



HAVN Life Sciences Inc.

Consolidated Financial Statements

For the year ended April 30, 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of HAVN Life Sciences Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of HAVN Life Sciences Inc. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended April 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the continuing operations of the Company are dependent on funding provided by investors and realizing profits from products being commercialized. As stated in Note 1, the Company's ability to continue as a going concern is dependent upon its ability to obtain debt or equity financings. These matters, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada
August 29, 2022

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

As at	Notes	April 30, 2022	April 30, 2021
ASSETS			
Current Assets			
Cash		\$ 1,055,658	\$ 9,401,676
Accounts receivable	4	319,291	210,225
Prepaid expenses and deposits	5	221,252	998,119
Inventory	5	1,149,073	-
Total Current Assets		2,745,274	10,610,020
Non-Current Assets			
Deposit		23,698	18,030
Capital assets	7	356,375	681,274
Intangible assets	9	934,031	2,930,953
Total Non-Current Assets		1,314,104	3,630,257
TOTAL ASSETS		\$ 4,059,378	\$ 14,240,277
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	6	\$ 529,107	\$ 584,037
Current portion of lease liability	11	79,166	130,946
Total Current Liabilities		608,273	714,983
Non-Current Liability			
Lease liability	11	310,188	325,386
TOTAL LIABILITIES		918,461	1,040,369
SHAREHOLDERS' EQUITY			
Share capital	12	49,152,884	36,996,908
Contributed surplus	12	575,132	507,519
Share-based payment reserve	12	6,277,658	6,116,690
Deficit		(52,864,757)	(30,421,209)
Total Equity		3,140,917	13,199,908
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 4,059,378	\$ 14,240,277

Nature of operations – Note 1

Subsequent events – Note 17

Approved on behalf of the Board of Directors:

“Tim Moore”, Director

“Tim Laidler”, Director

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

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

		For the years ended April 30	
	Notes	2022	2021
REVENUES		\$ 276,473	\$ -
COST OF GOODS SOLD	5	186,780	-
GROSS PROFIT		89,693	-
OPERATING EXPENSES			
Advertising and promotion		206,220	333,503
Amortization	7,9	575,621	4,604,536
Consulting fees and payroll		1,371,787	1,135,933
Donations		2,000	92,020
Investor relations and marketing		1,802,981	5,162,033
Management and directors' fees	13	1,641,804	2,131,908
Office and miscellaneous		466,756	226,167
Professional fees		987,580	946,263
Rent		237,934	121,235
Research and development		655,804	332,571
Share-based payments	12,13	1,786,958	9,139,473
Finders' performance warrants		-	6,007,444
Transfer agent and filing fees		132,848	97,569
Travel		31,866	22,483
		9,900,159	30,353,138
LOSS FROM OPERATIONS		(9,810,466)	(30,353,138)
OTHER ITEMS			
Loan impairment	10	780,000	-
Asset impairment	7,9,17	11,793,142	-
Foreign exchange loss		25,796	10,000
Interest income	10	(30,000)	-
Interest expense	11	64,144	17,495
		12,633,082	27,495
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		\$ (22,443,548)	\$ (30,380,633)
Weighted average number of common shares outstanding – basic and diluted		4,278,817	1,958,950
Loss per share, basic and diluted		\$ (5.25)	\$ (15.51)

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

HAVN Life Sciences Inc.
Consolidated Statements of Changes in Shareholders' Equity
(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	549,133	1,922,000	-	-	20,000	-	(40,576)	1,901,424
Share issuance converted to 9,550,000 special warrants	(318,333)	(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	1,138,522	703,033	(455,900)	-	-	(247,133)	-	-
Shares issued pursuant to private placements	676,597	13,887,753	-	-	(20,000)	-	-	13,867,753
Shares issued pursuant to warrant exercises	364,595	5,468,928	-	-	-	-	-	5,468,928
600,000 warrants exercised reserved for cancellation	-	(300,000)	-	-	-	-	-	(300,000)
Finders' units	30,267	227,000	-	-	-	-	-	227,000
Shares issued for services rendered	21,170	557,622	-	-	-	-	-	557,622
Shares issued pursuant to acquisition of HAVN Research Inc.	507,778	3,808,333	-	-	-	-	-	3,808,333
Shares issued pursuant to acquisition of GCO Manufacturing	200,000	4,200,000	-	-	-	-	-	4,200,000
Reserve on 1,595,015 common shares pursuant to acquisition of GCO Manufacturing	-	(1,116,510)	-	-	-	-	-	(1,116,510)
<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	-	(484,619)	-	484,619	-	-	-	-
Fair value of cashless option exercises	1,327	37,535	-	-	-	(37,535)	-	-
Fair value of RSRs exercised	84,971	2,067,116	-	-	-	(2,067,116)	-	-
Fair value of PWs exercised	331,944	7,423,493	-	-	-	(6,925,576)	-	497,917
Fair value of options granted and expected to vest	-	-	-	-	-	2,485,994	-	2,485,994
Fair value of RSRs granted and expected to vest	-	-	-	-	-	3,300,300	-	3,300,300
Fair value of employee performance warrants granted and expected to vest	-	-	-	-	-	3,353,179	-	3,353,179
Fair value of finders' performance warrants granted and vested	-	-	-	-	-	6,007,444	-	6,007,444
Net loss for the year	-	-	-	-	-	-	(30,380,633)	(30,380,633)
April 30, 2021	3,587,971	36,996,908	-	507,519	-	6,116,690	(30,421,209)	13,199,908

In August 2022, the Company completed a consolidation of its common shares on a thirty for one basis (see Note 12.1). For accounting purposes, recognition of the share consolidation has been made retroactively such that all share and per share numbers have been adjusted to reflect the share consolidation.

HAVN Life Sciences Inc.
Consolidated Statements of Changes in Shareholders' Equity
(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	3,587,971	36,996,908	507,519	6,116,690	(30,421,209)	13,199,908
Shares and pre-funded warrants issued pursuant to private placement	684,571	1,786,730	-	213,025	-	1,999,755
Shares issued pursuant to the acquisition of Bolt Therapeutics IP	529,801	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	90,243	785,110	-	-	-	785,110
Shares issued for services rendered	30,000	135,000	-	-	-	135,000
<i>Share issuance costs</i>						
Cash	-	(334,685)	-	-	-	(334,685)
Finders' warrants	-	(67,613)	67,613	-	-	-
Fair value of cashless option exercises	6,380	89,781	-	(89,781)	-	-
Fair value of RSRs exercised	66,000	1,049,200	-	(1,049,200)	-	-
Fair value of PWs exercised	16,944	512,425	-	(487,009)	-	25,416
Fair value of pre-funded warrants exercised	81,713	213,270	-	(213,025)	-	245
Fair value of options granted and expected to vest	-	-	-	1,031,578	-	1,031,578
Fair value of RSRs granted and expected to vest	-	-	-	352,611	-	352,611
Fair value of performance warrants granted and expected to vest	-	-	-	402,769	-	402,769
Net loss for the year	-	-	-	-	(22,443,548)	(22,443,548)
April 30, 2022	5,093,623	49,152,884	575,132	6,277,658	(52,864,757)	3,140,917

In August 2022, the Company completed a consolidation of its common shares on a thirty for one basis (see Note 12.1). For accounting purposes, recognition of the share consolidation has been made retroactively such that all share and per share numbers have been adjusted to reflect the share consolidation.

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

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

	For the years ended April 30	
	2022	2021
Cash (used in) provided by:		
OPERATING ACTIVITIES	\$	\$
Loss for the year	(22,443,548)	(30,380,633)
Items not involving cash:		
Amortization	575,621	4,604,536
Asset impairment	11,793,142	-
Loan impairment	780,000	-
Shares issued for services rendered	135,000	804,755
Share-based payments	1,786,958	9,139,473
Interest income	(30,000)	-
Interest/accretion expense	63,969	17,495
Finders' performance warrants	-	6,007,444
Net changes in non-cash working capital items:		
Accounts receivable	(109,066)	(206,789)
Prepaid expenses and deposits and inventory	(372,206)	(919,969)
Accounts payable and accrued liabilities	(54,930)	511,693
Cash used in operating activities	(7,875,060)	(10,421,995)
INVESTING ACTIVITIES:		
Deposit	(5,668)	(18,030)
Purchases of capital assets	(103,074)	(32,613)
Proceeds from sale of equipment	28,000	-
Cash paid to acquire HAVN Research Inc.	-	(264,686)
Cash paid to acquire GCO Packaging and Manufacturing Ltd.	-	(81,370)
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	(2,030,742)	(396,699)
FINANCING ACTIVITIES:		
Repayment of lease liability	(130,947)	(32,737)
Proceeds from warrants exercised	-	5,168,928
Proceeds from performance warrants exercised	25,416	497,917
Proceeds from the issuance of common shares and pre-funded warrants	1,999,755	14,132,653
Proceeds from exercise of pre-funded warrants	245	-
Share issuance costs	(334,685)	(1,163,376)
Cash provided by financing activities	1,559,784	18,603,385
Net increase (decrease) in cash	(8,346,018)	7,784,691
Cash, beginning of the year	9,401,676	1,616,985
Cash, end of the year	\$ 1,055,658	\$ 9,401,676

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

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(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 2800-666 Burrard Street, Vancouver, British Columbia V6C 2Z7. 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 significant doubt about the ability of the Company to continue as a going concern. These 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 audited financial statements were approved by the Board of Directors on August 29, 2022.

2. BASIS OF PRESENTATION

2.1. Statement of compliance

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

2.2. Basis of presentation

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

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

2.3. Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiaries: HAVN Research Inc. (“HAVN Research”), 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 consolidated financial statements.

2.4. Significant judgments, estimates, and assumptions

The preparation of the Company’s consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenues and expenses. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Critical Accounting Judgments

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities, and management’s strategic planning. Should those judgments prove to be inaccurate, management’s continued use of the going concern assumption could be inappropriate, 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 Consolidated Financial Statements
For the year ended April 30, 2022
(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 Consolidated Financial Statements
For the year ended April 30, 2022
(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

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.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Revenue recognition, accounts receivable and allowance for doubtful accounts (continued)

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 ownership of the goods to the customer upon delivery. Rental income is recognized monthly when due and collectability is triggered.

3.2 Inventory

Inventory consists of raw materials and NHP finished goods, both 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.

3.3 Equipment and leasehold improvements

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

GCO equipment	Declining-balance	10%
Computer equipment	Straight-line	5 years
Leasehold improvements	Straight-line	5 years

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

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

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

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets

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

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

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

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

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5. Impairment of tangible and intangible assets

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

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

3.6. Leases

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

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

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

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

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

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

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

3.7 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

3.8 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Income Taxes (continued)

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company, and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.9 Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Share capital (continued)

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

3.10 Share based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, officers, employees and certain non-employees. For directors, officers and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged to profit or loss with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

3.11 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Research and development

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

3.13 Earnings (Loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

3.14 Financial instruments – Recognition and measurement

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash	FVTPL
Accounts receivable	Amortized cost
Note receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial instruments – Recognition and measurement (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

3.15 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.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

4. ACCOUNTS RECEIVABLE

The Company's accounts receivable balance consists of:

	April 30, 2022	April 30, 2021
Accounts receivable	\$ 151,248	\$ -
GST receivable	168,043	210,225
TOTAL	\$ 319,291	\$ 210,225

5. INVENTORY

As at April 30, 2022, the Company's inventory balance consisted of raw materials and NHP finished goods.

	April 30, 2022	April 30, 2021
Raw Materials	\$ 701,534	\$ -
Finished Goods	447,539	-
TOTAL	\$ 1,149,073	\$ -

During the year ended April 30, 2022, the Company expensed \$186,780 (2021 - \$nil) of inventory included in the cost of goods sold.

Included in prepaid expenses and deposits is \$nil (April 30, 2021 - \$359,300) of raw materials inventory paid for in advance.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consists of:

	April 30, 2022	April 30, 2021
Trade accounts payable	\$ 321,467	\$ 534,752
Owed to directors and officers	141,400	49,285
Payroll liabilities	66,240	-
TOTAL	\$ 529,107	\$ 584,037

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

7. CAPITAL ASSETS

The carrying value of the Company's capital assets at April 30, 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, April 30, 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	15,232	23,281	94,318	132,831
Impairment	156,839	110,303	-	267,142
Sale of GCO equipment	28,000	-	-	28,000
Balance, April 30, 2022	\$ 200,071	133,584	117,057	450,712
Net, April 30, 2020	\$ -	-	-	-
Net, April 30, 2021	\$ 199,826	32,613	448,835	681,274
Net, April 30, 2022	\$ 1,858	-	354,517	356,375

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. This resulted in an impairment loss of \$156,839.

Subsequent to April 30, 2022, the Company decided not to complete the improvements project at its leased research lab. Consequently, the Company recorded an impairment of \$110,303 on the leasehold improvements as at April 30, 2022, reducing the carrying value of the leasehold improvements to \$nil.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

8. 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 529,801 common shares and paid \$1,000,000 in cash. Of the purchase price, 353,201 common shares were subject to escrow with 1/6th of the common shares being released every three months from the closing date and 176,600 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 \$20.10 for a total fair value of \$10,649,007.

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 44,150 escrowed common shares. As of April 30, 2022, there remains 132,450 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
529,801 common shares measured at a fair value of \$20.10 per share		10,649,007
Less: Reserve on 132,450 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 90,243 common shares and paid \$200,000 in cash. The 90,243 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
90,243 common shares measured at a fair value of \$8.70 per share		785,110
Total consideration	\$	985,110

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

8. ACQUISITIONS (CONTINUED)

Bennett's Choice IP (continued)

Fair value of net assets acquired

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

9. INTANGIBLE ASSETS

The carrying value of the Company's intangible assets at April 30, 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, April 30, 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	187,224	51,080	442,790
Impairment	-	2,726,467	8,799,533	-	11,526,000
Balance, April 30, 2022	\$ 4,547,716	\$ 2,965,034	\$ 8,986,757	\$ 51,080	\$ 16,550,587
Net, April 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Net, April 30, 2021	\$ -	\$ 2,930,953	\$ -	\$ -	\$ 2,930,953
Net, April 30, 2022	\$ -	\$ -	\$ 1	\$ 934,030	\$ 934,031

* The Exclusive Manufacturing and Supply Rights (the "Right Assignment") were being amortized over the term of the Agreement, being of 87 months.

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. On February 25, 2022, the Company terminated the Agreement and 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.

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

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

9. INTANGIBLE ASSETS (CONTINUED)

The intangible Bolt PCT application asset is at the application stage and is not generating cash flows. Management made the determination that indicators of impairment exist and therefore the value of the asset is required to be valued at the higher of an asset's fair value less cost of disposal and its value in use. No basis exists to calculate a fair value for the asset and therefore it has been impaired to a nominal book value of \$1. The Company recorded an impairment as at April 30, 2022 of \$8,799,533. Should a basis for valuation arise in the future, IAS 36 allows the asset value to be increased accordingly.

*** 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.

10. 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.

As at April 30, 2022, the Company has accrued \$30,000 in interest income related to the note receivable.

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.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

10. NOTE RECEIVABLE (CONTINUED)

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.

Note receivable and accrued interest impairment

Subsequent to April 30, 2022, the Company determined that Spore had committed an event of default under the terms of the note and, effective June 1, 2022, issued formal demand for full payment. No repayment has been forthcoming, casting doubt on the collectability of the note and accrued interest. The Company has therefore recorded an impairment of the note receivable in the amount of \$780,000 as at April 30, 2022.

Note receivable	\$	750,000
Accrued interest		30,000
Allowance for loan loss		(780,000)
Note receivable, net	\$	-

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

11. 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		63,969
Repayments		(130,947)
Balance, April 30, 2022	\$	389,354
Less: Current portion		(79,166)
Lease liability, long-term	\$	310,188

Included in rent expense for the year ended April 30, 2022, is \$237,934 (2021 - \$121,235) 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, 2023	\$	132,351
April 30, 2024		136,566
April 30, 2025		137,971
April 30, 2026		106,640
Total lease payments		513,528
Remaining present value adjustment to be accreted over the lease term		(124,174)
Lease liability balance, April 30, 2022	\$	389,354

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

12. EQUITY

12.1 Authorized Share Capital

Unlimited number of common shares without par value.

In August 2022, the Company announced that it was consolidating its common shares on a thirty for one basis (see Note 17). For accounting purposes, recognition of this consolidation has been made retroactively such that all share, per share, stock option, share purchase warrant and restricted share reward numbers have been adjusted to reflect the consolidation.

12.2 Shares Issued

There are 5,093,623 common shares issued and outstanding as at April 30, 2022, of which 667,970 are held in escrow.

Shares issued during the year ended April 30, 2022, were as follows:

Description	Number of shares	Amount \$	
Balance, April 30, 2021	3,587,971	36,996,908	
June 2, 2021	Acquisition of Bolt Therapeutics IP	529,801	10,649,007
June 2, 2021	Reserve on Bolt Therapeutics IP	-	(3,549,665)
July 14, 2021	Cashless options exercised	6,380	89,781
July 14, 2021	RSRs exercised	5,000	37,500
September 28, 2021	Acquisition of Bennett's Choice IP	90,243	785,110
October 20, 2021	Performance warrants exercised	16,944	512,425
November 19, 2021	RSRs exercised	7,667	71,700
November 22, 2021	Vesting of Bolt Milestone Shares	-	887,416
January 13, 2022	Consulting services rendered	6,667	30,000
February 7, 2022	Investor relations services rendered	23,333	105,000
March 3, 2022	Private placement	684,571	1,786,730
March 15, 2022	RSRs exercised	33,333	790,000
March 16, 2022	RSRs exercised	16,667	125,000
March 23, 2022	RSRs exercised	3,333	25,000
March 25, 2022	Pre-funded warrants exercised	81,713	213,270
	Share issuance costs		(402,298)
Balance, April 30, 2022	5,093,623	49,152,884	

- i. On June 2, 2021, the Company acquired IP from Bolt Therapeutics Limited Partnership. To complete the acquisition of the IP, the Company issued 529,801 common shares and paid \$1,000,000 in cash. The shares were measured at the issuance date fair value of \$20.10 for a total fair value recognized of \$10,649,007.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

12. EQUITY (CONTINUED)

12.2 Shares Issued (continued)

Of the purchase price, 353,201 common shares are subject to escrow with 1/6th of the common shares being released every three months from the closing date and 176,600 common shares (the “Milestone Shares”) upon satisfaction of milestones tied to the IP. As of April 30, 2022, 25% of the milestones have been achieved and accordingly, the Company has recognized a reserve on 132,450 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 90,243 common shares and paid \$200,000 in cash. The 90,243 common shares are subject to escrow, with 1/6th of the common shares being released every six months after the closing date.
- iii. On January 13, 2022, the Company issued 6,667 common shares in exchange for consulting services rendered. The fair value of shares issued for services rendered totaled \$30,000.
- iv. On February 7, 2022, the Company issued 23,333 common shares in exchange for investor relations services rendered. The fair value of shares issued for services rendered totaled \$105,000.
- v. 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:
 - a. 684,571 common shares at a price of \$2.61 per common share for gross proceeds of \$1,786,730;
 - b. 81,713 pre-funded warrants at a price of \$2.61 for gross proceeds of \$213,025. Each pre-funded warrant entitles the holder to purchase one common share at an exercise price of \$0.003 per warrant for five years; and
 - c. 766,284 common share purchase warrants. Each warrant entitles the holder to purchase one common share at an exercise price of \$3.75 per warrant for five years.

In connection with completing the private placement, the Company paid agent commissions, closing and legal costs of \$334,685 and issued 61,303 agent warrants measured at a fair value of \$67,613. Each agent warrant entitles the holder to purchase one common share at an exercise price of \$3.75 per warrant for five years.

On March 25, 2022, 81,713 common shares were issued for gross proceeds of \$245 upon the exercise of the 81,713 aforementioned pre-funded warrants.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

12. EQUITY (CONTINUED)

12.2 Shares Issued (continued)

During the year ended April 30, 2022, the Company issued common shares pursuant to options, RSRs, warrants 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	6,102	9,166	\$7.50	\$ 63,080	\$ Nil
July 14, 2021	Cashless options exercised	278	1,667	\$19.50	\$ 26,701	\$ Nil
July 14, 2021	RSRs exercised	5,000	5,000	N/A	\$ 37,500	\$ Nil
October 20, 2021	Performance warrants exercised	16,944	16,944	\$1.50	\$ 487,009	\$ 25,416
November 19, 2021	RSRs exercised	7,667	7,667	N/A	\$ 71,700	\$ Nil
March 15, 2022	RSRs exercised	33,333	33,333	N/A	\$ 790,000	\$ Nil
March 16, 2022	RSRs exercised	16,667	16,667	N/A	\$ 125,000	\$ Nil
March 23, 2022	RSRs exercised	3,333	3,333	N/A	\$ 25,000	\$ Nil
March 25, 2022	Pre-funded warrants exercised	81,713	81,713	\$1.50	\$ 213,025	\$ 245
		171,037	175,490		\$ 1,839,015	\$ 25,661

12.3 Warrants

At April 30, 2022, the following warrants were outstanding:

	Warrants	Exercise Price
April 30, 2020	230,800	\$ 15.00
Issued in May and June 2020	318,333	15.00
Exercised in November 2020	(364,595)	15.00
Expired in November 2020	(184,538)	15.00
Issued in January 2021	358,263	40.20
April 30, 2021	358,263	40.20
Issued in March 2022	766,284	3.75
Issued in March 2022	81,713	0.003
Exercised in March 2022	(81,713)	0.003
April 30, 2022	1,124,547	\$ 15.36

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

12. EQUITY (CONTINUED)

12.3 Warrants (continued)

Expiry date	Warrants	Exercise Price
Warrants		
January 7, 2024	358,263	\$ 40.20
March 3, 2027	766,284	3.75
Balance, April 30, 2022	1,124,547	\$ 15.36

At April 30, 2022, the following finders' warrants were outstanding:

	Finders' warrants	Exercise Price
April 30, 2020	-	\$ -
Issued in May and June 2020	36,867	15.00
Expired 2020	(36,867)	15.00
April 30, 2021	-	-
Issued in March 2022	61,303	3.75
April 30, 2022	61,303	\$ 3.75

At April 30, 2022, the following performance warrants were outstanding:

	Performance warrants	Exercise Price
April 30, 2020	-	\$ -
Granted in June and September 2020	633,333	1.50
Exercised 2020	(331,944)	1.50
Outstanding, April 30, 2021	301,389	1.50
Exercised	(16,944)	1.50
Forfeited	(150,000)	1.50
Outstanding, April 30, 2022	134,445	1.50

Expiry date	Performance warrants outstanding	Performance warrants exercisable	Exercise Price
Performance Warrants			
September 4, 2023	134,445	124,445	\$ 1.50
Balance, April 30, 2022	134,445	124,445	\$ 1.50

At April 30, 2022, the weighted-average remaining life of the outstanding performance warrants was 1.35 years.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

12. EQUITY (CONTINUED)

12.3 Warrants (continued)

During the year ended April 30, 2022, the Company recognized \$402,769 (2021 - \$9,360,623) in share-based payment expense in connection with the vesting of certain performance warrants.

The fair value of performance warrants vested and modified during the years ended April 30, 2022 and 2021 was determined using the following Black-Scholes Option Pricing Model assumptions:

	April 30, 2022	April 30, 2021
Share price	\$5.25 – \$8.85	\$21.30 – \$30.00
Exercise price	\$1.50	\$1.50
Expected life	1.70 – 1.95 years	2.16 – 2.56 years
Volatility	120%	120%
Risk-free interest rate	1.03% - 1.25%	0.23% - 0.26%

12.4 Options

During the year ended April 30, 2022, the Company's option transactions were as follows:

	Options	Weighted Average Exercise Price
April 30, 2020	-	\$ -
Granted	216,167	16.80
Exercised	(2,000)	9.60
April 30, 2021	214,167	\$ 16.80
Granted	46,799	7.38
Exercised	(10,833)	9.35
Outstanding, April 30, 2022	250,133	\$ 15.37

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

12. EQUITY (CONTINUED)

12.4 Options (continued)

At April 30, 2022, the following options were outstanding:

Expiry date	Options outstanding	Options exercisable	Exercise Price
Options			
June 4, 2025	16,667	16,667	7.50
September 4, 2022	44,167	42,500	7.50
September 4, 2022	6,667	6,667	15.00
September 10, 2025	69,167	69,167	19.50
October 4, 2025	58,333	50,000	23.70
January 15, 2026	8,333	8,333	25.50
September 24, 2026	20,133	10,500	9.60
September 25, 2026	5,000	1,667	9.60
December 22, 2026	13,333	-	5.10
February 2, 2027	8,333	1,042	4.80
Balance, April 30, 2022	250,133	206,543	\$ 15.37

At April 30, 2022, the weighted-average remaining life of the outstanding options was 2.98 years.

The fair value of options granted during the years ended April 30, 2022 and 2021 was determined using the following Black-Scholes Option Pricing Model assumptions:

	April 30, 2022	April 30, 2021
Share price	\$4.80 – \$8.85	\$7.50 – \$25.50
Exercise price	\$4.80 – \$9.45	\$7.50 – \$25.50
Expected life	5 years	5 years
Volatility	120%	120%
Risk-free interest rate	1.03% - 1.42%	0.24% - 0.46%

During the year ended April 30, 2022, the Company recognized \$1,031,578 (2021 - \$2,485,994) in share-based payment expense in connection with the options granted.

At April 30, 2022, the following finders' units were outstanding:

	Finders' units	Exercise Price
April 30, 2020	-	\$ -
Issued in January 2021	21,496	32.10
April 30, 2021 and April 30, 2022	21,496	\$ 32.10

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

12. EQUITY (CONTINUED)

12.4 Options (continued)

The Company's finders' units as at April 30, 2022, are as follows:

Expiry date	Finders' units outstanding	Finders' units exercisable	Exercise Price
Options			
January 7, 2024	21,496	21,496	32.10
Balance, April 30, 2022	21,496	21,496	\$ 32.10

12.5 Restricted Share Rewards ("RSRs")

At April 30, 2022, the following RSRs were outstanding:

	RSRs
April 30, 2020	-
Granted in June, September, October 2020, and January 2021	155,971
Exercised	(84,970)
April 30, 2021	71,001
Granted in September and October 2021, and January 2022	60,334
Exercised	(66,000)
Outstanding, April 30, 2022	65,335

At April 30, 2022, the following RSRs were outstanding:

Grant date	RSRs outstanding	RSRs exercisable
RSRs		
September 10, 2020	6,667	6,667
October 4, 2020	1,667	1,250
October 11, 2020	1,667	1,250
January 15, 2021	1,667	1,042
September 24, 2021	13,333	13,333
January 1, 2022	36,667	9,167
January 5, 2022	3,667	458
Balance, April 30, 2022	65,335	33,167

During the year ended April 30, 2022, the Company recognized \$352,611 (2021 - \$3,300,300) in share-based payment expense in connection with the RSRs granted.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

12. EQUITY (CONTINUED)

12.6 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.

13. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the officers and directors of the Company. Management and directors' fees and share-based payments for the year ended April 30, 2022, is summarized as follows:

	April 30, 2022	April 30, 2021
Management and directors' fees	\$ 1,641,804	\$ 2,131,908
Share-based payments (fair value)	1,558,164	8,213,444
	\$ 3,199,968	\$ 10,345,352

As at April 30, 2022, \$141,400 (April 30, 2021 - \$49,285) was owed to certain officers and directors of the Company.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the year ended April 30, 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	33,333	\$ 46,765	\$ 240,000
A company controlled by the Chief Operations Officer pursuant to officer services provided		-	-	153,000
The CFO pursuant to CFO services provided	Options	5,000	25,576	149,305
A company controlled by the former CFO pursuant to CFO services provided		-	-	168,750
The Chief Psychedelics Officer pursuant to officer services provided	RSRs	13,333	415,634	165,000
The Chief Research Officer pursuant to officer services provided		-	29,763	124,500
A Director and Chair of the Company pursuant to director services provided	RSRs	16,667	314,344	211,665
A former Director and Vice-Chair of the Company pursuant to director services provided	RSRs	6,667	266,183	126,250
A Director of the Company pursuant to director services provided	RSRs	10,000	53,561	121,667
A company controlled by a Director of the Company pursuant to director services provided	RSRs, Performance Warrants	40,000	278,915	121,667
A company controlled by a Director of the Company pursuant to director services provided	Options, RSRs, Performance Warrants	18,667	127,423	60,000
			\$ 1,558,164	\$ 1,641,804

* The fair value recognized during the year ended April 30, 2022 relates to the vesting of equity incentives granted during the year ended April 30, 2022 and previously granted in prior years.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

14. INCOME TAXES

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

	Year ended April 30, 2022	Year ended April 30, 2021
Loss and comprehensive loss for the year	\$ (22,443,548)	\$ (30,380,633)
Expected income tax rate	27%	26%
Expected income recovery	(6,060,000)	(7,899,000)
Share-based payments	482,000	3,715,000
Capital cost allowance	6,000	6,000
Share issuance costs	(82,000)	(53,000)
Other temporary differences and unrecognized amounts	5,666,000	4,231,000
Total income tax expense (recovery)	\$ -	\$ -

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

	2022	2021
Deferred income tax asset:		
Non-capital loss carry forwards	\$ 6,509,000	\$ 4,018,000
Share issuance costs	265,000	213,000
	\$ 6,774,000	\$ 4,231,000

The Company's non-capital loss balance as at April 30, 2022 is as follows:

	2022	2021
Expiry date		
2040	\$ 40,000	\$ 40,000
2041	15,415,000	15,415,000
2042	8,652,000	-
	\$ 24,107,000	\$ 15,455,000

Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements and have been offset by a valuation allowance as the certainty of future profits is uncertain.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

15. 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.

16. RISK MANAGEMENT

16.1 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 April 30, 2022, the Company's working capital is \$2,137,001. The Company may seek additional financing through equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2022, the Company had cash of \$1,055,658 and total liabilities of \$918,461.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

16. RISK MANAGEMENT (CONTINUED)

16.1 Financial Risk Management (continued)

c. Liquidity Risk (continued)

Contractual undiscounted cash flow requirements for financial liabilities as at April 30, 2022, are as follows:

- i. Accounts payable and accrued liabilities are due within 90 days; and
- ii. See Note 11 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.

16.2 Fair Values

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

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Cash is classified at Level 1.

HAVN Life Sciences Inc.
Notes to the Consolidated Financial Statements
For the year ended April 30, 2022
(Expressed in Canadian dollars)

17. SUBSEQUENT EVENTS

- On May 26, 2022, 33,333 stock options were granted to the Chief Financial Officer and 100,000 stock options were granted to the Chief Executive Officer. The options have an exercise price of \$1.80, vest upon achievement of performance milestones, and expire on May 26, 2027.
- On June 10, 2022, the Chairman of the Board and a director of the board stepped down. 7,167 RSRs in their names, which were due to vest in July 2022, were accelerated and vested on June 10, 2022. 13,958 RSRs were forfeited.
- On June 14, 2022, the 766,284 common share purchase warrants and 61,303 agent warrants that were granted in the March 3, 2022 private placement were repriced from an exercise price of \$3.75 to \$2.70.
- On June 30, 2022, 16,030 RSRs were converted into common shares.
- On August 3, 2022, the Company completed a consolidation of its issued and outstanding common shares on the basis of 1 post-consolidation common share for every 30 pre-consolidation common shares. No fractional shares were issued as a result of the consolidation. Fractional interests of 0.5 or greater were rounded up to the nearest whole number of common shares and fractional interests of less than 0.5 were rounded down to the nearest whole number of common shares.
- On August 19, 2022, an additional 16,667 agent warrants were granted related to the March 3, 2022 private placement. Each warrant entitles the holder to purchase one common share at an exercise price of \$2.70 per warrant for five years.
- The Company entered into a subscription agreement (the "Subscription Agreement") that provides for the issuance of convertible debentures (each, a "Convertible Debenture") and common share purchase warrants (each, a "Warrant").

In August 2022, in connection with the Subscription Agreement, the Company received the first tranche for the aggregate principal amount of \$1,100,000. The proceeds of the first tranche were offset by certain transactional expenses, including payment by the Company to the subscriber of a commitment fee of \$600,000, after which the Company received proceeds of approximately \$420,000. The commitment fee of \$600,000 was then settled by way of the issuance of 489,130 common shares of the Company.

In connection with the completion of the first tranche, the Company issued 190,839 common share purchase warrants with an exercise price of \$1.31, and expiring on August 11, 2027.

- In August 2022, the Company issued 190,214 common shares to settle debt owing to certain third-party creditors.