15

Approved on behalf of the Board of Directors:

“Tim Moore”, Director

“Dennis Staudt”, 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 January 31		For the nine months ended January 31	
		2022	2021	2022	2021
REVENUES		\$ 23,025	\$ -	\$ 60,094	\$ -
COST OF GOODS SOLD	5	17,168	-	38,475	-
GROSS PROFIT		5,857	-	21,619	-
OPERATING EXPENSES					
Advertising and promotion		120,711	41,514	410,422	211,413
Amortization	6,8	132,035	1,158,975	410,356	1,877,035
Asset impairment	6,8	156,840	-	2,883,306	-
Consulting fees and payroll		264,680	398,444	973,135	888,329
Donations		2,000	20,000	2,000	40,000
Investor relations and marketing		202,382	2,015,082	1,367,519	3,145,656
Management and directors' fees	12	338,999	414,500	1,340,304	1,382,167
Office and miscellaneous		99,216	444,396	323,716	474,866
Professional fees		261,784	325,119	838,769	646,070
Rent		65,938	20,000	199,149	86,000
Research and development		133,928	216,542	525,221	230,744
Share-based payments	11,12	375,207	2,593,857	1,610,394	4,817,011
Finders' performance warrants		-	5,476,618	-	5,476,618
Transfer agent and filing fees		7,810	25,704	118,634	84,847
Travel		14,131	6,002	24,504	19,615
		2,175,661	13,156,753	11,027,429	19,380,371
LOSS FROM OPERATIONS		(2,169,804)	(13,156,753)	(11,005,810)	(19,380,371)
OTHER ITEMS					
Foreign exchange loss		2,983	3,508	22,297	1,490
Interest expense	10	15,692	-	48,924	-
		18,675	3,508	71,221	1,490
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ (2,188,479)	\$ (13,160,261)	\$ (11,077,031)	\$ (19,381,861)
Weighted average number of common shares outstanding – basic and diluted		127,311,819	76,753,357	123,428,720	47,246,681
Loss per share, basic and diluted		\$ (0.02)	\$ (0.17)	\$ (0.09)	\$ (0.41)

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
(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 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
Warrant exercises reserved for cancellation	(600,000)	(300,000)	-	-	-	-	-	(300,000)
Finders' units	908,000	227,000	-	-	-	-	-	227,000
Shares issued for services rendered	620,108	546,072	-	-	-	-	-	546,072
Shares issued pursuant to acquisition of HAVN Research Inc.	15,233,333	3,808,333	-	-	-	-	-	3,808,333
<i>Share issuance costs</i>								
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	-	(690,015)	-	690,015	-	-	-	-
Fair value of cashless option exercises	19,747	16,242	-	-	-	(16,242)	-	-
Fair value of RSRs exercised	1,439,130	1,179,216	-	-	-	(1,179,216)	-	-
Fair value of options granted and expected to vest	-	-	-	-	-	2,075,502	-	2,075,502
Fair value of RSRs granted and expected to vest	-	-	-	-	-	2,741,509	-	2,741,509
Fair value of performance warrants granted and expected to vest	-	-	-	-	-	5,476,618	-	5,476,618
Net loss for the period	-	-	-	-	-	-	(19,381,861)	(19,381,861)
January 31, 2021	89,935,741	25,363,786	-	712,915	-	9,098,171	(19,422,437)	15,752,435

HAVN Life Sciences Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian dollars)

	Share Capital		Contributed Surplus	Share-Based Payment Reserve	Deficit	Total Equity
	Number	Amount	Finders' warrants / options	Options, RSRs, and Performance Warrants		
		\$	\$	\$	\$	\$
April 30, 2021	107,639,128	36,996,908	507,519	6,116,690	(30,421,209)	13,199,908
Shares issued pursuant to the acquisition of Bolt Therapeutics IP	15,894,040	10,649,007	-	-	-	10,649,007
Reserve on 5,298,008 common shares pursuant to the acquisition of Bolt Therapeutics IP	-	(3,549,665)	-	-	-	(3,549,665)
Vesting of 1,324,502 Bolt Therapeutics IP Milestone Shares	-	887,416	-	-	-	887,416
Shares issued pursuant to the acquisition of Bennett's Choice IP	2,707,275	785,110	-	-	-	785,110
Shares issued for services rendered	200,000	30,000	-	-	-	30,000
Fair value of cashless option exercises	191,413	89,781	-	(89,781)	-	-
Fair value of RSRs exercised	380,000	109,200	-	(109,200)	-	-
Fair value of PWs exercised	508,333	512,425	-	(487,009)	-	25,416
Fair value of options granted and expected to vest	-	-	-	960,981	-	960,981
Fair value of RSRs granted and expected to vest	-	-	-	259,526	-	259,526
Fair value of performance warrants granted and expected to vest	-	-	-	389,887	-	389,887
Net loss for the period	-	-	-	-	(11,077,031)	(11,077,031)
January 31, 2022	127,520,189	46,510,182	507,519	7,041,094	(41,498,240)	12,560,555

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

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

	For the nine months ended January 31	
	2022	2021
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Loss for the period	\$ (11,077,031)	\$ (19,381,861)
Items not involving cash:		
Amortization	410,356	1,877,035
Asset impairment	2,883,306	-
Shares issued for services rendered	30,000	793,205
Share-based payments	1,610,394	4,817,011
Interest/accretion expense	48,924	-
Finders' performance warrants	-	5,476,618
Net changes in non-cash working capital items:		
Accounts receivable	91,632	(159,228)
Prepaid expenses and deposits and inventory	(343,149)	(506,052)
Accounts payable and accrued liabilities	(134,459)	939,913
Customer deposits	54,750	-
Cash used in operating activities	(6,425,277)	(6,143,359)
INVESTING ACTIVITIES:		
Deposit	(5,668)	(5,500)
Purchases of capital assets	(103,074)	-
Cash paid to acquire HAVN Research Inc.	-	(264,686)
Cash paid to acquire Bolt Therapeutics IP	(1,000,000)	-
Cash paid to acquire Bennett's Choice IP	(200,000)	-
Note receivable issued	(750,000)	-
Cash used in investing activities	(2,058,742)	(270,186)
FINANCING ACTIVITIES:		
Repayment of lease liability	(98,210)	-
Proceeds from performance warrants exercised	25,416	5,168,928
Proceeds from the issuance of common shares	-	14,132,653
Share issuance costs	-	(1,163,376)
Cash provided by (used in) financing activities	(72,794)	18,138,205
Net increase (decrease) in cash	(8,556,813)	11,724,660
Cash, beginning of the period	9,401,676	1,616,985
Cash, end of the period	\$ 844,863	\$ 13,341,645

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 and nine months ended January 31, 2022
(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”.

The continuing operations of the Company are dependent on funding provided by investors and realizing profits from products being commercialized. The Company intends to finance its future requirements through a combination of debt and/or equity issuances. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. This uncertainty may cast doubt about the ability of the Company to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments to the carrying value or presentation of assets or liabilities that might be necessary should the Company be unable to continue as a going concern.

These financial statements were approved by the Board of Directors on March 30, 2022.

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 that are consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting 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 an 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.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended January 31, 2022
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

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”), GCO Packaging and Manufacturing Ltd. (“GCO”), and 1000053494 Ontario Inc. (“1000053494”), 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) and 1000053494 from its date of incorporation on December 14, 2021. Intercompany balances and transactions are eliminated in preparing the condensed interim consolidated financial statements.

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, as discussed in Note 1.

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 the 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 that involves judgments or assessments made by management.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended January 31, 2022
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

2.4. Significant judgments, estimates, and assumptions (continued)

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.

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 involve 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 the valuation of the share consideration granted. Judgment is exercised in the reliability of the fair value of the 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.

HAVN Life Sciences Inc.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

2.4. Significant judgments, estimates, and assumptions (continued)

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 the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized 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 statements 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.

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Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended January 31, 2022
(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 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 the 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 receivables 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; and
- Rental income for storage uses 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 overtime or at a point in time. Sale of the Company’s NHP is 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 are 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 the net realizable value is below cost, then an allowance is created to adjust the carrying amount of inventory.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Changes in Significant Accounting Policies

Accounting standard is 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. ACCOUNTS RECEIVABLE

The Company's amounts receivable balance consists of:

	January 31, 2022	April 30, 2021
Accounts receivable	\$ 5,337	\$ -
GST receivable	113,256	210,225
TOTAL	\$ 118,593	\$ 210,225

5. INVENTORY

As at January 31, 2022, the Company's inventory balance consisted of raw materials and NHP finished goods.

	January 31, 2022	April 30, 2021
Raw Materials	\$ 414,388	\$ -
Finished Goods	410,319	-
TOTAL	\$ 824,707	\$ -

During the three and nine months ended January 31, 2022, the Company expensed \$17,168 and \$38,475 (2021 - \$nil and \$nil) respectively of inventory included in the cost of goods sold.

Included in prepaid expenses and deposits is \$259,903 (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
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6. CAPITAL ASSETS

The carrying value of the Company's capital assets at January 31, 2022, is as follows:

Cost	Equipment	Leasehold Improvements	Right-of-Use Assets	Total
Balance, April 30, 2020	\$ -	-	-	-
Additions	199,826	32,613	471,574	704,013
Balance, April 30, 2021	\$ 199,826	32,613	471,574	704,013
Additions	2,103	100,971	-	103,074
Balance, January 31, 2022	\$ 201,929	133,584	471,574	807,087
Accumulated Amortization				
Balance, April 30, 2020	\$ -	-	-	-
Additions	-	-	22,739	22,739
Balance, April 30, 2021	\$ -	-	22,739	22,739
Additions	15,127	15,927	70,738	101,792
Impairment	156,839	-	-	156,839
Balance, January 31, 2022	\$ 171,966	15,927	93,477	281,370
Net, April 30, 2020	\$ -	-	-	-
Net, April 30, 2021	\$ 199,826	32,613	448,835	681,274
Net, January 31, 2022	\$ 29,963	117,657	378,097	525,717

Asset impairment

On February 25, 2022, the Company disposed of manufacturing equipment, acquired in the April 7, 2021 GCO acquisition, receiving cash proceeds of \$28,000 (see note 15). As this is an indication of impairment as at January 31, 2022, the Company has recorded an impairment loss of \$156,839 to reduce the carrying value to \$28,000.

7. ACQUISITIONS

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 provisional 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 were 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. The common shares were measured at the issuance date fair value of \$0.67 for a total fair value of \$10,649,007.

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7. ACQUISITIONS (CONTINUED)

Bolt Therapeutics IP (Continued)

On November 22, 2021, the Company filed a Patent Cooperation Treaty (“PCT”) international application in connection with the IP acquired from Bolt Therapeutics Limited Partnership. The PCT application replaces a provisional patent application and gives patent-pending status on the IP. The PCT application represented the achievement of one of four performance milestones and triggered the release of 1,324,502 escrowed common shares. As of January 31, 2022, there remains 3,973,506 performance milestone shares in escrow, pending the achievement of additional milestones. As milestones are achieved and the Milestone Shares are released from escrow, the Company will continue to reduce the related reserve amount.

Cost of acquisition

Cash	\$	1,000,000
15,894,040 common shares measured at a fair value of \$0.67 per share		10,649,007
Less: Reserve on 3,973,506 milestone shares		(2,662,249)
Total consideration	\$	8,986,758

Fair value of net assets acquired

Intangible asset – Intellectual property	\$	8,986,758
Total Assets	\$	8,986,758

Bennett’s Choice IP

On September 28, 2021, the Company acquired intellectual property (“IP”) from 9269932 Canada Inc. (dba “Bennett’s Choice”), consisting of patents and product licences for compositions and methods relating to the treatment of traumatic brain injury. As consideration, the Company issued 2,707,275 common shares and paid \$200,000 in cash. The 2,707,275 common shares are subject to escrow, with 1/6th of the common shares being released every six months after the closing date.

Cost of acquisition

Cash	\$	200,000
2,707,275 common shares measured at a fair value of \$0.29 per share		785,110
Total consideration	\$	985,110

Fair value of net assets acquired

Intangible asset – Intellectual property	\$	985,110
Total Assets	\$	985,110

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8. INTANGIBLE ASSETS

The carrying value of the Company's intangible assets at January 31, 2022, is as follows:

Cost	Section 56 Exemption	Exclusive Supply Rights*	Bolt IP**	Bennett's Choice 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	-	-	8,986,758	985,110	9,971,868
Balance, January 31, 2022	\$ 4,547,716	\$ 2,965,034	\$ 8,986,758	\$ 985,110	\$ 17,484,618
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	-	204,486	74,890	29,188	308,564
Impairment	-	2,726,467	-	-	2,726,467
Balance, January 31, 2022	\$ 4,547,716	\$ 2,965,034	\$ 74,890	\$ 29,188	\$ 7,616,828
Net, April 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Net, April 30, 2021	\$ -	\$ 2,930,953	\$ -	\$ -	\$ 2,930,953
Net, January 31, 2022	\$ -	\$ -	\$ 8,911,868	\$ 955,922	\$ 9,867,790

* The Exclusive Manufacturing and Supply Rights were being amortized over the term of the Agreement, being of 87 months. Management has since determined that the value of this asset is impaired and reduced it accordingly (see also note 15).

** The acquired IP consists of a US provisional patent application that was registered on November 22, 2020. The PCT application was filed on November 22, 2021 and the IP is being amortized over 240 months.

*** The acquired IP consists of patents and product licences for compositions and methods relating to the treatment of traumatic brain injury and is being amortized over the remaining 135 months of the patent.

Asset impairment

On April 7, 2021, the Company completed the acquisition of 100% of the shares of GCO. The assets acquired included a rights assignment of an exclusive manufacturing and supply agreement (the "Rights Assignment").

Since the inception of the Rights Assignment, COVID-19 has significantly impacted the customer's office beverage supply business, resulting in no revenue from the Rights Assignment being recognized to date. On February 25, 2022, the Company signed a mutual release agreement relinquishing any future rights under the Rights Assignment. Consequently, the Company has recorded an impairment of \$2,726,467 to reduce the carrying value of the intangible asset to \$nil (see also note 15).

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9. NOTE RECEIVABLE

On October 28, 2021, the Company advanced a secured convertible note receivable (“note”) to Spore Life Sciences Inc. (“Spore”) in the amount of \$750,000 and maturing on December 31, 2022 (“maturity date”). Commencing January 1, 2022, the note bears interest at a rate equal to 12% per annum until the full and final repayment of the note. Interest is calculated monthly in arrears and is due upon the earlier of the maturity date, the date of any prepayment, or repayment in full of the principal. Amounts of principal and interest that are past due shall bear interest at a rate of 14% per annum, payable on demand.

The Company has the right, from January 1, 2022, until the maturity date, to convert all or any portion of the outstanding principal amount into Common shares of Spore, together with any accrued and unpaid interest owing.

If Spore, or any of its subsidiaries, completes any financings, including, equity or debt financings, after January 1, 2022, and prior to the maturity date, Spore shall, within five (5) business days following completion of such financing, be required to prepay the principal outstanding together with interest thereon in an amount equal to 30% of the net cash proceeds received by the Spore or any of its subsidiaries from such financing.

Security on the note consists of:

- 1) General Security Agreement encompassing
 - (i) a security interest over all present and after-acquired property, assets, and undertaking of Spore of every kind and nature whatsoever, including all accounts, goods (including inventory, equipment, and motor vehicles, but excluding consumer goods), intangibles, intellectual property, chattel paper, documents of title, instruments, securities and all other investment property (including the pledged securities), money, and any other contractual rights or rights to the payment of money;
 - (ii) all proceeds and products of each of the foregoing, including any and all proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to Spore from time to time with respect to any of the foregoing;
 - (iii) all books and records relating to the foregoing, including in any form or medium;
 - (iv) all supporting obligations relating to the foregoing; and
 - (v) all additions, accessions to, substitutions and replacements for, and rents, profits, and products of, each of the foregoing.
- 2) An unconditional and irrevocable corporate guarantee from Spore’s subsidiary company, Spore Life Sciences US Inc.

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10. LEASE LIABILITY

The Company has one lease, related to its research lab, with monthly payments of \$10,912 (increasing every two years by approximately 5%), before GST, and an initial term of 5 years. The incremental borrowing rate applied to lease liability was 15%.

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
Interest/accretion expense		48,924
Repayments		(98,210)
Balance, January 31, 2022	\$	407,046
Less: Current portion		(130,946)
Lease liability, long-term	\$	276,100

Included in rent expense for the three and nine months ended January 31, 2022, is \$65,938 and \$199,149 (2021 - \$20,000 and \$86,000) respectively in relation to short-term rental agreements and operating cost adjustments not qualifying as leases under IFRS 16.

The Company's annual lease payments are as follows:

Years ending		
April 30, 2022	\$	32,736
April 30, 2023		132,351
April 30, 2024		136,566
April 30, 2025		137,971
April 30, 2026		106,640
Total lease payments		546,264
Remaining present value adjustment to be accreted over the lease term		(139,218)
Lease liability balance, January 31, 2022	\$	407,046

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11. EQUITY

11.1 Authorized Share Capital

Unlimited number of common shares without par value.

11.2 Shares Issued

There are 127,520,189 common shares issued and outstanding as at January 31, 2022, of which 43,589,814 are held in escrow.

Shares issued during the nine months ended January 31, 2022, 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
September 28, 2021 Acquisition of Bennett's Choice IP	2,707,275	785,110
October 20, 2021 Performance warrants exercised	508,333	512,425
November 19, 2021 RSRs exercised	230,000	71,700
November 22, 2021 Vesting of Bolt Milestone Shares	-	887,416
January 13, 2022 Consulting services rendered	200,000	30,000
Balance, January 31, 2022	127,520,189	46,510,182

- i. On June 2, 2021, the Company acquired IP from Bolt Therapeutics Limited Partnership. 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 a total fair value recognized of \$10,649,007.

Of the purchase price, 10,596,032 common shares are 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 January 31, 2022, 25% of the milestones have been achieved and accordingly, the Company has recognized a reserve on 3,973,506 of the Milestone Shares for a total reserve amount of \$2,662,249. As milestones are achieved and the Milestone Shares are released from escrow, the Company will continue to reduce the related reserve amount.

- ii. On September 28, 2021, the Company acquired intellectual property ("IP") from 926932 Canada Inc. (dba "Bennett's Choice"), consisting of patents and product licences for compositions and methods relating to the treatment of traumatic brain injury. As consideration, the Company issued 2,707,275 common shares and paid \$200,000 in cash. The 2,707,275 common shares are subject to escrow, with 1/6th of the common shares being released every six months after the closing date.

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11. EQUITY (CONTINUED)

11.2 Shares Issued (continued)

- iii. On January 13, 2022, the Company issued 200,000 common shares in exchange for consulting services rendered. The fair value of shares issued for services rendered totaled \$30,000.

During the nine months ended January 31, 2022, 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	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
October 20, 2021	Performance warrants exercised	508,333	508,333	\$ 0.05	\$ 487,009	\$ 25,416
November 19, 2021	RSRs exercised	230,000	230,000	N/A	\$ 71,700	\$ Nil
		1,079,746	1,213,333		\$ 685,990	\$ 25,416

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11. EQUITY (CONTINUED)

11.3 Warrants

At January 31, 2022, 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 January 31, 2022	10,747,900	\$	1.34

Expiry date	Warrants		Exercise Price
Warrants			
January 7, 2024	10,747,900	\$	1.34
Balance, January 31, 2022	10,747,900	\$	1.34

At January 31, 2022, 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 January 31, 2022	-	\$	-

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11. EQUITY (CONTINUED)

11.3 Warrants (continued)

At January 31, 2022, 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	9,041,667	0.05
Exercised	(508,333)	0.05
Forfeited	(4,500,000)	0.05
Outstanding, January 31, 2022	4,033,334	0.05

Expiry date	Performance warrants outstanding	Performance warrants exercisable	Exercise Price
Performance Warrants			
September 4, 2023	4,033,334	3,683,334	\$ 0.05
Balance, January 31, 2022	4,033,334	3,683,334	\$ 0.05

At January 31, 2022, the weighted-average remaining life of the outstanding performance warrants was 1.59 years.

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11. EQUITY (CONTINUED)

11.4 Options

During the nine months ended January 31, 2022, the Company option transactions were as follows:

	Options	Weighted Average Exercise Price
April 30, 2020	-	\$ -
Granted	6,485,000	0.56
Exercised	(60,000)	0.32
April 30, 2021	6,425,000	\$ 0.56
Granted	1,404,000	0.25
Exercised	(325,000)	0.31
Outstanding, January 31, 2022	7,504,000	\$ 0.51

The Company's options as at January 31, 2022, 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	1,250,000	0.25
September 4, 2022	200,000	200,000	0.50
September 10, 2025	2,075,000	2,075,000	0.65
October 4, 2025	1,750,000	1,375,000	0.79
January 15, 2026	250,000	250,000	0.85
September 24, 2026	604,000	252,000	0.32
September 25, 2026	150,000	50,000	0.32
December 22, 2026	400,000	-	0.17
February 2, 2027	250,000	-	0.16
Balance, January 31, 2022	7,504,000	5,952,000	\$ 0.51

At January 31, 2022, the weighted-average remaining life of the outstanding options was 3.23 years.

The fair value of options granted during the nine months ended January 31, 2022 was determined using the following Black-Scholes Option Pricing Model assumptions:

	January 31, 2022
Share price	\$ 0.16 - 0.295
Exercise price	\$ 0.16 - 0.315
Expected life	5 years
Volatility	120%
Risk-free interest rate	1.03% - 1.42%

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11. EQUITY (CONTINUED)

11.4 Options (continued)

During the three and nine months ended January 31, 2022, the Company recognized \$96,127 and \$960,981 (2021 - \$640,032 and \$2,075,502) respectively in share-based payment expense in connection with the options granted.

At January 31, 2022, the following finders' units were outstanding:

	Finders' units	Exercise Price
April 30, 2020	-	\$ -
Issued in January 2021	644,874	1.07
April 30, 2021 and January 31, 2022	644,874	\$ 1.07

The Company's finders' units as at January 31, 2022, are as follows:

Expiry date	Finders' units outstanding	Finders' units exercisable	Exercise Price
Options			
January 7, 2024	644,874	644,874	1.07
Balance, January 31, 2022	644,874	644,874	\$ 1.07

11.5 Restricted Share Rewards ("RSRs")

At January 31, 2022, the following RSRs were outstanding:

	RSRs
April 30, 2020	-
Granted in June, September, October 2020, and January 2021	4,679,130
Exercised	(2,549,130)
April 30, 2021	2,130,000
Granted in September and October 2021, and January 2022	1,810,000
Exercised	(380,000)
Outstanding, January 31, 2022	3,560,000

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11. EQUITY (CONTINUED)

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

The Company’s RSRs at January 31, 2022, 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	1,050,000	1,031,250
October 11, 2020	50,000	31,250
January 15, 2021	50,000	25,000
September 24, 2021	400,000	400,000
January 1, 2022	1,100,000	-
January 5, 2022	110,000	-
Balance, January 31, 2022	3,560,000	2,287,500

During the three and nine months ended January 31, 2022, the Company recognized \$45,332 and \$259,526 (2021 - \$1,953,825 and \$2,741,509) respectively in share-based payment expense in connection with the RSRs granted.

11.6 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.

12. 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 nine months ended January 31, 2022, is summarized as follows:

	January 31, 2022	January 31, 2021
Management and directors’ fees	\$ 1,340,304	\$ 1,382,167
Share-based payments (fair value)	1,413,852	3,904,656
	\$ 2,754,156	\$ 5,286,823

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12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

As at January 31, 2022, \$140,500 (April 30, 2021 - \$49,285) is owed to certain officers and directors of the Company.

During the nine months ended January 31, 2022, 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, Performance Warrants	1,000,000	\$ 46,765	\$ 180,000
A company controlled by the Chief Operations Officer pursuant to officer services provided		-	-	114,000
The CFO pursuant to CFO services provided	Options	150,000	20,068	103,055
A company controlled by the former CFO pursuant to CFO services provided		-	-	168,750
The Chief Psychedelics Officer pursuant to officer services provided	RSRs	400,000	415,634	120,000
The Chief Research Officer pursuant to officer services provided		-	29,763	94,500
A Director and Chair of the Company pursuant to director services provided	RSRs	500,000	245,745	177,915
A former Director and Vice-Chair of the Company pursuant to director services provided	RSRs	200,000	266,183	126,250
A Director of the Company pursuant to director services provided	RSRs	300,000	28,439	105,417
A company controlled by a Director of the Company pursuant to director services provided	RSRs, Performance Warrants	1,200,000	254,829	105,417
A company controlled by a Director of the Company pursuant to director services provided	Options, RSRs, Performance Warrants	560,000	106,426	45,000
			\$ 1,413,852	\$ 1,340,304

* The fair value recognized during the nine months ended January 31, 2022 relates to the vesting of equity incentives previously granted.

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13. 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.

14. RISK MANAGEMENT

14.1 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 counterparty will be unable to pay any amounts owed to the Company. The Company is not exposed to any credit risk at this time.

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 January 31, 2022, the Company's working capital is \$2,419,450. 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 January 31, 2022, the Company had cash of \$844,863 and total liabilities of \$911,374.

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14. RISK MANAGEMENT (CONTINUED)

14.1 Financial Risk Management (continued)

c. Liquidity Risk (continued)

Contractual undiscounted cash flow requirements for financial liabilities as at January 31, 2022, are as follows:

- i. Accounts payable and accrued liabilities are due within 90 days; and
- ii. See Note 10 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.

14.2 Fair Values

The financial instruments of the Company consist of cash, amounts receivable exclusive of sales taxes, note receivable, accounts payable and accrued liabilities, customer deposit 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.

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15. SUBSEQUENT EVENTS

On February 1, 2022, 700,000 shares were issued in exchange for investor relations services for a total fair value of \$105,000.

On February 25, 2022, the Company disposed of manufacturing equipment, acquired in the April 7, 2021 GCO acquisition, receiving cash proceeds of \$28,000.

On February 25, 2022 the Company executed a mutual release agreement (the “Release”) in connection with an exclusive manufacturing and supply agreement (the “Agreement”) entered into between GCO and Garden to Cup Organics Ltd. on April 1, 2021. The Agreement was recorded on the books of the Company as an intangible asset (the “Intangible”), which was acquired on April 7, 2021. In the previous quarter, the Intangible was assessed as being impaired and reduced to a nominal carrying value of \$1. The Release triggered an impairment of the remaining value of the Intangible.

On March 3, 2022, the Company completed a private placement for total proceeds of \$1,999,755. Pursuant to the private placement, the Company issued:

- i. 20,537,126 common shares at a price of \$0.087 per common share.
- ii. 2,451,380 pre-funded warrants at a price of \$0.0869. Each pre-funded warrant entitles the holder to purchase one common share at an exercise price of \$0.0001 per warrant for five years.
- iii. 22,988,506 common share purchase warrants. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.125 per warrant for five years.

The Company paid agent commissions, closing and legal costs of \$312,799 and issued 1,839,080 agent warrants. Each agent warrant entitles the holder to purchase one common share at an exercise price of \$0.125 per warrant for five years.

On March 14, 2022, 2,451,380 shares were issued for gross proceeds of \$245 upon the exercise of prefunded warrants issued in connection with the March 3, 2022 private placement.

On March 15, 2022, 1,000,000 common shares were issued pursuant to the conversion of RSRs.

On March 16, 2022, 500,000 common shares were issued pursuant to the conversion of RSRs.

On March 23, 2022, 100,000 common shares were issued pursuant to the conversion of RSRs.