HAVN Life Sciences Inc.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2023

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

HAVN Life Sciences Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)

As at	Notes	January 31, 2023	April 30, 2022
ASSETS			
Current Assets			
Cash		$ 13,986	$ 1,055,658
Accounts receivable	4	293,687	319,291
Prepaid expenses and deposits		15,059	221,252
Inventory	5	1,053,983	1,149,073
Note receivable	10	-	780,000
Allowance for loan loss	10	-	(780,000)
Total Current Assets		1,376,715	2,745,274
Non-Current Assets			
Deposit		-	23,698
Capital assets	7	1,542	356,375
Intangible assets	8,9	-	934,031
Total Non-Current Assets		1,542	1,314,104
TOTAL ASSETS		$ 1,378,257	$ 4,059,378
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	6	$ 514,206	$ 529,107
Current portion of lease liability	11	-	79,166
Total Current Liabilities		514,206	608,273
Non-Current Liability			
Lease liability	11	-	310,188
Convertible debenture	16	26,234	-
TOTAL LIABILITIES		540,440	918,461
SHAREHOLDERS' EQUITY			
Share capital	12	51,037,849	49,152,884
Contributed surplus	12	590,676	575,132
Share-based payment reserve	12	6,230,160	6,277,658
Commitment to issue shares		188,293	-
Deficit		(57,209,161)	(52,864,757)
Total equity		837,817	3,140,917
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 1,378,257	$ 4,059,378

Nature of operations – Note 1
Subsequent events – Note 17

Approved on behalf of the Board of Directors:

"Tim Moore", Director

"Dr. Ivan Casselman", 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 – Prepared by Management)

		Three months ended January 31,		Nine months ended October,	
		2023	2022	**2023**	2022
	Note	**$**	$	**$**	$
Revenues		**(12,060)**	23,025	**370,597**	60,094
Cost of Goods Sold	5	**71,265**	17,168	**230,061**	38,475
Gross profit		**(83,325)**	**5,857**	**140,536**	**21,619**
Operating expenses					
Advertising and promotion		21,461	120,711	83,049	410,422
Amortization	7,9	105	132,035	22,206	410,356
Consulting fees and employee payroll		23,906	264,680	335,426	973,135
Donations		-	2,000	-	2,000
Investor relations and marketing		68,202	202,382	281,751	1,367,519
Management and directors' fees	13	422,280	338,999	941,778	1,340,304
Office and miscellaneous		23,395	99,216	217,716	323,716
Professional fees		(45,858)	261,784	173,482	838,769
Rent		1,241	65,938	19,822	199,149
Research and development		56,250	133,928	369,851	525,221
Share-based payments	12,13	59,690	375,207	221,940	1,610,394
Transfer agent and filing fees		35,436	7,810	103,068	118,634
Transaction costs		-	-	513,587	-
Travel		950	14,131	7,774	24,504
Loss from operations		**(750,383)**	**(2,012,964)**	**(3,150,914)**	**(8,122,504)**
Asset impairment	7,9	-	156,840	911,828	2,883,306
Change in fair value of convertible debt		31,711	-	339,805	-
Gain (loss) on debt settlement		(94,315)	-	(85,449)	
Lease impairment		-	-	21,597	-
Foreign exchange gain		3,757	2,983	5,671	22,297
Interest expense	11	2	15,692	33	48,924
		(58,845)	175,515	1,193,485	2,954,527
Loss and comprehensive loss for the period		**(691,538)**	**(2,188,479)**	**(4,344,399)**	**(11,077,031)**
Loss per share					
Weighted average number of common shares outstanding					
- basic #		**9,713,755**	4,243,727	**7,915,027**	4,114,291
- diluted #		**9,713,755**	4,243,727	**7,915,027**	4,114,291
Basic loss per share $		**(0.07)**	(0.52)	**(0.55)**	(2.69)

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

HAVN Life Sciences Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited – Prepared by Management)

	Share Capital		Contributed Surplus	Share-Based Payment Reserve		
	Number	**Amount**	**Finders' warrants / options**	**Options, RSRs, and Performance Warrants**	**Deficit**	**Total Equity**
		$	$	$	$	$
April 30, 2021	**3,587,970**	**36,996,908**	**507,519**	**6,116,690**	**(30,421,209)**	**13,199,908**
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	90,242	785,110	-	-	-	785,110
Shares issued for services rendered	6,667	30,000	-	-	-	30,000
Fair value of cashless option exercises	6,380	89,781	-	(89,781)	-	-
Fair value of RSRs exercised	12,667	109,200	-	(109,200)	-	-
Fair value of PWs exercised	16,944	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	**4,250,671**	**46,510,182**	**507,519**	**7,041,094**	**(41,498,240)**	**12,560,555**

HAVN Life Sciences Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited – Prepared by Management)

	Share Capital		Contributed Surplus	Share-Based Payment Reserve			
	Number	**Amount**	**Finders' warrants / options**	**Options, RSRs, and Performance Warrants**	**Commitment to issue shares**	**Deficit**	**Total Equity**
		$	**$**	**$**	**$**	**$**	**$**
April 30, 2022	**5,093,623**	**49,152,884**	**575,132**	**6,277,658**	**-**	**(52,864,757)**	**3,140,917**
Share based compensation on options	-	-	-	132,287	-	-	132,287
Share based compensation on RSRs	-	-	-	89,653	-	-	89,653
Share issue costs – finders' warrants and cash	-	(35,544)	15,544	-	-	-	(20,000)
Shares issued on exercise of RSRs	16,030	269,438	-	(269,438)	-	-	-
Shares issued on convertible debt	6,736,532	1,248,678	-	-	-	-	1,248,678
Shares issued for debt	2,892,426	402,391	-	-	-	-	402,391
Subsequent settlement of debt in shares	-	-	-	-	188,293	-	188,293
Net loss for the period	-	-	-	-	-	(4,344,399)	(4,344,399)
January 31, 2023	**14,738,611**	**51,037,847**	**590,676**	**6,230,160**	**175,412**	**(57,209,156)**	**837,819**

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

HAVN Life Sciences Inc.
Consolidated Statements of Cash Flow
(Unaudited – Prepared by Management)

	For the nine months ended January 31,	
	2023	**2022**
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Loss for the period	**$(4,344,403)**	$ (11,077,031)
Items not involving cash:		
Amortization	**22,206**	410,356
Asset impairment	**911,828**	2,883,306
Shares issued for services rendered	**-**	30,000
Change in fair value on convertible debt	**339,805**	-
Gain/loss on debt settlement	**85,449**	-
Interest/accretion expense	**33**	48,924
Lease impairment	**21,597**	-
Share-based payments	**221,940**	1,610,394
Transaction cost	**513,587**	-
Write off of ROU asset	**354,517**	-
Write off of lease liability	**(410,951)**	-
Net changes in non-cash working capital items:		
Accounts receivable	**25,916**	91,632
Prepaid expenses and deposits and inventory	**324,981**	(343,149)
Accounts payable and accrued liabilities	**774,068**	(134,459)
Customer deposits	**-**	54,750
Cash used in operating activities	**(1,159,427)**	(6,425,277)
INVESTING ACTIVITIES:		
Deposit	**-**	(5,668)
Purchases of capital assets	**-**	(103,074)
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 provided by (used in) investing activities	**-**	(2,058,742)
FINANCING ACTIVITIES:		
Debenture issuance costs	**(20,000)**	-
Funds from convertible debt	**137,755**	-
Repayment of lease liability	-	(98,210)
Proceeds from performance warrants exercised	-	25,416
Cash provided by (used in) financing activities	117,755	(72,794)
Net decrease in cash	(1,041,672)	(8,556,813)
Cash, beginning of the period	1,055,658	9,401,676
Cash, end of the period	$ 13,986	$ 844,863

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

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". On July 29, 2022, the Company consolidated its issued share capital on a ratio of thirty (30) old common shares for every one (1) new post-consolidated common share (the "Share Consolidation"). The current and comparative references to the common shares, weighted average number of common shares, loss per share, acquisitions, stock options and warrants have been restated to give effect to this Share Consolidation.

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 (the "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 April 3, 2023.

2. BASIS OF PRESENTATION

2.1. Statement of compliance

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended April 30, 2022, and do not include all the information required for full annual consolidated financial statements 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"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements.

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

2. BASIS OF PRESENTATION (CONTINUED)

2.3. Basis of consolidation

These 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 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.

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.

Convertible debenture valuation

The Company uses judgements, estimates and assumptions in determining the fair value of the convertible loans and debentures.

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, 2022, filed August 29, 2022. Certain amounts in the prior period financial statements have been reclassified to conform with the presentation of the current period financial statements.

4. ACCOUNTS RECEIVABLE

The Company's amounts receivable balance consists of:

		January 31, 2023		April 30, 2022
Accounts receivable	$	271,562	$	151,248
GST receivable		22,125		168,043
TOTAL	**$**	**293,687**	**$**	**319,291**

5. INVENTORY

As at January 31, 2023, the Company's inventory balance consisted of raw materials and NHP finished goods.

		January 31, 2023		April 30, 2022
Raw Materials	$	369	$	701,534
Finished Goods		1,053,614		447,539
TOTAL	**$**	**1,053,983**	**$**	**1,149,073**

During the period ended January 31, 2023, the Company expensed $230,061 (April 30, 2022 - $186,780) of inventory included in the cost of goods sold.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at January 31, 2023, accounts payable and accrued liabilities consists of:

		January 31, 2023		April 30, 2022
Trade accounts payable	$	466,349	$	321,467
Owed to directors and officers		-		141,400
Payroll liabilities		47,857		66,240
TOTAL	**$**	**514,206**	**$**	**529,107**

7. CAPITAL ASSETS

The carrying value of the Company's capital assets at January 31, 2023, is as follows:

Cost		Equipment	Leasehold Improvements	Right-of-Use Assets	Total
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**
Additions		-	-	-	-
Balance, January 31, 2023	**$**	**201,929**	**133,584**	**471,574**	**807,087**
Accumulated Amortization					
Balance, April 30, 2021	**$**	**-**	**-**	**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	**$**	**200,071**	**133,584**	**117,057**	**450,712**
Additions		316	-	-	316
Impairment		-	-	354,517	354,517
Balance, January 31, 2023	**$**	**200,381**	**133,584**	**471,574**	**805,545**
Net, April 30, 2021	**$**	**199,826**	**32,613**	**448,835**	**681,274**
Net, April 30, 2022	**$**	**1,858**	**-**	**354,517**	**356,375**
Net, January 31, 2023	**$**	**1,542**	**-**	**-**	**1,542**

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.

During the nine months ended January 31, 2023, the Company recorded an impairment of $354,517 for Right-of-Use assets related to the corporate lease, reducing the carrying value of those assets to $nil.

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 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.

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 April 30, 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**

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 $nil. 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.

8. ACQUISITIONS (CONTINUED)

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**

Bennett's Choice IP (continued)

Fair value of net assets acquired		
Intangible asset – Intellectual property	$	985,110
Total Assets	$	**985,110**

The intangible Bennett's Choice IP is not generating profitable 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 $nil. The Company recorded an impairment during the nine months ended January 31, 2023 of $934,030. Should a basis for valuation arise in the future, IAS 36 allows the asset value to be increased accordingly.

9. INTANGIBLE ASSETS

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

Cost		Section 56 Exemption		Exclusive Supply Rights*		Bolt IP**		Bennett's Choice IP***		Total
Balance, April 30, 2021	$	-	$	-	$	-	$	-	$	-
Additions		4,547,716		2,965,034		-		-		7,512,750
Balance, April 30, 2022	**$**	**4,547,716**	**$**	**2,965,034**	**$**	**8,986,758**	**$**	**985,110**	**$**	**17,484,618**
Additions		-	$	-		-		-		-
Balance, January 31, 2023	**$**	**4,547,716**	**$**	**2,965,034**	**$**	**8,986,758**	**$**	**985,110**	**$**	**17,484,618**
Accumulated Amortization										
Balance, April 30, 2021	**$**	**4,547,716**	**$**	**34,081**	**$**	**-**	**$**	**-**	**$**	**4,581,797**
Additions		-		204,486		187,224		51,080		442,790
Impairment		-		2,726,467		-		-		2,726,467
Balance, April 30, 2022	**$**	**4,547,716**	**$**	**2,965,034**	**$**	**187,224**	**$**	**51,080**	**$**	**7,751,054**
Additions		-		-		-		21,890		
Impairment		-		-		8,799,533		912,140		9,733,564
Balance, January 31, 2023	**$**	**4,547,716**	**$**	**2,965,034**	**$**	**8,986,757**	**$**	**985,110**	**$**	**17,484,618**
Net, April 30, 2021	**$**	**-**	**$**	**2,930,953**	**$**	**-**	**$**	**-**	**$**	**2,930,953**
Net, April 30, 2022	**$**	**-**	**$**	**-**	**$**	**1**	**$**	**934,030**	**$**	**934,031**
Net, January 31, 2023	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**

* The Exclusive Manufacturing and Supply Rights were being amortized over the term of the Agreement, being of 87 months. The Agreement was terminated on February 25, 2022, prior to its expiry. Management determined that the value of this asset is impaired and has reduced the carrying value accordingly.

** 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 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.

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.

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. The Company recorded an impairment as at April 30, 2022 of $8,799,533.

The intangible Bennett's Choice IP, 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. The Company recorded an impairment during the nine months ended January 31, 2023 of $934,030.

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 January 31, 2023, the Company has accrued $nil 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.

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

10. NOTE RECEIVABLE (CONTINUED)

(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

During the six months ended October 31, 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	**$**	**-**

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 lease was in default on September 1, 2022.

The carrying value of the lease obligation is as follows:

Balance, April 30, 2021	**$**	**456,332**
Interest/accretion expense		63,969
Repayments		(130,947)
Balance, April 30, 2022	**$**	**389,354**
Interest/accretion expense		-
Repayments		-
Termination		(389,354)
Balance, January 31, 2023	**$**	**-**
Less: Current portion		**-**
Lease liability, long-term	**$**	**-**

Included in rent expense for the three and nine months ended January 31, 2023, is $16,688 and $18,581 (2022 - $65,938 and $199,149) in relation to short-term rental agreements and operating cost adjustments not qualifying as leases under IFRS 16. On September 2, 2022 the Company received notification of default from lawyers representing the landlord for the Company's proposed research lab facility in Vancouver. The Company has advised the landlord that it is unable to make further payments under the lease agreement.

11. LEASE LIABILITY (continued)

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 – Termination of lease		(513,528)
Lease liability balance, January 31, 2023	**$**	**-**

12. EQUITY

12.1 Authorized Share Capital

Unlimited number of common shares without par value.

12.2 Shares Issued

There are 8,474,893 common shares issued and outstanding as at January 31, 2023, of which 667,970 are held in escrow.

Shares issued during the nine months ended January 31, 2023, were as follows:

Description	Number of shares	Amount
		$
Balance, April 30, 2022	**5,093,623**	**49,152,884**
RSR exercised	16,030	269,438
Repricing of agent warrants	-	(3,291)
Share issue costs	-	(20,000)
Convertible debt shares	-	513,587
Various debt settlement	2,892,426	199,725
Finders' warrants issued	-	(12,252)
Convertible debt shares	6,736,532	419,615
Balance, January 31, 2023	14,738,611	50,519,705

During the period ended January 31, 2022, the Company:

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.

12. EQUITY (CONTINUED)

12.2 Shares Issued (continued)

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 April 30, 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.

During the period ended January 31, 2023, the Company:

i. On June 30, 2022, 16,030 RSRs were converted into common shares.

ii. 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.

iii. On August 18, 2022, the Company completed the first tranche of a financing commitment from Alpha Blue Ocean, pursuant to a July 21, 2022 Subscription Agreement. The Company issued a $1.1 million principal amount senior unsecured convertible debenture, and 190,839 common share purchase warrants, receiving net proceeds of approx. $420,000, after deducting certain transactional expenses and a $600,000 debenture commitment fee. Each warrant entitled the holder to purchase one additional common share at a price of $1.31 per warrant for a period of 60 months from the date of issuance. The debenture commitment fee and an additional 489,130 compensation shares were issued as consideration for the subscriber purchasing the convertible debenture and warrants. The subscriber is required to return the compensation shares if certain future conditions are met.

iv. On August 18, 2022, 16,669 agent warrants were issued to certain designees of H.C. Wainwright & Co. LLC in connection with the March 3, 2022 private placement. Each new warrant entitled the holder to acquire one common share at an exercise price of $2.70 per common shares for a term of 60 months from the date of issuance.

v. On August 18, 2022 the Company issued 190,214 common shares at a price of $1.15 per debt share to settle an aggregate amount of indebtedness in the amount of $218,747 owing to certain third-party trade creditors of the Company.

12. EQUITY (CONTINUED)

12.2 Shares Issued (continued)

vi. On September 13, 2022, the Investor converted $100,000 of the Debentures into 416,666 common shares of the Company at a conversion price of $0.42 and resulted into a Make-Whole Amount of $nil.

vii. On September 26, 2022, the Investor converted $100,000 of the Debentures into 1,000,000 common shares of the Company at a conversion price of $0.10 and resulted into a Make-Whole Amount of $nil.

viii. On October 11, 2022, the Investor converted $50,000 of the Debentures into 500,000 common shares of the Company at a conversion price of $0.10 and resulted into a Make-Whole Amount of $10,000.

ix. On October 20, 2022, the Investor converted $100,000 of the Debentures into 769,230 common shares of the Company at a conversion price of $0.13 and resulted into a Make-Whole Amount of $30,000.

x. On November 2, 2022, the Investor converted $100,000 of the Debentures into 833,333 common shares of the Company at a conversion price of $0.13 and resulted into a Make-Whole Amount of $9,091.

xi. On November 11, 2022, the Investor converted $50,000 of the Debentures into 555,555 common shares of the Company at a conversion price of $0.09 and resulted into a Make-Whole Amount of $nil.

xii. On November 21, 2022 the Company issued 2,702,212 common shares at a price of $0.11 per debt share to settle an aggregate amount of indebtedness in the amount of $297,243 owing to certain third-party trade creditors of the Company.

xiii. On November 24, 2022, the Investor converted $50,000 of the Debentures into 714,285 common shares of the Company at a conversion price of $0.08 and resulted into a Make-Whole Amount of $nil.

xiv. On December 13, 2022, the Investor converted $50,000 of the Debentures into 625,000 common shares of the Company at a conversion price of $0.08 and resulted into a Make-Whole Amount of $7,143.

xv. On December 29, 2022, the Investor converted $50,000 of the Debentures into 833,333 common shares of the Company at a conversion price of $0.07 and resulted into a Make-Whole Amount of $nil.

During the nine months ended January 31, 2023, 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	
June 30, 2022	RSRs exercised	16,030	16,041	N/A	$	269,438	$	Nil
		16,030	**16,041**	N/A	**$**	**269,438**	**$**	**Nil**

12.3 Warrants

At January 31, 2023, the following warrants were outstanding:

	Warrants		Exercise Price
April 30, 2021	358,263	**$**	40.20
Issued in March 2022	766,284		3.75
Issued in March 2022	81,713		0.003
Exercised in March 2022	(81,713)		0.003
April 30, 2022	**1,124,547**		**15.36**
Issued in August 2022	190,839		1.31
Issued in September 2022	208,333		0.29
Issued in September 2022	500,000		0.12
Issued in October 2022	250,000		0.14
Issued in October 2022	384,615		0.16
January 31, 2023	**2,658,334**	**$**	**6.67**

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
August 18, 2027	190,839		1.31
September 13, 2027	208,333		0.29
September 26, 2027	500,000		0.12
October 11, 2027	250,000		0.14
October 20, 2027	384,615		0.16
Balance, January 31, 2023	**2,658,334**	**$**	**6.67**

At January 31, 2023, the following finders' warrants were outstanding:

	Finders' warrants		Exercise Price
April 30, 2021	-	$	-
Issued in March 2022	61,303		2.70
April 30, 2022	**61,303**		**2.70**
Issued	16,667		2.70
January 31, 2023	**77,970**	**$**	**2.70**

At January 31, 2023, the following performance warrants were outstanding:

	Performance warrants		Exercise Price
April 30, 2021	**301,389**	**$**	**1.50**
Exercised	(16,944)		1.50
Forfeited	(150,000)		1.50
Outstanding, April 30, 2022	**134,444**		**1.50**
Exercised	-		-
Forfeited	-		-
Outstanding, January 31, 2023	**134,444**		**1.50**

12. EQUITY (CONTINUED)

Expiry date	Performance warrants outstanding	Performance warrants exercisable		Exercise Price
Performance Warrants				
September 4, 2023	134,444	124,444	$	1.50
Balance, January 31, 2023	**134,444**	**124,444**	**$**	**1.50**

At January 31, 2023, the weighted-average remaining life of the outstanding performance warrants was 0.63 years.

12.4 Options

During the period ended January 31, 2023, the Company option transactions were as follows:

	Options		Weighted Average Exercise Price
April 30, 2021	214,167	**$**	16.80
Granted	46,800		7.50
Exercised	(10,833)		9.30
April 30, 2022	**250,133**	**$**	15.39
Granted	833,333		0.36
Expired	(59,166)		0.30
Outstanding, January 31, 2023	**1,024,300**	**$**	3.43

The Company's options as at January 31, 2023 are as follows:

Expiry date	Options outstanding	Options exercisable		Exercise Price
Options				
June 4, 2025	16,667	16,668		6.08
September 10, 2025	69,167	69,167		16.48
October 4, 2025	50,000	50,000		23.70
January 15, 2026	8,333	8,333		25.50
September 24, 2026	20,133	16,367		9.60
September 25, 2026	5,000	3,333		9.60
December 22, 2026	13,333	-		5.10
February 2, 2027	8,333	4,167		4.80
May 26, 2027	133,333	133,333		1.80
November 23, 2027	700,000	700,000		0.07
Balance, January 31, 2023	**1,024,300**	**1,001,367**	**$**	**3.43**

At January 31, 2023, the weighted-average remaining life of the outstanding options was 2.63 years.

12. EQUITY (CONTINUED)

The fair value of options granted during the nine months ended January 31, 2023 was determined using the following Black-Scholes Option Pricing Model assumptions:

		January 31, 2023
Share price	$	0.055 - 0.08
Exercise price	$	0.06 - 0.08
Expected life		5 years
Volatility		120%
Risk-free interest rate		2.86% - 3.22%

12.4 Options (continued)

During the three and nine months ended January 31, 2023, the Company recognized $59,690 and $221,940 (January 31, 2022 - $96,127 and $960,981) in share-based payment expense in connection with the options granted.

At January 31, 2023, the following finders' units were outstanding:

	Finders' units		Exercise Price
April 30, 2021 and April 30, 2022	21,496	**$**	**32.10**
Issued	-		-
January 31, 2023	**21,496**	**$**	**32.10**

The Company's finders' units as at January 31, 2023, are as follows:

Expiry date	Finders' units outstanding	Finders' units exercisable		Exercise Price
Options				
January 7, 2024	21,496	21,496		32.10
Balance, January 31, 2023	**21,496**	**21,496**	**$**	**32.10**

12. EQUITY (CONTINUED)

12.5 Restricted Share Rewards ("RSRs")

At January 31, 2023, the following RSRs were outstanding:

	RSRs
April 30, 2021	71,000
Granted in September and October 2021, and January 2022	60,333
Exercised	(66,000)
April 30, 2022	**65,333**
Granted	-
Exercised	(16,041)
Cancelled	(20,627)
Outstanding, January 31, 2023	**28,665**

The Company's RSRs at January 31, 2023 are as follows:

Grant date	RSRs outstanding	RSRs exercisable
RSRs		
October 11, 2020	1,667	1,458
September 24, 2021	13,333	13,333
January 1, 2022	10,000	5,000
January 5, 2022	3,667	917
Balance, January 31, 2023	**28,665**	**20,707**

During the three and nine months ended January 31, 2023, the Company recognized $89,653 (2022 - $45,332 and 259,526) in share-based payment expense in connection with the RSRs granted.

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 nine months ended January 31, 2023, is summarized as follows:

		January 31, 2023		January 31, 2022
Management and directors' fees	$	519,498	$	1,340,304
Share-based payments (fair value)		208,950		1,413,852
	$	**728,448**	**$**	**2,754,156**

As at January 31, 2023, $58,417 (April 30, 2022 - $127,500) is owed to certain officers and directors of the Company.

During the nine months ended January 31, 2023, 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	533,333	$ 32,619	$ 104,103
A company controlled by the Chief Operations Officer pursuant to officer services provided		-	-	69,881
The CFO pursuant to CFO services provided	Options	5,000	6,123	92,500
The Chief Psychedelics Officer pursuant to officer services provided		-	-	92,917
The Chief Research Officer pursuant to officer services provided		-	-	65,601
A Director and Chair of the Company pursuant to director services provided	Options, RSRs	50,000	28,173	78,625
A Director of the Company pursuant to director services provided	Options, RSRs	8,333	9,895	37,764
A company controlled by a Director of the Company pursuant to director services provided	RSRs, Options	111,667	26,363	21,667
A company controlled by a Director of the Company pursuant to director services provided	Options, RSRs	108,333	25,151	25,000
			$ 128,324	**$ 588,058**

* The fair value recognized during the period ended January 31, 2023, relates to the vesting of equity incentives previously granted.

14. 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.

15. RISK MANAGEMENT

15.1 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, 2023, the Company's working capital is $1,890,921. 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, 2023, the Company had cash of $13,986 and total liabilities of $514,206.

16. RISK MANAGEMENT (CONTINUED)

16.1 Financial Risk Management (continued)

c. Liquidity Risk (continued)

Contractual undiscounted cash flow requirements for financial liabilities as at January 31, 2023, 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, amounts 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.

16. CONVERTIBLE DEBENTURE

On July 21, 2022, the Company entered into a senior unsecured convertible debentures and warrants agreement (the "Subscription Agreement") with Global Tech Opportunities 17 (the "Investor") whereas the Investor commits to fund the Company up to $9,000,000 (the "Total Commitment") by subscribing for $10,600,00,000 aggregate principal amount of Debentures, including the Commitment Fee, in twenty tranches, each Tranche in the aggregate principal amount of $500,000. The Debentures shall be subscribed for at a subscription price of 90% of the principal value of the Debentures, or $450,000 cash consideration in each Tranche. Warrants shall be attached to the Tranches in accordance with the terms of the Subscription Agreement. The Commitment Fee of $600,000 that will be paid by Debentures. The twenty Tranches and the Commitment Fee total $10,600,00 principal amount of senior unsecured convertible Debentures with a Maturity Date of 12 months from the applicable Closing Date of each Tranche (unless accelerated in accordance with their terms).

The Commitment Fee is an aggregate fee of $600,000 payable as follows: $600,000 shall be added to the principal amount of the Debenture issued in connection with the First Closing. The Commitment Period is 36 months beginning on the signing date of the Subscription Agreement. The First Closing shall be 10 Business Days following the signature of the Subscription Agreement. With respect to the First Closing the Company shall have completed a thirty to one (30:1) consolidation of the Common Shares, which has now been completed. One of the Other Closing Conditions is upon (i) the conversion of all outstanding Debentures and relevant Debentures to be purchased and sold at the relevant Closing, using a hypothetical Conversion Price equal to the closing price of the Common Shares on the last Trading Day prior to the relevant Closing Date; and (2) the exercise of all outstanding Warrants, the Investor shall hold less than 10% of the outstanding Common Shares of the Company.

The Debentures can be converted into Common Shares of the Company any time at the option of the Investor or automatically converted upon the maturity date of the Debentures, at a Conversion Price that is the lower of (i) the closing price of the Common Shares on the Canadian Securities Exchange ("CSE") at the time of the Conversion Notice (or in the automatic conversion, the maturity date): and (ii) $0.06.

The Make-Whole Amount: if the Conversion Price of a Tranche is greater than the Adjusted Conversion Price, which is defined as the last closing price of the Common Shares on the CSE immediately preceding the date of the relevant Conversion Notice (or the Maturity Date), the amount by which the aggregate Conversion Price of such Debentures exceeds the Adjusted Conversion Price, calculating as follows: (A/B – A/C) multiplied by D, where:

A = the total principal amount of Debentures to be converted

B = the Adjusted Conversion Price

C = the Conversion Price

D = 100% of the closing price of the Common Shares on the CSE on the Trading Date immediately preceding the date on which a Conversion Notice is delivered to the Company

16. CONVERTIBLE DEBENTURE (continued)

From time to time if there is a Make-Whole-Amount balance the Subscription Amount payable by the Investor to the Company may be reduced by the Make-Whole-Amount. The Subscription Agreement shall automatically terminate upon the earliest to occur of a Closing not occurring by the relevant Closing Date and may be terminated by mutual written consent of the parties.

The Subscription Agreement may be terminated immediately by the Investor upon the occurrence of an Event of Default or a Change of Control, in which case the Investor shall have the right to require the Company to redeem all or any of the Debentures then outstanding at a redemption price of 115% of the principal amount of the Debentures Outstanding.

On August 18, 2022, the First Tranche was closed. The Company received the First Tranche of $450,000, and paid a Transaction Expense of $30,000. $1,100,000 principal amount of Debentures (being $500,000 First Tranche plus $600,000 Commitment Fee) were issued to the Investor. In addition, according to the Subscription Agreement, 190,839 Warrants of the Company were issued to the Investor on the closing of the First Tranche, each Warrant entitles the holder to subscribe for the Common Share of the Company at an exercise price of $1.31 for a period of 5 years from the First Closing Date.

On September 13, 2022, the Investor converted $100,000 of the Debentures into 416,666 common shares of the Company at a conversion price of $0.42 and resulted into a Make-Whole Amount of $nil.

On September 26, 2022, the Investor converted $100,000 of the Debentures into 1,000,000 common shares of the Company at a conversion price of $0.10 and resulted into a Make-Whole Amount of $nil.

On October 11, 2022, the Investor converted $50,000 of the Debentures into 500,000 common shares of the Company at a conversion price of $0.10 and resulted into a Make-Whole Amount of $10,000.

On October 20, 2022, the Investor converted $100,000 of the Debentures into 769,230 common shares of the Company at a conversion price of $0.13 and resulted into a Make-Whole Amount of $30,000.

On November 2, 2022, the Investor converted $100,000 of the Debentures into 833,333 common shares of the Company at a conversion price of $0.13 and resulted into a Make-Whole Amount of $9,091.

On November 11, 2022, the Investor converted $50,000 of the Debentures into 555,555 common shares of the Company at a conversion price of $0.09 and resulted into a Make-Whole Amount of $nil.

On November 24, 2022, the Investor converted $50,000 of the Debentures into 714,285 common shares of the Company at a conversion price of $0.08 and resulted into a Make-Whole Amount of $nil.

On December 13, 2022, the Investor converted $50,000 of the Debentures into 625,000 common shares of the Company at a conversion price of $0.08 and resulted into a Make-Whole Amount of $7,143.

On December 29, 2022, the Investor converted $50,000 of the Debentures into 833,333 common shares of the Company at a conversion price of $0.07 and resulted into a Make-Whole Amount of $nil.

16. CONVERTIBLE DEBENTURE (continued)

The Company determines that there are several financial components of the Debenture. The significant ones include the note payable, the embedded derivatives of the conversion rights, and the Make-Whole Amount liability. There is also a standalone equity comment being the Warrants issued. Additionally, the Subscription Agreement in effect gives the Investor 20 Options each Option entitles the Investor to subscribe for a $500,000 Tranche of Debentures over the 36 months Commitment Period and in effect gives Investor the rights to subscribe for 500,000 common shares of the Company at an exercise price of $0.90 (90% of $1.00) a common share over the next three to five years, which the Company determines to be another standalone equity component. The Company elects to present the few components of the Debentures as a whole as convertible loan liability at fair value through profit or loss (PVTPL) where the fair value of the $500,000 convertible loan liability was determined to be $450,000 on the First Closing date of August 18, 2022 and assigned a value of $nil to the Warrants using the residual approach. The $600,000 principal amount of Debentures issued for the Commitment Fee were expensed at a fair value of $513,587 on August 18, 2022, and $120,000 principal amount of Debentures for the remaining of Commitment Fee were also accrued as convertible loan payable at a fair value of $120,000 and expensed. The fair value of the convertible loan payable on October 31, 2022 was recorded as $310,000 A change in fair value of $308,094 was recorded for the period ended October 31, 2022.

The fair value of the Debentures outstanding at a given date (except for the initial $500,000 principal amount of each Tranche at the issuance date that is initially recognized at cost) is determined by the total liabilities the Company would have to pay to the Investor assuming the Investor converts the Debentures on that date, being (i) the fair value of the common shares if the Debentures are converted on that date, (ii) the Make-Whole amount of the conversion, and (iii) the balance of the unpaid Make-whole amount before that date.

The Company completed the 30 to 1 share consolidation (the number of common shares in these financial statements are post-consolidation numbers)

17. SUBSEQUENT EVENTS

On February 2, 2023, $50,000 of the secured convertible debenture issued on August 18, 2022 was converted into 1,000,000 common shares of the Issuer at a price of $0.05 per share.

February 14, 2023 the Company issued 3,871,796 common shares, in exchange for consulting services rendered. The fair value of shares issued for services rendered totaled $240,000.

March 21, 2023 the Company issued 1,159,375 common shares, in exchange for consulting services rendered. The fair value of shares issued for services rendered totaled $69,563.