UNIVERSAL IBOGAINE INC.

Management's Discussion and Analysis ("MD&A")

As at and for the year ended July 31, 2022

The following MD&A presented for Universal Ibogaine Inc. was prepared by management based on information available as at November 29, 2022.

As described in further detail herein, as part of a go-public listing transaction, Universal Ibogaine Inc. ("**UI**") amalgamated with P Squared Renewables Inc. ("**PSQ**") on August 31, 2021 (the "**Amalgamation**"). PSQ was formed in 2017 as a Capital Pool Company ("**CPC**") under the policies of the TSX Venture Exchange ("**TSXV**") and had no active operations, while UI was a private company incorporated in 2018.

Following a share exchange under the terms of the Amalgamation:

- UI became a wholly-owned subsidiary of PSQ and changed its name to Clear Sky Recovery Solutions Inc. ("**CSRS**").
- the amalgamated parent company (the former PSQ) then changed its' name to Universal Ibogaine Inc. ("**Amalco**") on September 15, 2021 and became the "**Resulting Issuer**" (the "**Company**") which commenced trading on the TSX Venture Exchange (the "TSXV") on October 5, 2021.

This MD&A provides a discussion of financial highlights for the Company's 3-month period ended July 31, 2022 ("**Q4-2022**") and for the 12-month fiscal year then ended ("**F022**") with totals for the comparative prior 3-month period ended July 31, 2021 ("**Q4-2021**") and for the fiscal year ended July 31, 2021 ("**F021 YTD**").

As further described below, the shareholders of UI received a majority of the shares of Amalco on closing of the Amalgamation, and the transaction resulted in a reverse-take-over ("**RTO**") of PSQ by UI, and as such, the original UI entity is considered the successor Resulting Issuer entity. The comparative totals required to be presented are thus for the original UI entity, while the current F2022 period totals are for Amalco, which reflects the consolidation of UI, PSQ, and the Kelburn Clinic operations which were acquired by UI effective August 31, 2021.

This MD&A and should be reviewed in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2022 (the "**Financial Statements**").

Forward-looking statements

This MD&A may contain forward-looking statements, which include words such as "intends", "plans", "anticipates", "expects", and "scheduled". The material factors and assumptions which affect this forward-looking information include assumptions that the Company will continue to have available the necessary personnel and financial resources to implement its business and development plans as intended.

These forward-looking statements are based on current expectations and plans and are subject to a wide range of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by law, the Company assumes no obligation to update forward-looking statements should circumstances or the Company's estimates or opinions change.

Going concern assumption

As described in note 1 to the Company's Financial Statements, they have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. This will be dependent on the Company's ability to optimize profits from the business operations it acquired in 2021, and raise additional future expansion capital to fund its operations.

History and development of the business to date

UI was incorporated in 2018 and until August 31, 2021 was a privately held business. The new Amalgamated Company is the initial stages of implementing and financing its business plan, which is primarily to conduct clinical trials research in Canada into the use of ibogaine in addiction treatment, and to develop or acquire and operate state-of-the-art addiction treatment clinics. Following completion of the planned clinical trials, UI will also assess the possibility to license and franchise its ibogaine based detoxification protocol.

It is intended that Company clinics would ultimately incorporate ibogaine as a chief therapeutic modality for the interruption and ideally cessation of addictions to primarily opioids such as oxycodone, heroin, fentanyl, as well as alcohol, cocaine, and other stimulants.

Ibogaine is a naturally derived plant based molecule and can be effective in significantly reducing and even eliminating detoxification withdrawal symptoms as part of the overall addiction treatment and therapy process. The use of ibogaine and other psychedelics for medical and addiction treatments is expected to significantly expand globally in the next decade.

The Company plans to undertake clinical development, and subsequently obtain regulatory authorization for the use of ibogaine as an authorized addiction interruption medicine, initially for the treatment of Opioid Use Disorder(s). The Company plans to ultimately submit a Clinical Trial Application ("**CTA**") to Health Canada, with the intent of demonstrating ibogaine safety and efficacy in clinical trials. UI is currently seeking to secure a supplier / manufacturer of GMP certified ibogaine for in sufficient quantities for use in the planned clinical trials.

The Company's primary goals are 1) to submit a CTA to Health Canada in the short-term, to be permitted to undertake clinical trials to prove the safety and efficacy of ibogaine assisted detoxification, initially for the treatment of Opioid Use Disorder(s), in order to eventually have ibogaine approved for wide-spread addiction treatment, and 2) to eventually build a foundation of addiction treatment clinics, initially utilizing a combination of innovative non-psychedelic detox methods and holistic treatments, growing from the one initial location that was acquired in 2021.

The primary business development activities to date have been related to: 1) undertaking private placement financings to fund business development activities, 2) securing the ClearSky licensing agreement for the use of a future ibogaine based addiction treatment process, 3) researching the process of undertaking clinical trials in Canada, 4) negotiating the acquisition of an initial addiction treatment clinic, and 5) completing a go-public application process with the TSXV.

In mid-2020 UI entered into an agreement to acquire an initial addiction treatment clinic near Winnipeg, Manitoba (the "**Kelburn Clinic**"), and completed this acquisition on August 31, 2021.

Addiction treatment - psychedelics and ibogaine

Addiction treatment is a growing global business, especially due to deaths and disruption to families and economies resulting from the current opioid crisis. Conventional detox methodologies tend to have low long-term abstinence success rates and novel treatments are urgently required. Research is expanding in the use of psychedelics (LSD, MDMA, psilocybin, ibogaine) in medical applications for a wide spectrum of mental illnesses including addiction, depression, obsessive-compulsive disorder and anxiety.

Ibogaine is a naturally occurring psychoactive substance, derived from the root bark of a shrub found in the Congo basin. Ibogaine may also be semi-synthesized from a variety of other plants, and potentially fully synthesized in the laboratory.

Ibogaine currently has limited legal global recognition for possession and use and is utilized for addiction treatment primarily in countries such as Mexico, the Bahamas, Brazil, South Africa, New Zealand, and Mauritius. Ibogaine is not yet recognized as a registered drug in Canada, which the Company intends to address through the commencing of a planned clinical trials application process with Health Canada in 2022.

The Company's development to date reflects the following significant transactions and plans:

1). ClearSky Licensing Agreement

In March 2019, UI entered into a License Agreement (the "**ClearSky Agreement**") with Clear Sky Recovery Cancun SA de CV ("**ClearSky**"). ClearSky has developed a proprietary addiction treatment protocol which utilizes ibogaine to detoxify and aid in withdrawal and recovery from addiction to a variety of drugs (the "**ClearSky Protocol**"). UI acquired the exclusive global rights to use the ClearSky Protocol, subject to ClearSky's right to continue to utilize it at its clinic in Cancun, Mexico. ClearSky was founded in 2003, and its treatment protocol has successfully disrupted opioid and other addictions for over 3,700 treatments to date without incident. Its founder, physician Dr. Alberto Sola, holds the distinction of treating more patients with ibogaine than anyone else in the world.

As described in the Company's audited consolidated financial statements for the prior fiscal year ended July 31, 2021 ("**F2021**"), the original agreement of March 2019 was subsequently amended such that the terms for the total consideration payable by UI became:

- A total of USD 900,000 cash, which was paid in installments from March 2019 through September 2020.
- The final balance of USD 300,000 was payable, at UI's option, by issuing UI common shares at a price of Cdn $0.10 per share. Effective October 26, 2020, UI and ClearSky agreed to the issuance of a total of 4,000,000 UI common shares in settlement of this debt.
- UI was originally to issue a total of 60 million UI common shares to ClearSky. Renegotiating the terms of the ClearSky Agreement in April 2020 served to reduce the total share consideration to 30 million shares, as well as imposing performance-based milestones for the ultimate issuance from escrow of the shares.
- These 30 million common shares were issued to ClearSky on January 31, 2021, and their planned releases from escrow are be based on 1) 10% which occurred upon closing of the RTO in 2021, 2) 30% issuable based on the undertaking of planned Health Canada clinical trials for ibogaine (10% on approval of initial trials and 20% at commencement of Phase 3), and 3) the final 60% issuable at a rate of 10% for each of the first 6 UI clinics which may eventually be approved to utilize the ClearSky ibogaine treatment protocol.

2). RTO / Merger, go-public transaction and acquisition of the Kelburn Clinic

In November 2019, UI entered into an agreement with PSQ, whereby PSQ would undertake a share exchange with UI and the two parties would merge and allow UI to become a publicly listed company (the "**Resulting Issuer**" or the "**RI**") on the TSXV.

Effective October 8, 2020, PSQ, UI and 1266855 B.C. Ltd. ("**Subco**", a wholly-owned subsidiary of PSQ) entered into an amalgamation agreement (the "**Amalgamation Agreement**") whereby PSQ would acquire all of the outstanding shares of UI by way of a three-cornered amalgamation (the "**Amalgamation**") among PSQ, UI and Subco.

The Amalgamation with UI constituted PSQ's Qualifying Transaction (the "**QT**"), which allowed it to meet the listing requirements of the TSXV.

Conditional approval of the QT was received from the TSXV on July 19, 2021, and the TSXV Exchange Bulletin for final approval of the QT was issued on October 1, 2021. Trading of the common shares of the Resulting Issuer commenced on October 5, 2021.

The Amalgamation Agreement and the QT involved 3 main components as follows:

<u>1). Agreement to acquire the Kelburn Clinic</u>

UI finalized an agreement effective February 24, 2021 (with two arms-length entities) which allowed UI:

(i) to acquire 100% of the shares of 6887016 Manitoba Ltd., which owns and operates the Kelburn Mental Health & Addiction Recovery Centre (the "**Kelburn Clinic**"), an addiction treatment facility operating near Winnipeg, Manitoba, for consideration of $1,500,000 and

(ii) to separately acquire (subject to receipt of suitable mortgage financing) the land, facility and related buildings utilized by the Kelburn Clinic (the "**Kelburn Property**") for consideration of $3,500,000.

Closing of these two acquisitions occurred on August 31, 2021 concurrent with completion of the QT, and involved the issuance by UI of share Units (consisting of one UI common share and one common share purchase warrant) at a price of $0.25 per Unit. These common shares and warrants were then exchanged for RI Warrants (as described below) on a 1 for 1 basis on closing of the QT.

Consideration payable for the purchase of the Kelburn Clinic consisted of $1,000,000 cash, of which deposits totaling $625,000 were paid by UI and held in trust at July 31, 2021 and $500,000 was paid on August 31, 2021 in the form of 2,000,0000 UI share Units issued. The final cash balance owing of $375,000 was paid by UI on August 31, 2021.

Consideration payable at closing for the purchase of the Kelburn Property (including transaction costs) consisted of cash of $1,754,827 (which was primarily funded by receipt mortgage financing on the Kelburn Property) and the balance of $1,862,186 was paid by way of the issuance of 7,448,745 UI share Units on August 31, 2021.

In connection with funding of the acquisition, UI received a mortgage of $1,630,000 on of the Kelburn Property, with interest at a rate of 3.1% for five years, a term of 15 years, and monthly payments of $11,319.

<u>2). $6 million Subscription Receipt Financing</u>

On August 31, 2021, PSQ and Subco closed a non-brokered financing which was required under the terms of the Amalgamation Agreement, whereby Subco offered $6,000,000 (the "**Offering**") of Subscription Receipts units' price of $0.25 per unit (each a "**Subco Unit**"). Each Subco Unit consisted of one Subco common share and one warrant to purchase an additional Subco common share. Each Subco Unit was then exchanged on closing of the Amalgamation for similar units of the Resulting Issuer (each an "**RI Unit**"), and consisted of one RI common share, and one RI common share purchase warrant (each a "**RI Warrant**"), with each RI Warrant entitling the holder to purchase an additional RI common share (at an escalating annual exercise price, rising from $0.50 if exercised in year 1 from issue, to $1.50 in year 5) for a period of 5 years from August 31, 2021.

These RI Warrants have the same terms as the share Unit Warrants that were issued under various private placements of share Units by UI in F2021.

A portion of the proceeds of the Offering were used to complete the closing of the purchase of the Kelburn Clinic on August 31, 2021.

3). Amalgamation of PSQ with UI and Subco and resultant name changes

Pursuant to the terms of the Amalgamation Agreement, effective August 31, 2021 PSQ acquired 100% of the shares of UI by way of a share exchange, and undertook a 3-cornered Amalgamation involving PSQ, UI and Subco, summarized as follows:

1. PSQ completed a share exchange with UI, on a 1 for 1 basis, and UI became a wholly owned subsidiary of PSQ on August 31, 2021;

2. UI amalgamated with Subco (incorporated in 2020 as a wholly-owned subsidiary of PSQ) and the amalgamated entity continued as Clear Sky Recovery Solutions Inc. ("**CSRS**"); and

3. Effective September 15, 2021, PSQ changed its' name and continued as Universal Ibogaine Inc., which is the Resulting Issuer that became publicly listed on the TSXV effective October 5, 2021.

Share exchange with UI

Under the terms of the Amalgamation Agreement, PSQ issued common shares (subject to defined maximums, which did not come into play) and issued related replacement options and warrants securities of the Resulting Issuer, on a 1 for 1 basis, to the shareholders of UI.

Completion of the Amalgamation and the QT resulted in an RTO of PSQ by UI, as the Resulting Issuer had a total of 190,567,599 common shares outstanding, comprised of:

Shares held by PSQ shareholders at Amalgamation (6.3% of total)	12,085,850
Shares issued to UI shareholders upon Amalgamation (81.1%)	154,481,749
Shares issued on closing of Subscription Receipt Offering by Subco (12.6%)	24,000,000
	190,567,599

Each of UI's outstanding warrants, options and any other convertible securities (including promissory notes payable) were exchanged for warrants, options and convertible securities of the Resulting Issuer on substantially the same economic terms and conditions as the existing outstanding warrants, options and other convertible securities of UI.

3). Belize island property

When UI was initially formed in 2018, it was intended that it would acquire an undeveloped 20-acre island property in Belize that could be used for the development of a future addiction treatment site. In January 2019, UI drafted an agreement to acquire four separate blocks of raw land ("**Bracilette Cay**") on an island property which is about 6 miles north-west of the town of San Pedro, Belize. The purchase transaction had not yet formally closed by UI's fiscal year ended July 31, 2020, as it was pending acceptance by the relevant government authorities in Belize.

It was determined in late 2019 that the Belize property was not a preferred short-term site for a treatment operation. However, as the value of neighboring Belize island properties had increased, UI decided to continue with the purchase commitment. Also, it was viewed that long term, the Belize resort property could potentially serve as an “after-care” therapy site for patients who eventually receive ibogaine based detoxification treatment.

UI’s subsidiary company, Universal Ibogaine Belize Ltd. (“**UI Belize**”), finalized an agreement with Bracilette Investment Company Ltd. (“**Bracilette**”) in January 2020 to acquire the property on behalf of UI. Consideration payable by UI consisted of the issuance of 25,000,000 UI common shares, at an agreed value of USD $1,250,000 (Cdn $1,667,000). On closing of the purchase of the property in F2021, the common shares issued by UI were recorded at “fair value” in accordance with IFRS 2.

For purposes of the TSXV approval of the QT, in May 2021 UI obtained an independent valuation of the Belize property, which had an estimated fair value of USD 2,425,000 (approximately Cdn $3,002,611). The Belize land and the related common shares issued were recorded in F2021 as follows:

Common shares issued	$ 2,857,000
Land transfer taxes and other costs incurred	145,611
Valuation of land acquired	3,002,611

The acquisition formally closed in October 2020 upon Belize government approval of the land transfer, following which UI issued the shares on October 27, 2020 to Bracilette, whose shareholders included two parties related to UI. A total of 22,050,000 shares were issued to related parties which included a Director of UI Belize, and a person who is the founder of and a former Director of UI.

There are currently no plans to expend funds on the Belize property other than for minor ongoing maintenance. The Company has looked at alternatives to maximize value, and currently has the property listed with a Belize real estate agent for a potential sale. Given the unique nature and location of the property, the Company believes that a sale on favorable terms may take a significant amount of time extending beyond the next 12 months.

The Belize property was originally listed for sale in October 2021, and became listed with a new agent in November 2022 at a reduced asking price of USD 1.6 million. Based on this current listing price, a review of the limited comparable property sales in the area, and potential selling costs and foreign exchange rates, an impairment write-down of $1,242,612 was recorded in Q4-2022 to reduce the current carrying value of the Belize property to $1,760,000.

4). Planned clinical trials for the use of ibogaine

Since completing the go-public transaction in August 2021, UI has continued to have a goal of submitting a CTA to Health Canada to undertake a clinical trial study, involving the use of ibogaine to treat opioid use disorder. The process of submitting the CTA has involved primarily:

1. Retaining two separate Clinical Research Organizations (“**CROs**”) to assist in advising on the relevant Health Canada regulatory requirements, and compiling the necessary literature reviews, reviewing the empirical evidence from ClearSky on their past ibogaine based treatments undertaken at their independent clinic in Cancun, Mexico, and compiling the necessary “Investigators Brochure” which will be required to undertake the clinical trial process.

2. Undertaking preliminary discussions with HC to obtain feedback on our regulatory strategy and on the design of our first clinical trial protocol (the need for the use of a patient control group, ibogaine dosage levels, patient monitoring etc.). These discussions are crucial and help clarify what HC expects to be included in our first CTA dossier.

3. Sourcing a suitable supply of ibogaine product for use in the clinical trials. We have a preliminary proposal from a Canada based processor / manufacturer lab which we can source ibogaine from. Finalizing a commitment / agreement with them (or another third party) will be dependent on short-term financial resources.

4. Conducting a search for an in-house consultant who is familiar with the clinical trials process, and to oversee the work of the CROs.

5. Researching potential third party research organizations in Canada which can serve as the ultimate host site facilities for the clinical trials. This has not yet been finalized, and will depend to some extent on what requirements for patient numbers that HC will have for Phase 1 / 2 of our planned trial.

Completion the CTA process, which is expected to involve:

- Requesting a pre-CTA meeting, to obtain feedback on HC expectations (much of this has already been discussed with HC in informal calls and meetings).
- Finalizing and submitting the CTA (we expect this to take an additional 2-3 weeks following the pre-CTA meeting).
- Receiving a standard "No Objections Letter" from HC, which normally is to take a maximum of 1 month from submission of the CTA (and any feedback on deficiencies in the CTA submission will be addressed over the course of that period).

There are of course risks that UI may not be able to complete the CTA process as planned, including primarily:

- UI failing to secure sufficient financial resources on a timely basis to fund the various stages of the clinical trial.
- The potential for HC to approve an alternate ibogaine-based CTA which would preclude their approval of our CTA.
- HC imposing conditions which present undue hardship to undertaking the study, including an excessive number for patient control groups or follow-up studies.
- UI not being able to obtain a suitable third party site to host the initial phases of the trials, or being able to secure the full number of patients as required by HC.
- The ibogaine based treatment protocol does not work as safely (there are heart related risks for patients who are not suitably screened), or as effectively, as expected from the empirical evidence obtained by ClearSky.

At this stage, however, UI does not anticipate that any of these risk factors can not be mitigated and controlled.

Highlights of the F2022 period ended July 31, 2022

The following additional significant transactions have occurred in F2022 and subsequently from July 31, 2022 through the effective date of this MD&A:

Issue of common shares

From late 2020 through to closing of the Amalgamation in August 2021, UI had undertaken a private placement financing which had various closings and involved the sale of share "**Units**" at $0.25 (the "**Financing**"). Each Unit issued included one UI common share and a warrant to purchase one additional UI common share (each a "**Unit Warrant**"). These Unit Warrants have a term of 5 years from closing of Amalgamation on August 31, 2021, and an escalating annual exercise price, which rises $0.25 per year, from $0.50 if exercised in year 1, to $1.50 if exercised in year 5.

The share Units issued by Subco under the Offering, which closed on August 31, 2021, had the same terms as the UI share Units, and both the Subco and UI warrants were replaced by Warrants of the Resulting Issuer, with the same terms as the original warrants.

The number of outstanding common shares of the Company has increased significantly since the year end July 31, 2021 due to closing of the Offering and the Amalgamation, as follows:

	# of common shares
Shares outstanding as at July 31, 2021	131,092,568
Share Units issued by UI in the month of August 2021	294,000
Share Units issued on the Kelburn acquisitions	9,448,745
Share Units issued under the Offering	24,000,000
Shares issued to the shareholders of PSQ	12,085,850
Penalty shares issued on Liquidity Event (see (i))	13,171,436
Performance shares issued on closing of QT and Amalgamation	475,000
Exercise of broker options in December 2021	176,000
Total shares outstanding at July 31, 2022	190,743,599

(i) Pursuant to the terms of a brokered private placement which UI undertook in July 2018, UI was required to issue additional UI common shares to the subscribers to the 2018 private placement pursuant to "**Liquidity Warrants**" which were issued. The total number of UI shares issuable increased by a total of 742,750 common shares every 60 days until such time as UI completed the contemplated "Liquidity Event", which included completion of the Amalgamation with PSQ. A total of 13,171,436 UI common shares were issued pursuant to conversion of these Liquidity Warrants on closing of the August 31, 2021 Amalgamation.

Advisor Warrants

In F2021, UI issued a total of 10,000,000 Warrants (the "**Advisor Warrants**") to three separate firms which have been engaged to act as strategic and financial advisors to UI. The Advisor Warrants are exercisable at a price of $0.25 per common share to December 31, 2024, and the entitlement to exercise was subject to the advisors meeting certain performance-based vesting criteria, as well as approval of issuance of the Advisor Warrants by the TSXV, which was received in conjunction with closing of the QT.

In July and August 2021, one of the advisory agreements was terminated by UI, and one was amended, resulting in a reduction of the maximum number of Advisory Warrants to be issued, which decreased from 10,000,000 to a total of 6,500,000. An agreement was reached in early 2022 with one of the advisors to reduce the number of their Advisor Warrants from 4,000,000 to 1,500,000. This resulted in a reversal of $179,499 of the $646,195 total share based compensation expense which had previously been recognized related to the Advisor Warrants in the Q1-2022 period.

Loan financings

UI previously undertook various loan financings to supplement its working capital as follows:

- *CEBA Loan*

Prior to the Amalgamation on August 31, 2021, CSRS and each of PSQ and 6887016 Manitoba Ltd. had received $60,000 loans (for a total of $180,000) under the Canada Emergency Business Account loan (the "**CEBA Loans**") program under the Canadian Federal government's Covid-19 support programs.

Up to $60,000 of the CEBA Loan total may be forgiven if $120,000 is repaid by December 31, 2023, and if not repaid, the balance of $120,000 will be extended for an additional 3-year term bearing interest at 5% per year, payable monthly. The CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments will be required until December 31, 2025 when the full amount of the CEBA Loan will become due.

No amount has been recorded to July 31, 2022 related to the potential forgiveness of $60,000 of the CEBA Loans.

- *$350,000 convertible promissory notes payable*

On May 31, 2021, UI issued short-term promissory notes payable totaling $350,000 (the "**Promissory notes**") in connection with funds received and used to increase the deposits paid (cumulative total of $625,000 to July 31, 2021) for the acquisition of the Kelburn Clinic.

The Promissory Notes had an interest rate of 10%, were to be due August 31, 2021, and were convertible at the option of the Lenders at any time on into common shares at a price of $0.25 per common share. Effective October 1, 2021, the maturity dated of the Promissory Notes was extended to February 28, 2022.

A total of $250,000 of the Promissory Notes were repaid in February / March 2022, and the maturity date of the remaining $100,000 was extended by 3 months to May 31, 2022. Subject to TSXV approval, on a potential conversion of this remaining $100,000 balance, the holder was entitled to receive one common share purchase warrant (5 year term and escalating exercise price) with each common share received on conversion. The final balance of $100,000 of these Promissory Notes was repaid on May 31, 2022.

Temporary closure of the Kelburn Clinic in April 2022

In early April 2022, the Kelburn Clinic facility near Winnipeg, Manitoba experienced heavy rainfall and spring run-off conditions, which are believed to have contributed to a localized backup of its sewer / septic system. This caused flooding conditions and damages to a portion of the basement area, and led to a closure of the facility. Kelburn's patients then had to be transferred to other addiction treatment centers to complete the balance of their treatment program. This resulted in a loss of a portion of revenues that Kelburn otherwise would have realized in April, and additional costs incurred to mitigate the flood damages.

Matters were exacerbated by extremely high local winter snowfall conditions, a late ground thaw, and heavy spring rains, which shortly after the April closing separately led to the Red River over-flowing it banks and closing and washing out sections of the local roads into the Kelburn site. The Kelburn site is fortunately surrounded by a large earthwork berm, which prevented any further flooding damages to the facility.

The Kelburn Clinic has remained closed while the basement flood damages were being repaired, and a septic system upgrade was installed. The temporary closure allowed Kelburn to pursue necessary renovation upgrades to minor portions of the facility, all of which are now completed. Kelburn has recently been interviewing and hiring additional staff, and intends to re-open for patient treatments by early January 2023.

A portion of the costs incurred to mitigate and repair the initial on-site flooding damages are expected to be covered by Kelburn's insurance policies, including a claim being made to replace a portion of the estimated profits lost during the ongoing business interruption period. Initial insurance claims for property damage and business closure costs totaling approximately $124,000 have been received by Kelburn subsequent to the July 31, 2022 year-end.

Results of Operations

The following is noted about the Amalgamation and the effects of the RTO on the financial statement totals presented:

- the totals for F2022 reflect the inclusion of the operating results of the Kelburn Clinic for the 11-month period from its acquisition by UI effective August 31, 2021 through July 31, 2022.

- the comparative totals presented for Q4-2021 and F2021 represent the consolidated totals only for the original UI consolidated entity (which became renamed CSRS) from prior to the August 31, 2021 Amalgamation.

The consolidated company totals presented in each period below are thus not highly comparable. Operating results reflect a net loss for each period as follows:

	Q4-2022	Q4-2021	F2022	F2021
Revenues	131,200	-	1,070,804	-
Operating expenses	174,976	-	573,653	-
Operating profit	(43,776)	-	497,151	
General & administrative expenses ("**G&A**")	704,114	1,114,501	3,664,150	3,795,030
Research & development costs ("**R&D**")	122,918		409,311	-
Loss before the undernoted	870,808	1,114,501	3,576,310	3,795,030
Other expense (income):				
Depreciation	79,164	49,981	266,398	69,856
Interest and financing charges	12,022	5,945	67,742	15,005
Foreign exchange loss	61	1,825	32	19,148
Listing expenses	(1,252)	-	2,847,699	-
Share based compensation expense	121,947	-	903,537	-
Impairment write-downs:				
Capital assets – Belize property	1,242,612	-	1,242,612	-
Goodwill – Kelburn acquisition	1,464,327	-	1,464,327	-
Other expenses (income)	127,545	-	127,545	(31,822)
	3,046,426	57,571	6,919,892	72,187
Net loss for the period	3,917,234	1,172,252	10,496,202	3,867,217
Other comprehensive loss (income)	791	30	875	(5,023)
Comprehensive loss for the period	3,918,025	1,172,282	10,497,077	3,862,194
Weighted average number of common shares outstanding for the period	190,743,599	130,180,982	185,636,855	125,189,597
Net loss per common share	$ 0.03	$ 0.01	$ 0.06	$ 0.03

Factors related to variances year over year in the above noted totals include:

- The Company had no revenues or operating expenses in the comparative F2021, as it acquired the operations of the Kelburn Clinic on August 31, 2021.

- G&A expense includes costs related to staff and consultants, as well as public company costs (investor relations activities, directors fees, etc.). The total in F2021 was slightly higher than the total for F2022, and included legal, audit and other costs related to preparing for the Amalgamation and the new public listing.

- R&D expenses recorded in F2022 relates to consulting costs incurred in preparing for and compiling the clinical trial application which is planned to be submitted to Health Canada in 2022.

- The $196,542 increase in depreciation expense recorded in F2022 period relates to the $3.3 million of depreciable capital assets acquired on the Kelburn Clinic acquisitions. Goodwill of $1.5 million was also recorded on August 31, 2021, and is subject to an ongoing impairment test, rather than quarterly depreciation expense. This amount was assessed as impaired at July 31, 2022, and a write-down of $1,464,327 was recorded.

- Interest expense for F2021 of $15,005 was primarily on a $50,000 convertible loan, which bore interest at 15% and was outstanding from May 2020 until its conversion to common shares in November 2020. Interest and financing charges increased to $67,742 for F2022, as it included interest at 10% on the $350,000 promissory notes payable which were issued on May 31, 2021 (and repaid in February and

May 2022), and interest on the 3.08% mortgage on the Kelburn Property, which was received in September 2021.

- Listing expenses for F2022 of $2,847,699 relates to the go-public listing on the TSXV, for which the QT was approved on August 30, 2021, and the common shares of the Resulting Issuer commenced trading on the TSXV on October 5, 2021. The expense total includes:

    - non-cash expense of $160,453 which represents the estimated fair value of 1,150,000 replacement stock options of the Resulting Issuer issued on Amalgamation to the option holders of PSQ stock options;

    - non-cash expense of $2,634,287 related to the fair value (recorded at $0.20 per share) attributed to the 13,171,436 common shares which were issued on closing of the Amalgamation related to additional "Penalty Shares" which were issued to certain shareholder of CSRS who held the Liquidity Warrants which had been issued in 2018 as part of one of CSRS' initial private placement transactions;

    - $11,379 of acquisition costs incurred allocated to the acquisition of the Kelburn Clinic, which were required to be expensed (a portion of the total acquisition costs were permitted to be capitalized related to the acquisition of the Kelburn Property); and

    - the remaining $41,580 was primarily for costs related to the Company's application to list UI's common shares for trading on the US OTCQB Venture Market, which was approved on February 28, 2022.

  The costs of obtaining an independent sponsorship report from an investment banking firm, as was required by the TSXV, and TSXV listing fees, were not expensed, but were instead recorded as share issue costs, and deducted off of share capital issued in the Q1-2022 period ended October 31, 2021.

  The non-cash expense of $2,634,287 related to the Penalty Shares issued by UI related to the Amalgamation on August 31, 2021, and thus should have been recorded in the 3-month period ended October 31, 2021 (i.e. in Q1-2022). The effect of retroactively revising the period in which this transaction was recorded is described in the Quarterly information tables below.

- Share based compensation expense ("**SBCE**") of $903,537 is described in note 15 to the Financial Statements, and includes non-cash expenses recognized related to various Amalco common share securities which were approved for issuance by the TSXV as part of the approval of the QT, as well as stock options issued to Directors, Officers, employees and consultants subsequent to the Amalgamation. The includes amounts related to the following:

	Q4-2022	Q4-2021	F2022	F2021
Stock options	121,948	-	341,841	-
Advisor warrants	-	-	466,696	-
Performance shares	-	-	95,000	-
	121,948	-	903,537	-

  SBCE related to the Advisor warrants was recognized in full on their entitlement to vesting in the Q1-2022 period, while SBCE related to stock options issued will be recognized over the vesting period of the related options, which is generally on a straight line basis over 3 years. The total net SBCE recognized in the Q3-2022 period ended April 30, 2022 of $40,082 was reduced by $69,286 related to a reversal of SBCE previously recognized on 3,000,000 non-vested Options which were forfeited in the Q3-2022 period following the departure of an executive of the Company in January 2022.

  The $95,000 SBCE recorded for Performance shares relates to the 475,000 common shares (including 225,000 issued to two Directors of CSRS) which became issuable and were issued in Q1-2022 on closing of the QT on August 31, 2021.

- Other expenses (income) recorded in F2021 related to non-cash charges recognized on the ClearSky debt, for which USD 300,000 was denominated in foreign currency, and also had conversion features (originally at both the option of the holder and UI). This gave rise to embedded “derivative” instruments (both a derivative asset and a derivative liability) necessitating the recording of fair value adjustments over the term to maturity of the debt. The ClearSky debt was paid off in full in F2021 via the conversion of the final USD 300,000 of the debt to UI common shares in October 2020.

  Other expenses for F2022 include costs related to the Kelburn flooding related closure in April, 2022, as well as costs related to settlement of a legal claim.

Quarterly information

Summary information from UI’s consolidated financial statements for each of the trailing 8 fiscal quarters (3-month periods) is as follows:

(unaudited)	Q4 ended July 31, 2022	Q3 ended Apr. 30, 2022	Q2 ended Jan. 31, 2022	Q1 ended Oct. 31, 2021
Revenues	131,200	369,123	433,157	137,324
Operating expenses	174,976	199,226	131,929	67,522
Operating profit	(43,776)	169,897	301,228	69,802
G&A expenses	704,114	1,073,307	1,116,974	769,755
R&D expenses	122,918	129,919	156,474	-
Loss before the undernoted	870,808	1,033,329	972,220	699,953
Depreciation, interest, F/X and other expenses	218,792	81,803	91,588	69,534
Share based compensation expense	121,947	40,082	(47,108)	788,616
Listing expenses	(1,252)	18,442	23,138	2,807,371
Impairment write-downs on capital assets and goodwill	2,706,939	-	-	-
Other comprehensive expense (income)	791	25	84	(25)
Net loss and comprehensive loss	3,918,025	1,173,681	1,039,922	4,365,449
Net loss per share – basic & diluted	$ 0.02	$ 0.01	$ 0.01	$ 0.02

(unaudited)	Q4 ended July 31, 2021	Q3 ended Apr. 30, 2021	Q2 ended Jan. 31, 2020	Q1 ended Oct. 31, 2020
Revenues	-	-	-	-
Operating expenses	-	-	-	-
Operating profit	-	-	-	-
G&A expenses	1,114,501	1,036,213	817,260	827,056
R&D expenses	-	-	-	-
Depreciation, interest and other expenses	57,781	16,065	14,175	(20,857)
Share based compensation expense	-	-	-	-
Net loss and comprehensive loss	1,172,282	1,052,278	831,435	806,199
Net loss per share – basic & diluted	$ 0.01	$ 0.00	$ 0.01	$ 0.01

Goodwill was recorded in the Q1-2022 period ended October 31, 2021 related to the Kelburn acquisition, and was not subject to ongoing amortization expense, but an assessment of potential impairment of value. In the Q4-2022 period, based on the results of operations to date, an impairment charge of $1,464,327 was recorded, to write-off the carrying value of this goodwill balance.

In addition, an impairment write-down of $1,242,612 was recorded on capital assets related to the undeveloped Belize land property, reducing its carrying value from $3,002,612 to $1,760,000.

The effect on the previously reported loss for each of the Q1, Q2 and Q3 year-to-date periods related to the additional listing expense which has been recorded related to the issuance of the Penalty Shares is as follows:

	3 months ended Oct 31, 2021	6 months ended Jan 31, 2022	9 months ended Apr 30, 2022
Comprehensive loss for the period as previously reported	1,731,187	2,771,025	3,944,681
Additional listing expenses recorded on Amalgamation on August 31, 2021	2,634,287	2,634,287	2,634,287
Comprehensive loss for the period as revised	4,635,474	5,405,312	6,578,968

Cash flows

The total net changes in the Company's cash position for F2022 and F2021, and its total cash and short-term investments balances, were as follows:

Year ended July 31	2022	2021
Cash provided by (used in):		
Operating activities	(3,708,167)	(3,249,729)
Financing activities	7,006,053	3,382,273
Investing activities	(2,089,035)	(42,929)
Net increase in cash and cash equivalents	583,581	89,615
Cash and cash equivalents, start of the year	142,196	52,581
Cash and cash equivalents, end of the year	726,047	142,196

The Company's cash used in operating activities increased in F2022 due to the expanded level of staff and business development activities.

As further detailed in the Financial Statements, the $583,581 overall net increase in the cash position for F2022 was related primarily to:

- The net source of funds from Financing activities included the $6,000,000 proceeds from the Offering, less share issue costs of $292,720, and $1,630,000 proceeds from a mortgage received on the Kelburn property. Also, a total of $350,000 of the Promissory notes payable and mortgage principal of $72,327 were repaid in F2022.

- The net use of funds in Investing activities included the $2,673,139 cash portion (including land transfer fees and other costs incurred) paid to close the Kelburn Clinic acquisitions in August 2021 and capital asset purchases by Kelburn of $95,680.

Cash used to fund operating activities in F2021 was funded primarily from several ongoing closings of private placements of common share Units.

Liquidity and Capital Resources

The Company's net working capital deficiency position at the end of F2022 and as at the prior fiscal year ended July 31, 2021 was as follows:

As at	July 31, 2022	July 31, 2021
Current assets	1,016,599	901,543
Current liabilities, including mortgage loan	(2,194,666)	(987,869)
Net working capital (deficiency)	(1,178,067)	(86,326)
Add back long-term portion of mortgage loan	1,468,571	-
Net working capital (deficiency) if covenant waiver was in effect	290,504	(86,326)

The Company has a mortgage payable, which has a balance of $1,557,673 outstanding at July 31, 2022. The mortgage has a debt service ratio financial covenant, which UI was not in compliance with on July 31, 2022, resulting in the entire mortgage balance of $1,557,673 being included in current liabilities in the July 31, 2022 financial statements, and as noted above. The Company has not yet obtained a waiver for this non-compliance, and is in process of requesting the lender to amend the definitions used in the basis of the covenant calculation.

The above table shows the effect on working capital of if the Company had been in compliance with the covenant, and had included only the current portion of mortgage principal which is due in the next 12 months (a total of $89,102) in current liabilities.

The working capital position (excluding the long term portion of the mortgage balance) noted above improved from the year ended July 31, 2021 following closing of the $6 million Offering and the Amalgamation with PSQ on August 31, 2021, net of the cash portion used to fund operations and the Kelburn Clinic acquisitions.

The following is noted regarding the working capital balances:

- Current assets as at July 31, 2021 included deposits of $625,000 which were held in trust until paid on August 31, 2021 to complete the acquisition of the Kelburn Clinic.

- Current liabilities at July 31, 2021 included the $350,000 Promissory Notes, which technically could have been repaid via conversion to common shares (at $0.25 per share) prior to their maturity dates in 2022. These liabilities were repaid in cash in F2022.

The Company does not currently have any material commitments for operating leases on office premises or equipment. UI's former Vancouver office premises were leased under a short-term lease which expired on April 30, 2021, and was renewed on a month to month basis until August 31, 2021.

Convertible debt financing

As noted in the Financial Statements (note 18), the Company is in process of undertaking a private placement offering (the "**Financing**") with a target minimum of $5 million of convertible debt securities (the "**Convertible Debt**") which have the following terms:

- the Convertible Debt will have a term to maturity of 3 years from Closing, with 8% interest payable quarterly;
- on a potential future conversion, the subscriber will receive one "Unit" comprised of one UI common share and a one-half common share purchase Warrant;
- the conversion price of the Debt will be $0.10 per Unit if converted in year 1, $0.15 for year 2, and $0.20 for year 3;
- each whole Warrant will have an expiry of 2 years from the date of conversion, with an escalating annual exercise price which will be $0.20 if converted in year 1 (after closing of the Financing), $0.40 if converted in year 2, and $0.50 if converted in year 3;
- a General Security Agreement is to be issued by UI's BC based 100% owned subsidiary company CSRS (which in turn owns the Kelburn Property in Winnipeg, and the Belize land property).

The Company is also undertaking a separate private placement financing which involves the issuance of up to 15 million common shares at a price of $0.025 per share.

To November 28, 2022, UI has completed an initial closing of the Financing, which has resulted in proceeds to the Company of $636,500 (including the issuance of 400,000 common shares for proceeds of $10,000).

Additional Disclosure - Outstanding Securities

At the recent Annual General Meeting held on October 3, 2022, the Company's shareholders approved an amendment to the existing Stock Option Plan (the "2021 SOP"), which provided that the former 2021 SOP (which had a 20% fixed cap) would be replaced with a new Equity Incentive Compensation Plan (the "**EICP**") and the 2022 Stock Option Plan (the "**2022 SOP**"). The EICP will have a 10% fixed cap (based on a total of 190,743,590 shares outstanding), and the new 2022 SOP will have a 10% floating cap.

The EICP will give the Company additional flexibility to include Deferred Share Units ("**DSUs**") and Restricted Share Units ("**DSUs**") in its ongoing compensation plans which will be used to attract and retain employees, advisors and consultants.

The following table summarizes the number of common shares outstanding and reserved for issuance, as at the current MD&A date and as at July 31, 2022:

	as at November 29, 2022	as at July 31, 2022
Common shares outstanding (see (i))	191,143,599	190,743,599
Additional common shares reserved for potential future issue re:		
Broker stock options and warrants (see (ii))	3,603,400	3,603,400
Share purchase warrants (see (iii))	51,340,479	51,340,479
Performance based common shares (see (iv))	1,275,000	1,275,000
Stock options (see (v))	13,165,000	13,165,000
Advisor warrants (see (vi))	6,500,000	6,500,000
Convertible debt (see vii)	6,265,000	-
	82,148,879	75,883,879
Fully diluted total	273,292,478	266,627,478

(i) In January, 2021 a total of 30 million common shares were issued by UI as part of the total consideration payable by UI under the ClearSky Licensing Agreement. 10% of these shares were released on August 31, 2021 on closing of the Amalgamation, and the eventual release from escrow of the remaining 90% of these shares is subject to UI achieving various future performance criteria (including clinical trials for the use of ibogaine in addiction treatment, and the opening of UI clinics which utilize the ClearSky Protocol).

(ii) The broker stock options were issued by UI in connection with private placement financings and have an exercise price of $0.10 per common share, and a term to expiry of 2 years from the closing of the QT on August 31, 2021. A total of 176,000 of these broker options were exercised in December 2021.

An additional 6,400 broker warrants were issued pursuant to the Offering, and have an exercise price of $0.25 per share and an expiry date of August 31, 2023.

(iii) As discussed previously, prior to the Amalgamation, UI had numerous closings of a private placement of share Units (one common share and one common share purchase Warrant) at $0.25 per Unit. In addition, share Units were issued in settlement of certain accounts payable and for the value of services received.

A total of 17,891,734 share Unit Warrants were issued by UI to August 31, 2021, and 9,448,745 share Unit Warrants were issued in connection with the Kelburn acquisitions. In addition, a total of 24,000,000 RI Warrants were issued by Subco on closing of the Offering on August 31, 2021. All of these Warrants have a term of 5-years from the closing of the Amalgamation on August 31, 2021, and an annual escalating exercise price (rising by $0.25 per year, starting at $0.50 if exercised in year 1 to $1.50 if exercised in year 5, which ends August 31, 2026).

(iv) On August 19, 2020 UI approved the issuance of a total of 2,250,000 performance based common shares ("**Performance Shares**") to three members of the UI Board of Directors and entitlement to these shares was to vest (i) 10% upon UI achieving a Liquidity Event and (ii) 15% every 6 months thereafter, provided that the individual remains as a UI Director or Officer. A member of the UI Board of Directors resigned effective March 22, 2021, which resulted in the issuance of a total of 75,000 common shares (at a price of $0.10 per share) and the cancellation of the remaining 675,000 Performance Shares.

As part of the TSXV approval of the QT, the performance criteria were revised in August 2021, such that 15% (or a total of 225,000) were issued on closing of the Amalgamation on August 31, 2021, and the balance will be issuable based on the occurrence of future event milestones, including the Company undertaking clinical trials.

Effective March 1, 2021, UI granted a total of 2,000,000 Performance Shares to an executive of the Company. Entitlement to receive these shares was to vest on the occurrence of future events, including a portion tied to the Company undertaking clinical trials and a portion tied to the future opening of clinics for the treatment of opioid use disorder. This executive departed the Company in January 2022 and entitlement to the Performance Shares was forfeited.

On closing of the QT on August 31, 2021, a total of 225,000 of the Performance Shares were released to the two members of the UI Board of Directors. An additional 250,000 Performance shares were released to a consulting advisor to UI following closing of the August 31, 2021 acquisition of the Kelburn Clinic.

SBCE related to the remaining Performance Shares will be recorded in the future periods in which it becomes reasonably certain that the performance criteria will be met.

(v) On May 28, 2021, the UI Board of Directors approved 1) the adoption of a stock option plan which allows for the granting of options to purchase common shares ("**Options**") to directors, officers, employees and consultants and 2) the grant of a total of 6,650,000 options to members of its Board of Directors and its CEO. A total of 2,150,000 of these Options remain outstanding at July 31, 2022, and have an exercise price of $0.25 per common share, an expiry date of May 28, 2026, and entitlement to exercise vesting on the annual anniversary date of the grant at a rate of one-third per year over a period of 3 years.

In addition, PSQ had a total of 1,150,000 stock options (950,000 at exercise price of $0.10 and 200,000 at exercise price of $0.20 per share) outstanding which, similar to the UI Options, were replaced by "replacement options" of the Resulting Issuer on closing of the Amalgamation on August 31, 2021. These PSQ Options expired on October 4, 2022, which was one year after the date of the "Final Exchange Bulletin" issued by the TSXV.

In November 2021, the Company granted a total of 8,850,000 Options to Officers, Directors and consultants. These Options have an exercise price of $0.25 per share, a term to expiry of 5 and 10 years, and vesting over a period of 2 to 3 years.

In February and March 2022, the Company granted a total 565,000 Options to employees and consultants. These Options have an exercise price of $0.25 per share, a term to expiry of 5 years, and vesting over a period of 2 to 3 years.

In June 2022, the Company granted a total 450,000 Options to an investor relations consultant. These Options have an exercise price of $0.10 per share, a term to expiry of 3 years, and vesting over a 12 month period.

(vi) As noted previously, in F2021 UI engaged three separate firms to act as strategic and financial advisors to UI and issued (subject to initial vesting provisions as well as TSXV approval, which occurred in August, 2021) a total of 10,000,000 Warrants (the "**Advisor Warrants**") as part of their compensation. The Advisor Warrants are exercisable at a price of $0.25 per common share to December 31, 2024.

In July and August 2021, one of the advisory agreements was terminated by UI, and one was amended, resulting in a reduction of the maximum number of Advisory Warrants to be issued, which decreased from 10,000,000 to a revised total of 6,500,000.

(vii) As noted previously, the Company is currently in process of undertaking the Financing, which involves a private placement offering of convertible debt securities (the "**Convertible Debt**"). To November 28, 2022, UI has closed on and issued an initial total of $626,500 of Convertible Debt, and also issued a total of 400,000 common shares for proceeds of $10,000.

Other transactions with related parties

As noted previously herein, and in the July 31, 2022 Financial Statements, there were various transactions with related parties (members and former members of the management and Board of Directors groups).

As reflected in the comparative F2021 Financial Statements, certain related parties received UI common shares in October 2020 on closing of the purchase from them of the undeveloped Belize land property. Also, one of the three principals of ClearSky is currently a member of UI's Board of Directors, and received a total of 11,333,333 UI common shares in UI's fiscal year ended July 31, 2021 pursuant to his one-third share of 1) the issuance of common shares on January 31, 2021 under the ClearSky Agreement and 2) conversion of the USD 300,000 ClearSky note payable in October 2020.

In addition, in F2021 a minor number of UI common share Units were issued to various Directors and Officers in settlement of the value of past services received by UI.

Critical accounting estimates

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The Company has had limited operations to date, and as such there have been minimal areas of judgments or estimates made by management in the application of IFRS that have a significant effect on its financial statements, other than past and current estimates related to:

- the useful lives / annual amortization expense, and related potential impairment at each period end, of the intangible assets that were acquired in the fiscal year ended July 31, 2019 under the ClearSky Licensing Agreement, the goodwill which arose in August 2021 on the acquisition of the Kelburn Clinic, and the undeveloped land in Belize which was acquired for common shares issued in October 2020.

- share price volatility and other assumptions involved in the calculation of the fair value of stock options issued (including broker compensation for private placement financings), and the valuation of share purchase warrants issued under such financings.

Changes in accounting policies including initial adoption

There were no significant changes in accounting policies reflected in the Company's Financial Statements for F2022 or F2021. There are currently no additional recent accounting pronouncements which are expected to significantly affect the Company's financial statements in the future, other than IFRS 16 (Leases) which would require the recognition of long term right-of-use assets and related liabilities for any long-term leases which the Company may enter into in the future, such as for the use of office space or clinic facilities. The following is also noted in the Financial Statements regarding newly adopted and future accounting pronouncements:

<u>Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets</u>

The Company adopted the amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* effective July 31, 2022. The amendments clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling the contract. The amendments apply to contracts existing at the date when the amendments are first applied. On adoption of this amendment, there was no impact to the Company's Financial Statements

<u>Amendments to IAS 1 – Presentation of Financial Statements</u>

In October 2022, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, related to Non-current Liabilities with Covenants. These amendments are effective for annual reporting periods beginning on or after January 1, 2024 retrospectively in accordance with IAS 8. The amendments clarify that an entity classifies liabilities as current if it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. UI is in the process of reviewing the amendments but does not anticipate any changes to the presentation of its Statement of Financial Position at this time.

There are no other IFRS or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company's Financial Statements.

Risk Factors

The Company is in the early stages of developing its business plan, and will be subject to a range of financial, economic, and regulatory risks, which will often be beyond its control. The primary risks faced include:

<u>Future Operations</u>

The Company's ability to generate ongoing future cash flows from operations will depend on its ability to 1) successfully integrate the acquisition of the Kelburn Clinic, 2) to identify and acquire or open other future clinic operations, or expand its revenue base by other means, and 3) to successfully complete the planned clinical trials process, and secure potential licensing opportunities for its addiction treatment protocol.

To date, the Company has not yet generated positive cash flow from operations, and has realized working capital deficiencies.

The Company anticipates that it will be able to generate both net income and cash from operations in future years based on its current business model; however, this outcome cannot be predicted with certainty.

<u>Access to Financing Sources</u>

It is expected that any potential businesses to be acquired or opened by the Company, as well as undertaking the planned clinical trials process, will require significant future equity and debt financings to fund the business development plans.

The Company expects that it will have sufficient ongoing access to equity and debt financings, on commercial terms, to fund any required future acquisitions, capital and operating expenditures, and the planned clinical trials process. Access to sufficient capital sources, however, cannot be predicted with certainty.

Management, consultants and staff

The Company's success is currently dependent on the performance of a limited group of senior management, its Board of Directors, and various consultants. The loss of the services of such key persons could have an adverse effect on the Company, and there is no assurance that it can maintain the services of qualified personnel that are required to operate and expand our business, as well as to undertake and oversee the planned clinical trials process.

Clinical trials process

As described previously, there are multiple risks and uncertainties related to the planned clinical trial process, including the ultimate costs, regulatory approvals, and expected timelines. There is no certainty that the Company will be able to obtain the necessary approvals from Health Canada to undertake and complete, in a timely basis, the planned future clinical trials process for the use of ibogaine in addiction treatment.

Also, there is no assurance that the Company will be able to successfully undertake and complete the clinical trials process, which in a traditional drug development process (inclusive of pivotal Phase 3 studies) may take at least 3 to 5 years, or that ibogaine will ultimately become approved by Health Canada for medical use.

As ibogaine or its pre-cursors is derived from a plant which grows in a limited area of Africa, the Company also faces risk in being able to source and obtain sufficient ongoing supplies of certified ibogaine, on reasonable commercial terms, to undertake clinical trials and for use in future addiction treatment operations. The Company is therefore researching alternate and synthetic supply sources.

Legal claims

The Company may periodically become involved in litigation claims against it by former employees, consultants, advisors, and others. UI is currently involved in defending two separate claims against it, which are described in detail in the notes to the Financial Statements.

Internal and Disclosure Controls over Financial Reporting

As a TSXV listed entity, the Company is exempted from providing certifications regarding its disclosure controls and procedures as well as regarding its internal control over financial reporting. The Company makes no assessment relating to the establishment and maintenance of (i) disclosure controls and procedures or (ii) internal control over financial reporting (as such terms are defined under Multilateral Instrument 52-109) as at July 31, 2022 and as at July 31, 2021.

Additional Information

Additional information about the Company is available on its' website at www.universalibogaine.com.