UNIVERSAL IBOGAINE INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2022 AND 2021

Independent Auditor's Report

To the Shareholders and the Board of Directors of

Universal Ibogaine Inc.

Opinion

We have audited the consolidated financial statements of Universal Ibogaine Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2022 and July 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2022 and July 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates uncertainty in the business environment and the Corporation's generation of net losses and negative cash flows from operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kyle Hawkins.

/s/ Deloitte LLP

Chartered Professional Accountants

Calgary, Alberta

November 29, 2022

UNIVERSAL IBOGAINE INC.

Consolidated Statements of Financial Position

As at	see Note	July 31, 2022	July 31, 2021
ASSETS			
Current assets:			
Cash and cash equivalents	16	726,047	142,196
GST and other receivables	18	231,004	113,497
Prepaids and deposits	7	59,548	645,850
Total current assets		1,016,599	901,543
Long term assets:			
Deferred acquisition costs		-	42,929
Capital assets	8	5,301,016	3,047,303
		5,301,016	3,090,232
Total assets		6,317,615	3,991,775
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade payables and accrued liabilities	9	636,993	637,869
Promissory notes payable	10	-	350,000
Mortgage payable	12	1,557,673	-
Total current liabilities		2,194,666	987,869
Long term liabilities:			
CEBA Loan payable	11	180,000	60,000
Total liabilities		2,374,666	1,047,869
Shareholders' Equity:			
Share capital	13	22,801,254	13,786,108
Reserves		3,878,423	1,397,449
Accumulated other comprehensive income		5,478	6,353
Deficit		(22,742,206)	(12,246,004)
Total shareholders' equity		3,942,949	2,943,906
Total liabilities and shareholders' equity		6,317,615	3,991,775

Nature of Operations and Going Concern (Note 1)
Legal claims (Note 18)
Subsequent events (Note 19)

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

UNIVERSAL IBOGAINE INC.

Consolidated Statements of Loss and Comprehensive Loss

Years ended July 31	see Note	2022	2021
Revenues		1,070,804	-
Operating expenses		573,653	-
Operating profit		497,151	-
General & administrative expenses		3,664,150	3,795,030
Research expenses		409,311	-
		(3,576,310)	(3,795,030)
Other expense (income):			
Depreciation		266,398	69,856
Interest and finance charges		67,742	15,005
Foreign exchange loss		32	19,148
Listing expenses	6	2,847,699	-
Share based compensation expense	15	903,537	-
Impairment of capital assets	8	1,242,612	-
Impairment of goodwill	5	1,464,327	-
Other expenses (income)		127,545	(31,822)
		6,919,892	72,187
Net loss for the year		(10,496,202)	(3,867,217)
Other comprehensive income (loss):			
Foreign currency translation adjustments		(875)	5,023
Comprehensive loss for the year		(10,497,077)	(3,862,194)
Weighted average number of common shares outstanding:			
Basic		185,636,855	125,189,597
Diluted		185,636,855	125,189,597
Net loss per share - basic and diluted		$ 0.06	$ 0.03

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

UNIVERSAL IBOGAINE INC.

Consolidated Statements of Cash Flows

Years ended July 31	2022	2021
Cash provided by (used in):		
Operating activities:		
Net loss for the year	(10,496,202)	(3,867,217)
Adjustments for non-cash items:		
Depreciation	266,398	69,856
Share based compensation expense	903,537	-
Impairment of capital assets	1,242,612	-
Impairment of goodwill	1,464,327	-
Non cash expenses paid in common shares	-	858,408
Listing expenses (Note 6)	2,794,740	-
Unrealized foreign exchange	(875)	2,973
Finance charges (income)	-	(31,822)
Funds from Operations	(3,825,463)	(2,967,802)
Changes in non-cash working capital items (Note 16)	(507,704)	(281,927)
Net cash used in Operating activities	(3,708,167)	(3,249,729)
Investing activities:		
Kelburn acquisitions	(2,048,139)	-
Decrease (increase) in deferred acquisition costs	42,929	(42,929)
Purchase of capital assets	(95,680)	-
Proceeds from disposal of capital assets	11,855	-
Net cash used in Investing activities	(2,089,035)	(42,929)
Financing activities:		
Proceeds from issuance of common shares	73,500	3,341,985
Proceeds from the Offering	6,000,000	-
Share issue costs	(292,720)	(199,862)
Proceeds from exercise of stock options	17,600	-
Proceeds from (repayment) of promissory notes payable	(350,000)	325,000
Mortgage financing received	1,630,000	-
Mortgage repayments	(72,327)	-
Proceeds from CEBA loans payable	-	60,000
Decrease in private placement deposits	-	(46,450)
Repayment of ClearSky debt payable	-	(98,400)
Net cash provided by financing activities	7,006,053	3,382,273
Increase in cash and cash equivalents	583,581	89,615
Cash and cash equivalents, beginning of the year	142,196	52,581
Cash and cash equivalents, end of the year	726,047	142,196

Supplemental disclosures with respect to cash flows (Note 16)

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

UNIVERSAL IBOGAINE INC.

Consolidated Statements of Shareholders' Equity (Deficiency)
Years ended July 31, 2022 and 2021

	Number of shares	Share capital	Shares to be issued	Reserves	Accumulated other comprehensive income	Deficit	Total
	#	$	$	$	$	$	$
Balance, July 31, 2020	49,978,287	$ 4,379,305	$ 2,988,222	517,449	1,330	(8,378,787)	(492,481)
Shares issued pursuant to:							
Belize property purchase (Note 8)	25,000,000	2,857,000	-	-	-	-	2,857,000
ClearSky debt conversion (Note 17)	4,000,000	400,000	-	-	-	-	400,000
ClearSky Agreement (Note 17)	30,000,000	2,324,835	(2,324,835)	-	-	-	-
Conversion of Loan (Note 13 (f))	625,000	62,500	-	-	-	-	62,500
Shares issued for services received	3,891,547	442,896	-	-	-	-	442,896
Share Units issued (Note 13):							
For cash	13,367,940	3,341,985	-	-	-	-	3,341,985
For services received	4,129,794	1,032,449	(616,937)	-	-	-	415,512
For equipment purchase	100,000	25,000	-	-	-	-	25,000
Decrease in deposits received on private placements	-	-	(46,450)	-	-	-	(46,450)
Value attributed to Warrants issued (Note 13 (g))	-	(880,000)	-	880,000	-	-	-
Share issue costs	-	(199,862)	-	-	-	-	(199,862)
Comprehensive loss	-	-	-	-	5,023	(3,867,217)	(3,862,194)
Balance, July 31, 2021	131,092,568	13,786,108	-	1,397,449	6,353	(12,246,004)	2,943,906
Share Units issued:							
For cash	190,000	47,500	-	-	-	-	47,500
For services received	104,000	26,000	-	-	-	-	26,000
On Kelburn acquisitions (Note 3)	9,448,745	2,362,186	-	-	-	-	2,362,186
Share issue costs	-	(292,720)	-	-	-	-	(292,720)
Value attributed to Warrants issued on the Kelburn acquisitions (Note 5)	-	(472,437)	-	472,437	-	-	-
Penalty shares issued on Amalgamation (Note 6)	13,171,436	2,634,287	-	-	-	-	2,634,287
Amalgamation with PSQ and Subco (Notes 1 and 6)	36,085,850	5,797,730	-	-	-	-	5,797,730
Value attributed to Warrants issued in the Offering (Notes 1 and 6)	-	(1,200,000)	-	1,200,000	-	-	-
Exercise of broker options	176,000	17,600	-	-	-	-	17,600
Share based compensation expense (Note 15)	475,000	95,000	-	808,537	-	-	903,537
Comprehensive loss	-	-	-	-	(875)	(10,496,202)	(10,497,077)
Balance, July 31, 2022	190,743,599	22,801,254	-	3,878,423	5,478	(22,742,206)	3,942,949

1. Nature of operations and going concern

Universal Ibogaine Inc. ("UI" or the "Company") was originally incorporated under the Alberta Business Corporations Act in 2017 as P Squared Renewables Inc. ("PSQ"). The head office of the Company is located at Suite 1470 – 400 3rd Avenue SW, Calgary, Alberta, T2P 4H2.

The Company is in the initial stages of implementing and financing its business plan, which is to develop a network of addiction treatment clinics and undertake a planned clinical trial for research into the use of ibogaine, a natural plant based substance, for addiction treatment.

Amalgamation and go-public transaction

In November 2019, PSQ entered into an agreement with Universal Ibogaine Inc. ("UI"), whereby PSQ and UI would merge and allow the combined company to become a publicly listed company (the "Resulting Issuer" or the "RI").

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.

PSQ was formed in 2017 as a Capital Pool Corporation ("CPC") under the policies of the TSX Venture Exchange Inc. (the "TSXV"), and following approval received from the TSXV, 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 final approval on August 30, 2021. The TSXV Exchange Bulletin for approval of listing of the common shares of the Resulting Issuer was issued on October 1, 2021, and trading of the common shares on the TSXV commenced on October 5, 2021.

As further described below, the shareholders of UI received a majority of the shares issued by PSQ on closing of the Amalgamation on August 31, 2021, and the transaction resulted in a reverse-take-over ("RTO") of PSQ by UI, and as such, UI is considered the successor Resulting Issuer entity.

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

1). Agreement to acquire the Kelburn Clinic

UI finalized an agreement effective February 24, 2021, and as subsequently extended, which allowed it:

(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 30, 2021 concurrent with completion of the QT and involved the issuance by UI of share Units at a price of $0.25 per Unit (see Note 6). The UI 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 (see Note 7) and $500,000 was paid on August 30, 2021 in the form of 2,000,000 UI share Units issued. The final cash balance owing of $375,000 was paid by UI on August 31, 2021 and the Company subsequently received a net working capital adjustment payment of $86,502.

Consideration payable at closing for the purchase of the Kelburn Property (including transaction costs) consisted of cash $1,754,827 (which was funded primarily by receipt of a $1,630,000 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 30, 2021.

Deferred acquisition costs of $42,929 at July 31, 2021 included legal, appraisal and other costs incurred related to the acquisition of the Kelburn Property, which was completed on August 30, 2021.

2). $6 million Subscription Receipt Financing

On August 31, 2021, PSQ and Subco closed a non-brokered financing which was required under the terms of the Amalgamation Agreement, whereby Subco raised gross proceeds of $6,000,000 from an offering of Subscription Receipt units (the "Offering") at a 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 a "RI Unit"), and consisted of one RI common share, and one RI common share purchase warrant (each an "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 UI's private placement of share Units (see Note 14 d)).

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 (see also Note 6), 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") for which these financial statements include comparative totals for its' year ended July 31, 2021;

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

Going concern basis of presentation

The accompanying consolidated financial statements (the "Financial Statements") have been prepared assuming that the Company will continue as a going concern. UI has to date incurred net losses and generated negative cash flows from operations - factors which form a material uncertainty that raises significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its' ability to raise sufficient financing to fund its' business plan and it intends on financing its future development activities and operations from the sale of additional equity securities. Although the Company has been successful in raising capital in the past, there is no assurance such will continue to be successful in the future (see also Note 18 for funds raised by the Company subsequent to July 31, 2022).

The Company's lack of positive cash flow and need to raise additional financing indicate conditions that cause material uncertainties that may cast significant doubt regarding the applicability of the going concern assumption. Realization values may be substantially different from carrying values as shown and these Financial Statements do not give effect to adjustments that would be necessary if the Company were not to continue as a going concern.

2. Basis of presentation

Statement of compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These Financial Statements were approved and authorized for issue by UI's Board of Directors on November 28, 2022.

Basis of measurement

These Financial Statements have been presented in Canadian dollars (unless otherwise stated) which is UI's functional and reporting currency.

The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These Financial Statements include the financial statements of the Company and entities controlled by the Company. Control exists when the Company has the power, directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Company's subsidiaries are included in these Financial Statements.

All intercompany balances and transactions, income and expenses have been eliminated upon consolidation. The Company's subsidiaries are:

Name of subsidiary	Place of incorporation	Ownership July 31, 2022	Ownership July 31, 2021
6887016 Manitoba Ltd.	Manitoba, Canada	100%	-
Clear Sky Recovery Solutions Inc. ("CSRS")	B.C., Canada	100%	-
Universal Ibogaine Belize Ltd. ("UI Belize")	Belmopan, Belize	100%	100%
Iboquest Wellness Centers Inc. ("IWC")	B.C., Canada	100%	100%

The Financial Statement totals presented for the comparative periods ended July 31, 2021 reflect the pre-Amalgamation consolidated financial statements of the RTO entity CSRS (which included its wholly owned subsidiaries UI Belize and IWC).

Use of estimates and judgments

The preparation of the financial statements in compliance with IFRS requires management to make certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein in Note 4.

3. Significant accounting policies

Revenue recognition

Revenues related to the delivery of addiction treatment and mental health services are recorded as earned, with a deferred revenue amount recognized at each fiscal period (and included in current liabilities) for the portion of revenues billed which have not yet delivered.

Foreign currency transactions

Foreign currency accounts are translated into UI's functional currency, the Canadian dollar, as follows:

At the transaction date, each asset, liability, revenue, and expense denominated in a foreign currency is translated into Canadian dollars using the exchange rate in effect at that date. At the period end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the period end date and the related translation differences are recognized in net income. Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Foreign currency gains and losses on transactions or settlements are recognized in the statement of loss and comprehensive loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

The financial statements of foreign operations are translated into Canadian dollars with assets and liabilities translated at the current rate on the financial statements date and revenue and expense items translated at the average rates for the period. Translation adjustments are recorded as accumulated other comprehensive income in shareholders' equity.

Equipment

Recognition and measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company. Such costs include appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, except for land which is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized on a net basis in profit or loss.

Depreciation expense

Depreciation expense is recognized in profit or loss and is provided on a straight-line and declining balance basis over the estimated useful life of the assets as follows:

Equipment	5 years
Vehicles	10 years
Computer equipment	55% declining balance
Furniture and equipment	20% declining balance
Leasehold improvements	5 years
Buildings	15 years

Land is not amortized as the useful life of the asset is indefinite.

Depreciation methods, useful lives and residual values are reviewed at each financial period end and adjusted if appropriate.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement".

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL. Other receivables and due from related parties are measured at amortized cost.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's other receivables and due from related parties.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payables and accrued liabilities, promissory notes payable and the CEBA Loans payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

UI uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities. Cash is measured at fair value on recurring basis.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are enacted or substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and equity warrants are recognized as a deduction from equity, net of any tax effects. Transaction costs directly attributable to derivative instruments are charged to operations as a finance cost.

Share-based payments

The Company may grant stock options ("Options") to buy common shares of the Company to directors, officers, employees, consultants and other advisors. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of Options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period of the Options. The fair value of share-based payments are initially recorded as an expense or share issuance cost, with an offsetting credit recorded to reserves. Subsequently, the consideration proceeds received by the Company for the shares issued on the exercise of Options and other share-based securities is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Loss per share

Basic loss per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding and reduced by any shares that are contingently returnable during the reporting period. Diluted loss per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding, plus all additional common shares that would have been outstanding if potentially dilutive instruments (such as Options and warrants) were converted and reduced by any shares held in escrow.

IFRS 16 – Leases ("IFRS 16")

IFRS 16 became effective for accounting periods beginning on or after January 1, 2019, and effective August 1, 2019 the Company adopted IFRS 16 on a modified retrospective approach. This new standard replaces IAS 17 and sets out a new model for lease accounting. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities by lessees for those leases that were previously classified and expensed as operating leases. Under IFRS 16, a lessee is required to: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position; and (ii) recognize expenses, which are generally front-loaded for most leases, even when cash rental payments are constant, since the right-of-use asset is depreciated, and the lease liability is accreted using the effective interest method.

There has been no adjustment to these Financial Statements for IFRS 16, since UI currently has no long-term leases which would give rise to recognition of right-of-use assets and lease liabilities.

Adopted and Future accounting pronouncements

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

UI 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 is no impact to the Company's Financial Statements

Amendments to IAS 1 – Presentation of Financial Statements

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 the 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.

4. Critical accounting estimates and judgements

The preparation of these Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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. These Financial Statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements include the assessment of the Company's ability to continue as a going concern and the valuation allowance for income tax assets and liabilities.

Share based payments

UI measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. Estimates of fair value also requires determining the most appropriate inputs to the valuation model and related assumptions, including the expected life of the stock Option, volatility and dividend yield, as described further in Note 13.

Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Useful lives of equipment and intangible assets

Equipment and intangible assets are amortized or depreciated over their useful lives, which are based on management's estimate of the period that the assets will generate revenue, and periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts expensed as depreciation and amortization in the related financial reporting periods.

Impairment

Long-lived assets, including equipment, are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). Judgments and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

5. Acquisition of the Kelburn Clinic and the Kelburn Property

The acquisition of the Kelburn Clinic, which was completed on August 31, 2021, is considered a business combination under IFRS, while the acquisition of the Kelburn Property is considered an asset acquisition, with related transaction costs incurred included as part of the costs of the assets acquired. The following reflects the acquisition of the Kelburn Property and the purchase price allocation related to the acquisition of the Kelburn Clinic:

	Kelburn Clinic	Kelburn Property	total
Consideration paid by UI:			
Cash	1,026,214	1,637,814	2,664,028
UI share Units	500,000	1,862,186	2,362,186
Net liabilities assumed	(107,902)	-	(107,902)
Transaction costs capitalized	-	117,013	117,013
	1,418,312	3,617,013	5,035,325

	Kelburn Clinic	Kelburn Property	total
Allocation to:			
Land	-	352,000	352,000
Buildings	-	3,265,013	3,265,013
Other capital assets	61,887	-	61,887
Goodwill	1,464,327	-	1,464,327
Current assets	76,715	-	76,715
Current liabilities	(124,617)	-	(124,617)
Long term liabilities	(60,000)	-	(60,000)
	1,418,312	3,617,013	5,035,325

The share Units issued were recorded at a fair value of $0.25 per share Unit, which was the price of the subscription receipt Units issued under the Offering. A fair value of $472,437 was attributed to the Warrants that were included in the share Units issued on the Kelburn acquisitions.

The Company uses the acquisition method to account for business combinations, and measures goodwill as the fair value of the consideration transferred, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. If the excess is negative, a gain on acquisition would be recognized in net income.

Goodwill is allocated as of the date of the business combination to the Company's reporting segments that are expected to benefit from the business combination and represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which can be no higher than the operating segment level. Goodwill is not amortized and is tested for impairment annually. Additionally, goodwill is reviewed at each reporting date to determine if events or changes in circumstances indicate that the asset might be impaired, in which case an impairment test is performed. Goodwill is measured at cost less accumulated impairment losses.

Goodwill was recognized on the acquisition of Kelburn Clinic, as the amount paid exceeded the fair value of the identifiable assets acquired.

As at July 31, 2022, the recoverable amount of goodwill allocated to the Kelburn Clinic's cash generating unit ("CGU") was estimated based on a value in use calculation which uses cash flow projections based on historical results and internal forecasts. For the purposes of completing the impairment analysis, assumptions were made relating to forecasted future revenues, expenses and cash flows for the CGU, based on management's best estimates of future revenues and expenses and a pre-tax discount rate of 15% per annum. After an initial 5-year period using a 5% annual growth rate, the cash flow projections thereafter were extrapolated based on an expected 2% minimum annual growth rate.

The results of the tests indicated a goodwill impairment as at July 31, 2022, for the total amount of goodwill which had been allocated to the CGU. The goodwill impairment resulted due to the allocation of a portion of the Company's corporate overhead costs as required by IAS 36. No reasonable changes in this assumption would result in difference in the impairment recorded.

As such, as at July 31, 2022, an impairment write-down of $1,464,327 was recorded for the full carrying value of the goodwill.

6. Amalgamation of UI with PSQ

A reverse acquisition occurs when the entity that issues securities (the legal acquirer, which in this case is PSQ) is identified as the acquiree for accounting purposes. The entity whose interests are acquired (the legal acquiree or UI) is the acquirer for accounting purposes in a reverse acquisition (a reverse take-over, or "RTO"). On closing of the QT, the shareholders of UI received a majority of the shares of the Resulting Issuer (see Note 1) and as such, UI obtained control of the combined entity and was identified as the accounting acquirer.

The acquisition date fair value of the consideration transferred by the accounting acquirer, UI, for its interest in the accounting acquiree, PSQ, is based on the equity interests that UI would have had to issue to provide the owners of PSQ before the transaction, with the same percentage equity interest in the combined entity that results from the RTO.

At the date of closing of the QT, PSQ did not meet the definition of a business as such term is defined in IFRS 3 and the transaction is accounted for pursuant to IFRS 2, Share-based payments. As a result of the RTO of PSQ, the assets and liabilities of UI were recognized at their fair value, which approximated their carrying value.

The assets and liabilities of PSQ and Subco were recognized at fair value (which approximated their carrying value) at closing of the Amalgamation on August 31, 2021 as follows:

Fair value of PSQ and Subco assets	5,923,946
Fair value of PSQ and Subco liabilities	(286,669)
Net assets acquired on Amalgamation with CSRS	5,637,277
Fair value of replacement stock options issued to PSQ holders	160,453
	5,797,730

The fair value of the consideration paid by UI was $5,797,730, representing:

(i) the issuance of 12,085,850 RI common shares to the shareholders of PSQ at the date of the RTO based on the exchange of one RI share for each one PSQ share,

(ii) the issuance of 24,000,000 RI common shares and 24,000,000 RI Warrants to the shareholders of Subco at the date of the RTO based on the exchange of one RI share and Warrant for each one Subco share and Warrant, plus

(iii) the issuance of 1,150,000 stock options of the Resulting Issuer, issued to replace the existing PSQ stock options outstanding at the date of the RTO. Their estimated fair value of $160,453 is included in listing expenses recorded.

The fair value attributed to the Resulting Issuer common shares and Warrants issued to the shareholders of PSQ and Subco was recorded as follows:

Fair value attributed to 36,085,850 RI common shares issued	$ 4,597,730
Fair value attributed to 24,000,000 RI Warrants issued	1,200,000
	5,797,730

The above assumes a fair value per share of $0.20 per RI share (based on the price of the Subco Units issued in the Offering, excluding an assumed fair value of $0.05 for the share purchase warrants which were included in the Units issued).

Penalty share warrants related to August 31, 2021 Liquidity Event:

In July 2018, CSRS closed a brokered private placement and issued a total of 14,855,000 units for gross proceeds of $1,485,500 (the "Mackie Financing"). Each unit consisted of one common share plus one warrant (a "Liquidity Warrant"). Each Liquidity Warrant gave the holder the right to receive an additional 0.05 of one common share, at no cost, if by November 30, 2018, the company had not completed a go-public transaction or other "Liquidity Event". Further, each Liquidity Warrant increased by an additional 0.05 of a common share for each subsequent 60-day period until the completion of a Liquidity Event.

On closing of the QT and Amalgamation on August 31, 2021, a total of 13,171,436 common shares were issued by CSRS (with no proceeds to the Company) related to this "penalty shares" obligation.

The issuance of these common shares on August 31, 2021 had a fair value of $2,634,287 which is based on the $0.20 per common share of the RI shares issued on closing of the Offering. This amount is included in the total listing expenses which were recorded as follows:

Fair value attributed on August 31, 2021 to:	
Penalty shares issued by CSRS	2,634,287
PSQ replacement options	160,453
Costs related to the acquisition of Kelburn Clinic and other	52,959
Total listing expenses	2,847,699

7. Prepaids and deposits

As at July 31	2022	2021
Prepaid expenses and deposits	59,548	20,850
Deposit for acquisition of Kelburn Clinic (see Note 5)	-	625,000
	59,548	645,850

8. Capital assets

	Vehicles & equipment	Buildings & leaseholds	Land	Total
Cost base				
Balance, July 31, 2020	163,809	-	-	163,809
Additions	-	-	3,002,611	3,002,611
Balance, July 31, 2021	163,809	-	3,002,611	3,166,420
Kelburn acquisitions	39,117	3,287,783	352,000	3,678,900
Additions in the year	50,448	44,752	-	95,200
Dispositions	(25,000)	-	-	(25,000)
Balance, July 31, 2022	228,374	3,332,535	3,354,611	6,915,520
Accumulated depreciation and impairment				
Balance, July 31, 2020	49,261	-	-	49,261
Depreciation	69,856	-	-	69,856
Balance, July 31, 2021	119,117	-	-	119,117
Dispositions	(13,623)	-	-	(13,623)
Impairment write-down	-	-	1,242,612	1,242,612
Depreciation	58,593	207,805	-	266,398
Balance, July 31, 2022	164,087	207,805	1,242,612	1,614,504
Net book value				
Balance, July 31, 2020	114,548	-	-	114,548
Balance, July 31, 2021	44,692	-	3,002,611	3,047,303
Balance, July 31, 2022	64,287	3,124,730	2,111,999	5,301,016

Purchase of Belize property

In January 2020, CSRS' subsidiary company, Universal Ibogaine Belize Ltd. ("UI Belize"), entered into an agreement with Bracilette Investment Company Ltd. ("Bracilette"), to acquire four blocks of undeveloped land (totaling 20 acres) on an island in Belize (the "Belize Property"). Consideration payable consisted of the issuance of 25,000,000 CSRS common shares, at an agreed value of USD 1,250,000 (Cdn $1,667,000). At that time, two of the shareholders of Bracilette included an officer and member of the Board of Directors of CSRS, and a Director of UI Belize.

The acquisition formally closed upon Belize government approval of the land transfer, and on October 27, 2020 CSRS issued the 25,000,000 common shares, including a total of 22,050,000 shares which were issued to related parties at that time as follows:

- a total of 1,550,000 shares issued to entities in which a member of the Board of Directors of CSRS held at least a 50% beneficial interest and 10,000,000 shares issued to an entity in which the Director held a 25% beneficial interest;
- 250,000 shares issued to one of the Directors of UI Belize, and
- 10,250,000 shares issued to entities which are controlled by the children of a Director of UI Belize.

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

During the year ended July 31, 2022, the Company revised its strategy from considering development of the Belize Property, to deciding to attempt to sell it as a potential source of financing. Based on the level of interest in the property, and a resultant reduction of its listing price in November 2022, the Company recorded an impairment write-down of $1,242,612 as at July 31, 2022. A continuity of the carrying value of the Belize property is as follows:

Common shares issued in October 2020	2,857,000
Land transfer taxes and other costs incurred	145,612
Carrying value, July 31, 2021	3,002,612
Impairment write-down recorded	(1,242,612)
Carrying value, July 31, 2022	1,760,000

The Company used Level 3 inputs to determine the value of the Belize Property, and reviewed the most recent property appraisal, the real estate agent's opinion, other comparable listings and sales of similar properties in recent years. The Company's selected value relates to properties that are comparable to the condition and location of UI's property, and the primary unit of measure was a value per acre, a range for which resulted in an estimate used of approximately USD 69,000 per acre.

The Company changed its real estate listing agent subsequent to year end and the carrying value recorded represents management's best estimate as to what may be realized by the Company after expected closing costs. There can be no guarantee that the property will sell and be converted into cash in the next 12 months, and as such the Company has continued to classify the asset as long-term as at July 31, 2022.

9. Trade payables and accrued liabilities

As at July 31	2022	2021
Trade payables	171,791	295,919
Accrued liabilities	282,703	281,896
Wages and payroll deductions payable	16,599	8,995
Customer deposits received	165,900	-
Deposits received on private placement	-	51,059
	636,993	637,869

The above totals include $78,984 (July 31, 2021 - $15,698) for payroll, accrued Directors fees, consulting fees and expense re-imbursements owing to related parties (UI Directors and Officers).

10. Promissory notes payable

On May 31, 2021, UI issued short-term promissory notes payable totaling $350,000 (the "Promissory Notes") in connection with deposits which were used for the acquisition of the Kelburn Clinic. The Promissory Notes bore interest at 10%, were due August 31, 2021, and could be converted at the option of the Lenders at any time on or before the due date into shares of the "Resulting Issuer" which arose following the Amalgamation at a price of $0.25 per common share.

Effective October 1, 2021, the maturity date of the Promissory Notes was extended to February 28, 2022. There was no gain or loss recorded on the modification of these terms of the Promissory Notes.

A total of $250,000 of the Promissory Notes were repaid in February and March, 2022 and the maturity date of the remaining $100,000 was extended by 3 months and then repaid on May 31, 2022.

11. CEBA Loan payable

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 may be forgiven if a total of $120,000 is repaid by December 31, 2023, and if not repaid, the balance of $180,000 will be extended for an additional 3-year term with 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 of forgiveness of the CEBA Loans has been recorded to date.

12. Mortgage payable

In September 2021, in connection with the purchase of the Kelburn Property CSRS received from a Manitoba based credit union a mortgage of $1,630,000 which is secured by the Kelburn Property land and building, has a term of 15 years, a monthly payment of $11,319 and interest at 3.1% for the first 5 years. Principal payments commenced in November 2021, and are repayable as follows:

Total scheduled principal payments are due in the fiscal year ended July 31:	
2023	89,102
2024	91,760
2025	94,749
2026	97,709
2027	100,762
	474,082
Thereafter	1,083,591
Total	1,557,673

The mortgage includes standard financial covenants, including a restriction on the payment of dividends, share redemptions, and issuing additional secured debt without the lenders consent. The Company is required to maintain a debt coverage ratio (defined as cash flow divided by principal and interest payments on all debt) at a minimum of 1.20 times.

The Company was not in compliance with the debt service ratio covenant as at July 31, 2022, and accordingly, the mortgage balance is classified as a current liability. A waiver of the non-compliance with the covenant has been requested but has not yet been obtained as of the date of approval of these financial statements and the lender has not requested repayment.

13. Share capital

Authorized and issued shares

The Company is authorized to issue an unlimited number of common shares with no par value, and an unlimited number of preference shares, issuable in series.

The number of common shares issued and outstanding as at July 31, 2022 is 190,743,599 (2021 – 131,092,568). Additional common shares are reserved for potential issuance as described in Note 14.

a) Common shares Units issued in the year ended July 31, 2021

UI issued common shares and common share "Units" in the year ended July 31, 2021 pursuant to private placement financing and other transactions, as summarized below. Each Unit issued includes one UI common share and a warrant to purchase one additional UI common share (each a "Unit Warrant"). These Unit Warrants will have a term of 5 years from closing of a defined UI Liquidity Event (such as the QT), and an escalating annual exercise price, rising by $0.25 per year, from $0.50 if exercised in year 1, to $1.50 if exercised in year 5.

b) Shares issued in the year ended July 31, 2021

Common shares issued pursuant to	# of common shares	value per share	$ value
Purchase of Belize property (see Note 8)	25,000,000	Note 6	2,857,000
Conversion of loan payable (see (f))	625,000	$ 0.10	62,500
Conversion of USD 300,000 balance payable to ClearSky (see Note 17)	4,000,000	$ 0.10	400,000
ClearSky Agreement (see Note 17)	30,000,000	$ 0.077	2,324,835
Private placement of share Units (see (c))	13,367,940	$ 0.25	3,341,985
Common shares issued for services received (see (d))	3,891,547	see d)	442,896
Share Units issued for services received (see (d))	4,129,794	see d)	1,032,449
Share Units issued for purchase of vehicle (see (e))	100,000	$ 0.25	25,000
	81,114,281		10,486,664
Less amounts included in obligation to issue shares recorded at July 31, 2020	(4,119,049)		(616,937)
	76,995,232		9,869,727

c) Private placement of Units

In August 2020, UI commenced to undertake a private placement financing through the sale of share Units issued at $0.25, with several closings to date as noted below. Each Unit consisted of one common share, and one Unit Warrant (as described in Note 13 a) above).

Date of issuance	# of common shares	value per share	$ value
August 27, 2020	400,000	$ 0.25	100,000
October 23, 2020	2,230,300	$ 0.25	557,575
November 27, 2020	3,641,140	$ 0.25	910,285
January 14, 2021	3,019,068	$ 0.25	754,767
March 3, 2021	1,443,032	$ 0.25	360,758
March 29, 2021	1,255,700	$ 0.25	313,925
June 11, 2021	1,378,700	$ 0.25	344,675
Total issued to July 31, 2021	13,367,940		3,341,985

d) Common shares and share Units issued for services received

In the year ended July 31, 2021, UI issued common shares and common share Units in exchange for payment of the value of consulting and other services received by the Company, including a portion related to services which were recorded as accrued expenses to July 31, 2020, as follows:

	# of common shares	value per share	$ value
Common shares issued in exchange for services received:			
August 19, 2020 – shares (see (i))	3,325,500	$ 0.10	$ 332,550
November 27, 2020 – shares (see (ii))	225,000	$ 0.25	56,250
March 22, 2021 (see vi))	75,000	$ 0.10	7,500
April 15, 2021 (see (vii))	132,775	$ 0.10	13,278
April 15, 2021 (see (vii))	133,272	$ 0.25	33,318
	3,891,547		442,896
Share Units issued in exchange for services received:			
August 19, 2020 (see (iii))	1,100,000	$ 0.25	275,000
November 18, 2020 (see (iv))	1,997,996	$ 0.25	499,499
March 3, 2021 (see v))	147,416	$ 0.25	36,854
April 15, 2021 (see (vii))	34,132	$ 0.25	8,533
May 3, 2021	250,000	$ 0.25	62,500
June 11, 2021	600,250	$ 0.25	150,063
	4,129,794		1,032,449
Total to July 31, 2021	8,021,341		1,475,344

(i) On August 19, 2020, UI issued a total of 3,325,500 shares at $0.10 per share to numerous parties, including a total of 300,000 which were issued to two members of UI's Board of Directors.

(ii) On November 27, 2020 UI issued a total of 225,000 common shares in settlement of balances owing, including a total of 125,000 shares issued to a former officer of the Company pursuant to a consulting contract.

(iii) On August 19, 2020, UI issued a total of 1,100,000 share Units at $0.25 per Unit to three individuals, including a total of 800,000 share Units which were issued to two members of UI's Board of Directors.

(iv) On November 18, 2020, UI issued a total of 1,997,996 share Units at $0.25 per Unit to numerous parties, including a total of 280,000 share Units which were issued to two members of UI's Board of Directors.

(v) On March 3, 2021 UI issued a total of 147,416 share Units at $0.25 per Unit to numerous parties, including a total of 40,000 share Units which were issued to an Officer of the Company.

(vi) Effective March 22, 2021 UI issued 75,000 common shares at $0.10 per share pursuant to the resignation of a Director and Officer of the Company.

(vii) On April 15, 2021 UI issued a total of 266,047 common shares (132,775 at $0.10 per share and 133,272 at $0.25 per share) in settlement of balances owing for past services received totalling $46,596. In addition, UI issued 34,132 share Units at a price of $0.25 per Unit in settlement of $8,553 owing for services received.

e) On November 27, 2020 UI issued to a Director of the Company 100,000 share Units at a price of $0.25 in settlement of a $25,000 balance owing to the Director for a purchase by UI of a vehicle.

f) In May 2020 UI received a $50,000 loan from an arms-length party, and issued a promissory note payable (the "Loan"), bearing interest at 15%, and convertible at UI's option at a price of $0.10 per common share. On November 9, 2020, UI elected to repay a $50,000 loan, and issued at total of 625,000 common shares in settlement of the loan plus related accrued interest and a conversion bonus.

g) Valuation of Warrants included in share Units issued

The 17,597,734 total Unit Warrants that were issued in the year ended July 31, 2021 have been assigned a fair-value of $0.05 per warrant issued, resulting in a reduction of share capital and a corresponding increase in reserves / contributed surplus of $880,000.

14. Shares reserved for issuance

a). Stock Option Plan

UI has a stock option plan (the "Plan") pursuant to which it can issue options to purchase common shares ("Options") to Directors, Officers, employees and consultants to the Company. On May 28, 2021 UI granted (subject to TSXV approval of the QT, which occurred in August, 2021) a total of 6,650,000 Options to members of its' Board of Directors and its' CEO. A total of 5,150,000 of these Options granted remain outstanding at July 31, 2022, and have an exercise price of $0.25 per share, a term of 5 years to expiry, and vesting over a 3 year period.

In addition, PSQ had a total of 1,150,000 stock options (with a revised expiry date October 1, 2022, and 950,000 having an exercise price of $0.10 per share and 200,000 having an exercise price of $0.20 per share) which, similar to the UI Options, were replaced by stock options of the Resulting Issuer on closing of the Amalgamation on August 31, 2021.

As part of the process of approval of the QT, the TSXV required the Company to adopt a 20% fixed option plan, pursuant to which any grants of Options and the Performance Shares would be subject.

The total number of Options outstanding is currently as follows:

	average exercise price	# of Options
Options approved by TSXV pursuant to the Amalgamation:		
Issued by UI	$ 0.25	6,650,000
Options forfeited in July, 2021	$ 0.25	(1,500,000)
Previously issued in 2017 by PSQ	$ 0.10	950,000
Previously issued in 2020 by PSQ	$ 0.20	200,000
Total outstanding at July 31, 2021	$ 0.23	6,300,000
Activity to July 31, 2022:		
Options forfeited in the year	$ 0.25	(3,450,000)
Options issued on November 26, 2021 (i)	$ 0.25	8,850,000
Options issued in February and March 2022 (ii)	$ 0.25	565,000
Options issued in June, 2022 (iii)	$ 0.10	450,000
Total outstanding at July 31, 2022	$ 0.23	12,715,000

(i) On November 26, 2021, UI granted a total of 8,850,000 Options to Officers, Directors and consultants (including a total of 5,400,000 granted to Directors of the Company). These Options have an exercise price of $0.25 per share, a term to expiry of 5 and 10 years, and vesting over periods of 2 to 3 years.

(ii) In February and March 2022, UI issued a total of 565,000 Options to employees and consultants, with an exercise price of $0.25 per share, a term to expiry of 5 to 10 years, and vesting over periods of 2 to 3 years.

(iii) In June 2022, UI issued 450,000 Options to an investor relations consultant, with an exercise price of $0.10 per share, a term to expiry of 3 years, and vesting over a period of 12 months.

b). Broker options and warrants

The Company has issued various broker options and warrants to purchase common shares pursuant to prior brokered private placements of common shares as follows:

	Expiry Date	Number of shares reserved	Weighted average exercise price
Balance, July 31, 2020	August 31, 2023	3,785,000	$ 0.10
Issued in the year (i)		10,000	0.10
Expired in the year		(22,000)	(0.10)
Balance, July 31, 2021		3,773,000	0.10
Issued pursuant to the Offering	August 31, 2023	6,400	0.25
Exercised in December, 2021		(176,000)	0.10
Balance, July 31, 2022		3,603,400	0.10

c). Advisor Warrants

In 2020 and 2021, UI entered into agreements whereby in would issue 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 to December 31, 2024 at a price of $0.25 per common share. Their issuance was subject to the advisors meeting certain performance based vesting criteria, as well as approval by the TSXV, which occurred as part of the QT approval in August, 2021.

In July and August 2021, one of the advisory agreements was terminated by UI, and one was amended, resulting in a reduction of the number of Advisory Warrants issued to one of the parties, which decreased from 2,000,000 to a total of 1,000,000. Share based expense related to the Advisor Warrants was recorded in full in the period ended October 31, 2021, the period in which the vesting and TSXV approval provisions had been met.

Subsequently, a reversal of $179,499 of prior share based payments expense was recorded in the 3-month period ended April 30, 2022 based upon the finalization of a settlement agreement, and the related reduction from 4,000,000 to 1,500,000 in the number of Advisor Warrants issued to one of the three parties.

A continuity of the Advisory Warrants outstanding is as follows:

Issued in year ended July 31, 2021	10,000,000
Cancelled in year ended July 21, 2022	(3,500,000)
Total reserved as at July 31, 2022	6,500,000

d). Common share purchase warrants

As described in Note 13 a), the Company has issued share Units which included Unit Warrants entitling the holder thereof to purchase common shares. Each Unit issued included one common share and a warrant to purchase one additional common share (each a "Unit Warrant"). These Unit Warrants have a term of 5 years from closing of the Amalgamation on August 31, 2021, and an escalating annual exercise price, rising by $0.25 per year, from $0.50 if exercised in year 1, to $1.50 if exercised in year 5.

The share Units issued under the Offering by Subco on August 31, 2021 (see Note 1) had the same terms as the Units issued by UI. The following common shares are reserved for issuance on potential exercise of warrants which have been issued to July 31, 2022:

	Exercise price	# warrants
Unit Warrants issued:		
By UI prior to the Amalgamation (see Note 1)		
To July 31, 2021	escalating	17,597,734
Issued in August 2021	escalating	294,000
Total outstanding at the Amalgamation		17,891,734
By UI on closing of the Kelburn acquisitions	escalating	9,448,745
By Subco on closing of the Offering (see Note 1)	escalating	24,000,000
		51,340,479
Advisor Warrants (expire December 31, 2024)	$0.25	6,500,000
Total as at July 31, 2022		57,840,479

e). Issue of performance based common shares ("Performance Shares")

In August 2020 UI approved the issuance of a total of 2,250,000 Performance Shares to three members of the UI Board of Directors. Subject to any necessary regulatory approval, entitlement to these shares shall 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 as compensation for services received 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 (subject to TSXV approval, which occurred on closing of the Amalgamation on August 31, 2021) a total of 2,000,000 Performance Shares to an executive of the Company. Entitlement to receive these shares, as well as an additional 3,000,000 stock options, was to vest on the occurrence of future event milestones, 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.

These 2,000,000 Performance Shares were cancelled in January 2022 following the departure of the executive.

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 30, 2021 acquisition of the Kelburn Clinic.

A continuity of the Performance Shares reserved and issued to date is as follows:

Issued in August 2020	2,250,000
Cancelled in March 2021	(750,000)
Issued in March 2021	2,000,000
Issuable pursuant to closing of Kelburn acquisition	250,000
Total reserved at July 31, 2021	3,750,000
Total issued on closing of Amalgamation	(475,000)
Total forfeited in January 2022	(2,000,000)
Total reserved at July 31, 2022	1,275,000

Share based compensation expense related to the Performance Shares will be recorded in the future periods in which it becomes reasonably certain that the performance criteria will be met, and for the year ended July 31, 2022, includes $95,000 related to the initial releases on August 31, 2021 of the 475,000 Performance Shares, which were recorded at a fair value of $0.20 per share.

15. Share based compensation expense ("SBCE")

SBCE includes amounts recorded related to:

Year ended July 31	2022	2021
Stock options (see Note 14 a))	341,841	-
Advisor warrants (see Note 14 c))	466,696	-
Performance shares (see Note 14 e))	95,000	-
	903,537	-

SBCE is calculated based on the fair value attributed to grants of Options and Advisor Warrants using the Black-Scholes option valuation model, and utilized the following weighted average assumptions for the year ended July 31, 2022 (2021 – n/a):

	Options	Advisor Warrants
Expected dividends paid per common share	Nil	Nil
Expected life in years	5.9	3.33
Expected volatility in the price of common shares	59.9 %	60.0 %
Risk free interest rate	1.33%	0.75 %
Weighted average fair market value per share at grant date	$ 0.061	$ 0.071

16. Supplemental disclosures with respect to cash flows

The change in non-cash working capital balances is comprised of the following:

Year ended July 31			2022	2021
	Kelburn acquisition & the Amalgamation	Operations	total	total
GST and other receivables	(120,065)	2,558	(117,507)	(79,215)
Prepaids and deposits	622,166	(35,864)	586,302	(439,755)
Trade payables and accrued liabilities	473,522	(474,398)	(876)	279,911
Due to related parties	-	-	-	(42,868)
	975,623	(507,704)	467,919	(281,927)

Investing and financing transactions which do not have a direct impact on cash flows and which are excluded from the statement of cash flows include the following:

Year ended July 31	2022	2021
Non-cash transactions:		
Shares and share Units issued for:		
Kelburn acquisitions (see Note 5)	2,362,186	-
Value of services received (see Note 13)	-	858,408
ClearSky Agreement (see Note 17)	-	2,324,835
Purchase of Belize property (see Note 8)	-	2,857,000
Conversion of loans payable (see Note 13)	-	462,500
Purchase of vehicle	-	25,000
Additional information:		
Interest paid in the year	70,244	15,019
Income tax payments	-	-
Cash and cash equivalents consists of:		
Cash	289,579	142,196
T-Bill savings account	436,468	-
	726,047	142,196

17. Agreement with Clear Sky Recovery Cancun SA de CV

In 2019, UI entered into a License Agreement (the “ClearSky Agreement”) with Clear Sky Recovery Cancun SA de CV (“ClearSky Cancun”). ClearSky Cancun has developed a proprietary addiction treatment protocol which utilizes a natural substance, ibogaine, to detoxify and aid in withdrawal and recovery from addiction to a variety of drugs (the “ClearSky Protocol”).

The ClearSky Agreement enabled UI to acquire the exclusive global rights to use the ClearSky Protocol, subject to ClearSky Cancun’s right to continue to utilize it at its clinic in Cancun, Mexico. Pursuant to the terms of the ClearSky Agreement, as disclosed in the Company’s financial statements for the year ended July 31, 2021, common shares were issued by UI as follows:

- effective October 23, 2020, UI elected to convert an amount payable to the principals of ClearSky Cancun of USD 300,000, and issued a total of 4,000,000 common shares in settlement, at a price of $0.10 per share; and
- the final consideration payable by UI consisted of 30,000,000 UI common shares which were issued on January 31, 2021 and recorded at the original agreed value of $2,324,835. The ultimate release from escrow of 28,000,000 of these shares will be subject to various performance milestones related to future clinical trials and primarily the opening of UI addiction clinics which are able to utilize the ClearSky Protocol

18. Legal claims

In November 2020 a claim was filed against UI in the Supreme Court of British Columbia (the "Claim"). The Claim alleges damages in the amount of $1,500,000 for negligent misrepresentation, $120,000 for breach of contract (or in the alternative $120,000 for value of services provided), for a total of $1,620,000 plus interest and costs in the action. The Claim includes allegations that the Plaintiff served as a director of UI and also provided consulting services. UI is actively defending this Claim and in January 2021 filed a response to the Claim (the "Response") denying Plaintiff is entitled to any damages for breach of contract and denying any claims of misrepresentation. The Company believes that the Claim is entirely without merit and is actively defending it, including filing a Notice of Application to strike the claim on August 16, 2021. The Claim was not dismissed, but the Plaintiff was required to file an amended Claim to remove specific damages, which are not permitted under B.C. law. The litigation remains at an early stage and if the Claim is not dismissed, then the next step will be a discovery process, where the Plaintiff will have to provide evidence of his allegations.

On August 18, 2021, a former consultant to UI filed a Notice of Civil Claim and a related Garnishing Order Before Judgement in the Supreme Court of B.C. (the “Order”) claiming damages related to termination of his services to UI totalling $103,635. In November 2022, the Company reached an agreement to settle the claim, and accounts receivable includes approximately $53,00 (2021 - $103,000) related to the net amount expected to be received by the Company once the Order is reversed.

19. Subsequent events

The Company is in process of undertaking a private placement offering (the “Financing”) of up to $5 million of convertible debt securities (the “Debt”) which have the following terms:

- the Debt will have a term to maturity of 3 years from Closing, with 8% interest payable quarterly;
- on 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).

20. Related party transactions

Key management compensation

Key management personnel consists of the Company's officers and members of the Board of Directors who are responsible for planning, directing, and controlling the activities of UI. The Company has recorded expenses incurred with its officers and Directors at the exchange amounts as agreed upon by the transacting parties as follows:

Year ended July 31	2022	2021
General & administrative expenses:		
Consulting, management and Board of Directors fees	449,460	781,788
Salaries and wages	587,180	83,333
	1,036,640	865,121

The above totals include expenses related to share based payments of UI common shares and share Units which were issued for partial payment of the value of services received by the Company. Key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits in the above noted periods.

21. Income taxes

A reconciliation of the Company's expected income recovery at statutory rates with the actual amount reported is as follows:

Year ended July 31	2022	2021
Loss before income taxes	10,496,202	3,867,217
Tax recovery based on statutory rate of 27%	(2,834,000)	(1,033,000)
Permanent differences	1,809,000	28,000
Share issue costs and CCA claimed for tax purposes	(97,000)	(82,000)
Change in unrecognized deferred income tax assets	1,122,000	1,087,000
Income tax recovery	-	-

The Company has available the following unrecorded deferred income tax assets:

As at July 31	2022	2021
Non-capital losses	3,622,000	2,229,000
Share issuance costs	111,000	77,000
Intangible assets	817,000	860,000
Property and equipment	78,000	8,000
Unrecognized deferred tax assets	(4,628,000)	(3,174,000)
Net deferred income tax assets	-	-

As at July 31, 2022, the Company has available for deduction from taxable income for Canadian income tax purposes that may be derived in future years the following balances:

- estimated non-capital losses of approximately $13,416,000 (2021 - $8,256,000). These losses will expire, if not otherwise utilized, in the fiscal years 2038 to 2042.
- Undepreciated capital cost allowance balances of approximately $6,465,000 (2021 - $3,292,000).
- Deductible share issue costs of approximately $411,000 (2021 – $286,000).

22. Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. UI considers its capital for this purpose to be its mortgage payable and shareholders' equity.

UI's primary source of capital is through the issuance of equity, as well as a limited use of convertible loans. The Company manages and adjusts its capital structure when required by changes in economic conditions which may result in the need to seek additional funding. UI may require additional capital resources to meet its administrative overhead expenses in the long term and believes it will be able to raise capital as required, but recognizes there may be risks involved that are beyond its control. Other than on the Company's mortgage payable, there are no external restrictions, such as covenants, imposed on UI in the management of capital.

23. Financial instruments and risk management

The Company is exposed to varying degrees to a variety of risks related to financial instruments:

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates.

As at July 31, 2022, UI held a total of $7,929 (July 31, 2021 - $93,404) in USD cash (stated in Cdn$ at period end exchange rates). A 10% increase in the US dollar would have resulted in an exchange gain of $792 as at July 31, 2022 (as at July 31, 2021 – a gain of $12,423).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. UI's cash and short-term investments and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing its cash instruments with different financial institutions and each of high credit worthiness. GST and other receivables includes $47,896 due from Canada Revenue Agency for recoverable GST input tax credits.

Liquidity risk

UI's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2022, UI had a cash and short-term investments balance of $726,047 (2021 - $142,196) and total liabilities of $596,095 (2021 - $987,869), all of which are current and due on demand.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Other than the $1,557,673 mortgage payable (see Note 12), which has a fixed interest rate of 3.1% until September, 2026, none of UI's financial instruments bear interest, and therefore, management believes that the Company is not exposed to any significant interest rate risk as at July 31, 2022.