



UNIVERSAL IBOGAINE INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2024 AND 2023

To the Shareholders of Universal Ibogaine Inc.:

Opinion

We have audited the consolidated financial statements of Universal Ibogaine Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2024 and July 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2024 and July 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 consolidated financial statements, which indicates uncertainty in the business environment and the Company'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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits 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. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Calgary, Alberta

March 10, 2025

MNP LLP

Chartered Professional Accountants

MNP

UNIVERSAL IBOGAINE INC.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at July 31	Note	2024	2023
ASSETS			
Current assets:			
Cash and cash equivalents		370,795	313,263
Accounts receivable	21	194,247	75,946
Prepays and deposits		60,639	54,254
Land held for resale	6	415,808	-
Total current assets		1,041,489	443,463
Long term assets:			
Property and equipment	5	3,471,889	3,658,729
Land held for resale	6	-	1,400,000
Total long term assets		3,471,889	5,058,729
Total assets		4,513,378	5,502,192
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade payables and accrued liabilities	7	733,014	867,241
Deferred revenue		135,636	105,997
Current portion of capital lease obligations	11	22,734	18,310
Current portion of mortgage payable	9	106,529	1,796,849
Total current liabilities		997,913	2,788,397
Long term liabilities:			
CEBA loan payable	8	180,000	180,000
Convertible debt securities	10	701,407	757,727
Capital lease obligations	11	55,446	24,365
Mortgage payable	9	1,587,506	-
Total long term liabilities		2,524,359	962,092
Total liabilities		3,522,272	3,750,489
Shareholders' equity:			
Share capital	12	24,149,556	22,837,754
Contributed surplus		4,020,276	4,041,088
Accumulated other comprehensive income		5,478	5,478
Deficit		(27,184,204)	(25,132,617)
Total shareholders' equity		991,106	1,751,703
Total liabilities and shareholders' equity		4,513,378	5,502,192

Nature of operations and going concern (Note 1)

Legal claims (Note 17)

Subsequent events (Note 23)

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

UNIVERSAL IBOGAINE INC.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

Years ended July 31	Note	2024	2023
Revenues		2,331,028	1,029,989
Operating expenses		1,779,364	1,058,022
Operating profit (loss)		551,664	(28,033)
General & administrative expenses		1,037,235	1,611,703
Research expenses		91,766	9,212
		(577,337)	(1,648,948)
Other expense (income):			
Depreciation	5	343,462	296,046
Interest and finance charges	22	139,581	136,034
Share based compensation expense	14	(19,687)	105,702
Accretion of convertible debt securities	10	23,680	17,190
Insurance claim recoveries, net of repair costs		3,022	(186,891)
Impairment of land held for resale	6	984,192	360,000
Other expenses		-	13,382
		1,474,250	741,463
Net loss and comprehensive loss for the year		(2,051,587)	(2,390,411)
Weighted average number of common shares outstanding:			
Basic		232,502,711	191,298,257
Diluted		232,502,711	191,298,257
Net loss per share - basic and diluted		\$ 0.01	\$ 0.01

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

UNIVERSAL IBOGAINE INC.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

Years ended July 31	2024	2023
Cash provided by (used in):		
Operating activities:		
Net loss for the year	(2,051,587)	(2,390,411)
Adjustments for non-cash items:		
Depreciation (Note 5)	343,462	296,046
Share based compensation expense (Note 14)	(19,687)	96,703
Accretion of convertible debt securities (Note 10)	23,680	17,190
Impairment of land held for resale (Note 6)	984,192	360,000
Non-cash expenses paid in common shares (Note 12)	110,601	26,500
	(609,339)	(1,593,972)
Changes in non-cash working capital items (Note 15)	(229,274)	496,597
Net cash used in operating activities	(838,613)	(1,097,375)
Investing activities:		
Purchase of property and equipment (Note 5)	(78,558)	(360,037)
Net cash used in investing activities	(78,558)	(360,037)
Financing activities:		
Proceeds from issuance of common shares (Note 12)	1,212,769	10,000
Share issue costs (Note 12)	(12,693)	-
Mortgage financing received (Note 9)	-	300,000
Mortgage repayments	(102,814)	(60,824)
Proceeds from convertible debt securities (Note 10)	-	806,500
Repayment of convertible debt securities (Note 10)	(80,000)	-
Repayment of capital lease obligations (Note 11)	(42,559)	(11,048)
Net cash provided by financing activities	974,703	1,044,628
Increase (decrease) in cash and cash equivalents	57,532	(412,784)
Cash and cash equivalents, beginning of the year	313,263	726,047
Cash and cash equivalents, end of the year	370,795	313,263

Supplemental disclosures with respect to cash flows (Note 15)

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, 2024 and 2023

(Expressed in Canadian dollars)

	Number of shares issued	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, July 31, 2022	190,743,599	22,801,254	3,878,423	5,478	(22,742,206)	3,942,949
Shares issued (Note 12)	400,000	10,000	-	-	-	10,000
Shares issued for services (Note 17)	350,000	17,500	-	-	-	17,500
Share based compensation expense (Note 14)	-	-	105,702	-	-	105,702
Performance shares issued (Note 13 (e))	225,000	9,000	(9,000)	-	-	-
Discount on convertible debt securities (Note 10)	-	-	65,963	-	-	65,963
Comprehensive loss	-	-	-	-	(2,390,411)	(2,390,411)
Balance, July 31, 2023	191,718,599	22,837,754	4,041,088	5,478	(25,132,617)	1,751,703
Shares issued (Note 12)	107,776,850	1,212,769	-	-	-	1,212,769
Shares issued on debt settlements (Note 12)	9,040,067	110,601	-	-	-	110,601
Share issue costs (Note 12)	-	(12,693)	-	-	-	(12,693)
Share based compensation expense (Note 14)	-	-	(19,687)	-	-	(19,687)
Performance shares issued (Note 13 (e))	75,000	1,125	(1,125)	-	-	-
Comprehensive loss	-	-	-	-	(2,051,587)	(2,051,587)
Balance, July 31, 2024	308,610,516	24,149,556	4,020,276	5,478	(27,184,204)	991,106

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

UNIVERSAL IBOGAINE INC.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

1. Nature of operations and going concern

Universal Ibogaine Inc. (“UI” or the “Company”) was incorporated in 2017 under the Alberta Business Corporations Act as P Squared Renewables Inc. (“PSQ”) and is a public company, trading under the policies of the TSX Venture Exchange Inc. (the “TSXV”). The head office of the Company is located in Calgary, Alberta (c/o Suite 600 – 815 8th Avenue SW, Calgary, Alberta, T2P 3P2).

As part of an amalgamation (the “Amalgamation”) and related go-public transactions, in August 2021 the Company acquired a wholly-owned subsidiary which operates an addiction and mental health treatment business, the “Kelburn Recovery Centre”, located near Winnipeg, Manitoba.

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 to undertake a planned clinical trial for research in Canada into the use of ibogaine, a natural plant based substance, for addiction treatment.

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. The Company 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 plans and it intends on financing its future development activities and operations from the sale of additional equity securities. Although the Company has been successful raising capital in the past, there is no assurance such will continue to be successful in the future (see also Note 6).

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 IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee.

These Financial Statements were approved and authorized for issue by UI’s Board of Directors on March 10, 2025.

Basis of measurement

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

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Notes to the Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

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, 2024	Ownership July 31, 2023
6887016 Manitoba Ltd.	Manitoba, Canada	100%	100%
Clear Sky Recovery Solutions Inc. ("CSRS")	B.C., Canada	100%	100%
Universal Ibogaine Belize Ltd. ("UI Belize") (i)	Belmopan, Belize	100%	100%
Iboquest Wellness Centers Inc. ("IWC") (ii)	B.C., Canada	n/a	100%

(i) Subsidiary sold subsequent to year end (see Note 6).

(ii) Inactive subsidiary, dissolved on October 16, 2023.

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. Material accounting policy information

Revenue recognition

Revenues related to the delivery of addiction treatment and mental health services are recorded over the period of treatment, as it becomes delivered, 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 been 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,

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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 loss. 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.

Property and 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
Building improvements	5 years
Buildings	15 years

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Land is not depreciated 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.

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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. Accounts receivable 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 accounts receivable balances.

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, the CEBA Loan payable, capital lease obligations, mortgage payable, and convertible debt securities 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

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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 purchase 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 contributed surplus. 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.

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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.

Capital lease obligations

Under IFRS 16, leases in scope are recognized on the Company's consolidated statement of financial position with a right-of-use asset and corresponding lease obligation initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at the date the lease commenced. The right-of-use assets are included in property, plant and equipment on the consolidated statement of financial position and are depreciated over the shorter of either the asset's estimated useful life or the term of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. As lease payments are recognized, the lease obligation is reduced.

When the Company acts as a lessor, at inception, the Company evaluates the classification as either a finance or operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Minimum lease payments made under lease liabilities are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments made under leases out of scope of IFRS 16 are recognized in net income or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Adopted and Future accounting pronouncements

Amendments to IAS 1 – Presentation of Financial Statements

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

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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, estimates applied to convertible debt securities, capital lease obligations, share based payments, and the valuation allowance for deferred 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 Option, volatility and dividend yield, as described further in Note 14.

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 property and equipment and intangible assets

Property and 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.

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Impairment

Long-lived assets, including property and 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.

Leases

IFRS 16 requires management to make judgements and estimates in order to determine the value of the right-of-use assets and the lease liabilities. Judgements may relate to the identification of a lease in a contract, calculation of the incremental borrowing rate and the determination of the lease term and whether an extension or termination option in a lease will be exercised. Estimates may relate to the lease term, separation of lease and non-lease components and the determination of the appropriate discount rates.

5. Property and equipment

	Vehicles & equipment	Buildings	Land	Total
Cost base				
Balance, July 31, 2022	228,374	3,332,535	3,354,611	6,915,520
Reclass to land held for resale	-	-	(3,002,612)	(3,002,612)
Additions in the year	109,961	303,799	-	413,760
Disposals and write-offs	(26,180)	(134,466)	-	(160,646)
Balance, July 31, 2023	312,155	3,501,868	351,999	4,166,022
Additions in the year	41,488	115,134	-	156,622
Balance, July 31, 2024	353,643	3,617,002	351,999	4,322,644
Accumulated depreciation and impairment				
Balance, July 31, 2022	164,087	207,805	1,242,612	1,614,504
Disposals and write-offs	(26,179)	(134,466)	-	(160,645)
Impairment write-down	-	-	210,000	210,000
Reclass to land held for resale (see Note 6)	-	-	(1,452,612)	(1,452,612)
Depreciation	38,598	257,448	-	296,046
Balance, July 31, 2023	176,506	330,787	-	507,293
Depreciation	35,087	308,375	-	343,462
Balance, July 31, 2024	211,593	639,162	-	850,755
Net book value				
Balance, July 31, 2022	64,287	3,124,730	2,111,999	5,301,016
Balance, July 31, 2023	135,649	3,171,081	351,999	3,658,729
Balance, July 31, 2024	142,050	2,977,840	351,999	3,471,889

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Right-of-use assets

Included in the total for vehicles and equipment are three (2023 – two) right-of-use lease assets which have a net book value at July 31, 2024 of \$92,275 (2023 - \$49,576). Total additions for right-of-use lease assets during the year was \$78,064 (2023 - \$53,723).

6. Land held for resale

In 2020, CSRS' subsidiary company, Universal Ibogaine Belize Ltd. ("UI Belize"), acquired four blocks of undeveloped land (totaling 20 acres) on an island in Belize (the "Belize Property") for share consideration issued that was valued at \$1,667,000.

The Company later revised its strategy on development of the Belize Property, and attempted to sell it as a potential source of financing. Based on an offer to purchase the property (which did not close), a write-down of \$210,000 (to a net carrying value of \$1,550,000) was recorded in January, 2023. The Company reduced the listing price for the property again in fall 2023, and recorded an additional impairment of \$150,000 as at the July 31, 2023 year end.

In November, 2024, UI received an offer to purchase 100% of the shares of UI Belize for USD 300,000 (the "Sale"). As UI Belize had no other assets or liabilities at July 31, 2024, other than the Belize Property, the Belize Property has been recorded at its estimated fair value at July 31, 2024 of \$415,808, which represents the proceeds, net of selling costs, that were received on closing of the Sale in December 2024.

The Sale was to a Belize resident who had served (for no compensation) as a Director of UI Belize since its formation in 2018, and who was not involved in a decision making capacity with UI or any of its subsidiaries.

A continuity of the carrying value of the Belize Property over the last two fiscal years is as follows:

Carrying value, July 31, 2022	1,760,000
<u>Impairment write-down</u>	<u>(210,000)</u>
Amount transferred from capital assets to land held for resale	1,550,000
<u>Additional impairment write-down</u>	<u>(150,000)</u>
Carrying value, July 31, 2023	1,400,000
<u>Additional impairment write-down</u>	<u>(984,192)</u>
Carrying value, July 31, 2024	415,808

Prior to July 31, 2024, the carrying value recorded represented management's best estimate as to what may be realized by the Company after expected closing costs. As there was no guarantee that the property would be sold and be converted into cash in the next 12 months, the Company had classified the asset as long-term as at July 31, 2023.

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7. Trade payables and accrued liabilities

As at July 31	2024	2023
Trade payables	220,662	296,819
Wages and payroll deductions payable	46,479	71,279
GST payable, net	14,567	12,614
Accrued liabilities and customer deposits	451,306	486,529
	733,014	867,241

As at July 31, 2024, the above totals include \$168,235 (2023 - \$168,189) for payroll payable, accrued consulting and Directors fees, and expense re-imbursements owing to related parties (UI Directors and Officers).

8. CEBA loan payable

Prior to the Company's go-public Amalgamation transaction of August 31, 2021, the Company and two of its current subsidiaries had each received \$60,000 loans (for a total of \$180,000) under the Canada Emergency Business Account loan (the "CEBA Loan") program under the Canadian Federal government's Covid-19 support programs. Up to \$60,000 of the CEBA Loan could have been forgiven if a total of \$120,000 had been repaid by January 18, 2024.

As repayment did not occur, the balance of \$180,000 converted to a term loan with interest at 5% per year, payable monthly, and due on December 31, 2026. As the Company does not intend to repay the CEBA Loan within the next 12 months, the balance has been classified as a long-term liability at July 31, 2023 and 2024.

9. Mortgage payable

In connection with the purchase of the Kelburn Recovery Centre, in September 2021 CSRS received from a Manitoba based credit union (the "Lender") a mortgage of \$1,630,000 which is secured by the land and building used by the Kelburn Recovery Centre. This initial mortgage has a term of 15 years, a monthly payment of \$11,319 and interest at 3.1% for the first 5 years.

In April 2023, the Company received an additional mortgage of \$300,000 from the Lender, with interest at 6.84% for the first year (currently at 7.54%), an amortization period of 15 years, and a payment of \$2,654 per month.

Principal payments on the combined mortgage payable (total repayment of \$13,973 per month, including interest), are repayable as follows:

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Total scheduled principal payments due in the fiscal year ended July 31:

2025	106,529
2026	110,361
2027	114,349
2028	118,364
2029	122,814
	572,417
Thereafter	1,121,618
Total	1,694,035
Current	106,529
Long-term	1,587,506
Total	1,694,035

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

As at July 31, 2024, the Company was in compliance with the debt service coverage covenant. The Company was not in compliance with the debt service coverage covenant as at July 31, 2023. The lender did not request repayment of the mortgage, and a waiver of the non-compliance with the covenant and an amendment to the definition of the covenant was requested and later obtained by the Company in 2023.

Due to the existence of the non-compliance events, the entire mortgage balance was required to be classified as a current liability as at the year ended July 31, 2023.

10. Convertible debt securities

In the year ended July 31, 2023, the Company undertook a private placement offering (the "Financing") of convertible debt securities (the "Convertible Debt") which had the following terms:

- the Convertible Debt has a term to maturity of 3 years from Closing, with 8% interest payable quarterly;
- on a 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 per share will increase each year as noted below;
- each whole Warrant received on a conversion will have an expiry of 2 years from the date of conversion, with an escalating annual exercise price as noted below;
- a General Security Agreement was 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 Financing had a "2022 Offering" and a "2023 Offering", which had slightly different terms for the conversion price and the related Warrants, as follows:

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Post closing of the Offerings	year 1	year 2	year 3
Conversion price per common share:			
2022 Offering (closed November 17, 2022)	\$ 0.10	\$ 0.15	\$ 0.20
2023 Offering (closed February 6, 2023)	\$ 0.05	\$ 0.10	\$ 0.15
Exercise price of each whole Warrant issued on conversion:			
2022 Offering	\$ 0.20	\$ 0.40	\$ 0.50
2023 Offering	\$ 0.05	\$ 0.13	\$ 0.18

UI completed two closings of the Financing, and convertible debt securities of \$626,500 and \$180,000 (for a total of \$806,500) were issued under the 2022 Offering and 2023 Offerings, respectively.

Interest expense on the convertible debt for the year ended July 31, 2024 was \$63,538 (2023 - \$44,749). During the year, the Company settled \$60,601 of interest through the issuance of 4,040,067 common shares at a price of \$0.015. At July 31, 2024, interest payable on the convertible debt was \$21,560 (2023 - \$39,168) and has been included trade payables and accrued liabilities.

As the Debt grants the holder a conversion feature, it is initially recorded at a discounted amount (based on an estimated risk-free rate of 11.25%), with an offsetting increase to contributed surplus. A continuity of the carrying value of the Debt, which will be increased over time to its maturity by a non-cash amount which is recorded as accretion expense, is as follows:

Year ended July 31	2024	2023
Balance, beginning of the year	757,727	-
Convertible debt issued in the year	-	806,500
Discount recorded as increase in contributed surplus	-	(65,963)
Accretion expense	23,680	17,190
Repayments made	(80,000)	-
Balance, end of the year	701,407	757,727

11. Capital lease obligations

The Company has outstanding capital lease obligations owing on equipment and a vehicle as follows:

Balance, July 31, 2022	-
Lease additions	53,723
Lease payments	(11,048)
Balance, July 31, 2023	42,675
Lease additions	66,001
Lease payments	(42,559)
Interest	12,063
Balance, July 31, 2024	78,180
Current portion	22,734

Principal repayments (total current payment of \$3,135 per month, including interest), are due as follows:

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Total scheduled principal payments due in the fiscal year ended July 31:

<u>2025 – current portion</u>	<u>22,734</u>
2026	23,669
2027	14,382
2028	15,985
<u>2029</u>	<u>1,410</u>
<u>Long term portion</u>	<u>55,446</u>
<u>Total</u>	<u>78,180</u>

12. 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. Additional common shares are reserved for potential issuance as described in Note 13.

The number of common shares outstanding is as follows:

	\$ value	# of shares
Total outstanding at July 31, 2022	22,801,254	190,743,599
Shares issued in the year:		
Private placement (i)	10,000	400,000
Release of Performance Shares (see Note 13 e))	9,000	225,000
<u>Shares issued for services (see Note 17)</u>	<u>17,500</u>	<u>350,000</u>
Total outstanding at July 31, 2023	22,837,754	191,718,599
Shares issued in the year:		
Private placements (ii)	1,212,769	107,776,850
Release of Performance Shares (see Note 13 e))	1,125	75,000
Shares issued on debt settlements (iii)	110,601	9,040,067
<u>Share issue costs</u>	<u>(12,693)</u>	<u>-</u>
<u>Total outstanding at July 31, 2024</u>	<u>24,149,556</u>	<u>308,610,516</u>

- (i) In conjunction with the offering of convertible debt securities (see Note 10), the Company closed a separate private placement financing, issuing 400,000 common shares at a price of \$0.025 per share in January, 2023 for proceeds to the Company of \$10,000.

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- (ii) In the year ended July 31, 2024, the Company closed 3 separate private placements of common shares as follows:

Closing	\$ / share	\$ value	# of shares
February, 2024	\$ 0.01	417,193	41,719,250
April, 2024	\$ 0.01	525,576	52,557,600
May, 2024	\$ 0.02	270,000	13,500,000
		1,212,769	107,776,850

- (iii) In addition, the Company issued 4,040,067 common shares at \$0.015 per share to settle \$60,601 of accrued interest owing on the convertible debt securities and issued 5,000,000 common shares at a price of \$0.01 to the CEO to settle \$50,000 owing for past services.

Common shares subject to escrow releases

A portion of the common shares issued are subject to TSXV imposed time based escrow conditions (which does not include the common shares issued under the ClearSky Agreement which are subject to separate performance based escrow conditions – see Note 16) and will become released from escrow over time as follows:

Total as at year ended July 31	2024	2023
Shares releasable on:		
October 1, 2023	-	3,867,715
April 1, 2024	-	3,867,715
October 2024	10,313,907	10,313,906
Total subject to TSXV escrow conditions as at July 31	10,313,907	18,049,336

13. Shares reserved for issuance

The Company has in place two equity based compensation plans which may be used to attract and retain Directors, Officers, employees, advisors and consultants – a 2024 Equity Incentive Compensation Plan (the “EICP”) and a 2024 Stock Option Plan (the “SOP”). The EICP will have a 10% fixed cap (based on an initial total of 190,567,590 common shares outstanding), and the SOP will have a 10% floating cap (based on the number of shares outstanding).

The EICP allows the Company additional flexibility to include Deferred Share Units (“DSUs”) and Restricted Share Units (“RSUs”), in addition to stock options.

a). Stock Options

UI may periodically issue stock options (“Options”) to purchase common shares to Directors, Officers, employees and consultants to the Company.

The total number of Options currently outstanding and exercisable is as follows:

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	average exercise price	# of Options
Total outstanding at July 31, 2022	\$ 0.23	12,715,000
Activity in the year ended July 31, 2023:		
Options forfeited in the year	\$ 0.25	(3,690,000)
Options expired in the year	\$ 0.12	(1,150,000)
Total outstanding at July 31, 2023	\$ 0.24	7,875,000
Options forfeited in the year ended July 31, 2024	\$ 0.25	(3,600,000)
Total outstanding at July 31, 2024	\$ 0.23	4,275,000
Options exercisable at July 31, 2024	\$0.23	3,949,935

Expiry date	# years to expiry	exercise price	# of Options
June, 2025	0.9	\$ 0.10	450,000
November, 2026	2.3	\$ 0.25	3,800,000
February, 2027	2.5	\$ 0.25	25,000
			4,275,000

Share based compensation expense related to Options for the year ended July 31, 2023 (see Note 14) was a net reversal of \$20,812 (2023 – expense of \$96,702).

b). Broker options and warrants

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

	Number of shares reserved	Weighted average exercise price
Balance, July 31, 2022 and 2023	3,603,400	0.10
Expired on August 31, 2024	(3,603,400)	0.10
Balance, July 31, 2024	-	-

c). Advisor Warrants

Prior to the Amalgamation, UI entered into agreements whereby it would issue common share purchase Warrants (the “Advisor Warrants”) to three separate firms which acted as strategic and financial advisors to UI. As at July 31, 2023 and 2024 there a total of 6,500,000 outstanding Advisor Warrants which are exercisable to December 31, 2024 at a price of \$0.25 per common share.

d). Common share purchase warrants

Prior to the Amalgamation, UI had issued common share “Units” which included warrants, each of which entitles to holder to purchase one additional UI common share (each a “Unit Warrant”). These Unit Warrants expire on August 31, 2026 (a term of 5 years from closing of the Amalgamation), and have an escalating annual exercise price, as follows:

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Term	exercise price per share
Year 1 – September 1, 2021 to August 31, 2022 (expired)	\$ 0.50
Year 2 – September 1, 2022 to August 31, 2023 (expired)	\$ 0.75
Year 3 – September 1, 2023 to August 31, 2024	\$ 1.00
Year 4 – September 1, 2024 to August 31, 2025	\$ 1.25
Year 5 – September 1, 2025 to August 31, 2026	\$ 1.50

The total number of common shares reserved for issuance on potential future exercise of warrants which have been issued is as follows:

	Exercise price	# warrants
Unit Warrants issued	escalating	51,340,479
Advisor Warrants (expire December 31, 2024)	\$0.25	6,500,000
Total as at July 31, 2023 and 2024		57,840,479

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

In 2021, the Company issued Performance Shares to various individuals, for which entitlement would vest (in the form of common shares issued, with no consideration payable to the Company) upon the achievement of future performance milestones, including the Company undertaking clinical trials for the use of ibogaine, and a portion tied to the future opening of clinics for the treatment of opioid use disorder.

A continuity for the last two fiscal years of the Performance Shares reserved, issued, and forfeited following the individuals’ departures from the Company, is as follows:

Total reserved at July 31, 2022	1,275,000
Forfeited in May, 2023	(525,000)
Released in the year end July 31, 2023	(225,000)
Total reserved at July 31, 2023	525,000
Forfeited in October, 2023	(450,000)
Released in October, 2023	(75,000)
Total reserved at July 31, 2024	-

Share based compensation expense related to the Performance Shares is recorded in the periods in which it becomes reasonably certain that the performance criteria will be met, and for the year ended July 31, 2023 included \$9,000 related to the vesting of 225,000 Performance Shares (recorded at a fair value of \$0.04 per share) and for the year ended July 31, 2024 included \$1,125 related to the vesting of 75,000 Performance Shares (recorded at a fair value of \$0.015 per share).

14. Share based compensation expense (“SBCE”)

SBCE includes amounts recorded related to:

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<u>Year ended July 31</u>	<u>2024</u>	<u>2023</u>
Stock options (see Note 13 a))	(20,812)	96,702
Performance shares (see Note 13 e))	1,125	9,000
	(19,687)	105,702

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 Option grants which occurred in the year:

<u>Year ended July 31</u>	<u>2024</u>	<u>2023</u>
Expected dividends paid per common share	n/a	n/a
Expected life in years	n/a	n/a
Expected volatility in the price of common shares	n/a	n/a
Risk free interest rate	n/a	n/a
Weighted average fair market value per share at grant date	n/a	n/a

15. Supplemental disclosures with respect to cash flows

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

<u>Year ended July 31</u>	<u>2024</u>	<u>2023</u>
Accounts receivable	(118,301)	155,058
Prepays and deposits	(6,385)	5,294
Trade payables and accrued liabilities	(134,227)	230,248
Deferred revenue	29,639	105,997
	(229,274)	496,597

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:

<u>Year ended July 31</u>	<u>2024</u>	<u>2023</u>
<i>Non-cash transactions:</i>		
Additions to capital assets financed under capital lease obligations	78,064	53,723
Common shares issued on debt settlements	110,601	17,500
<i>Additional information:</i>		
Interest & financing charges paid	155,689	95,983
Income tax payments	-	-

16. 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”).

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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.

17. Legal claims

The Company may periodically become involved in defending against claims related to prior employees, consultants and advisors, and client patients.

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 denying that 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 the allegation that it had suffered general damages of \$1,500,000 which is not permitted under B.C. law. The Company and the Plaintiff were examined for discovery in June 2022, following which the Company responded by providing further information to the undertakings made on discovery. The Claim was set for trial in May 2024 and was postponed by the Plaintiff. Although the Company is confident of the merit of its defence, the outcome of the Claim, and if the Claim is successful, the amount of damages that might be awarded is not presently determinable, and no provision for potential loss has been recorded.

A former consultant to UI filed a claim against the Company, claiming unpaid fees for consulting and financing finders fees totalling \$750,000 plus interest and costs, related to the 2021 Amalgamation and go-public transaction. The Company believes that this claim is entirely without merit and is actively defending it, including filing a Statement of Defence and a Request for Particulars of the Claim to be provided by the Plaintiff. Although the Company is confident of the merit of its defence, the outcome of this claim, and if successful, the amount of damages that might be awarded under the claim, is not presently determinable, and no provision for potential loss has been recorded by the Company.

In August 2021, a former consultant to UI filed claim for damages related to termination of his services to the Company totalling \$103,635. In November 2022, the Company reached an agreement to settle this claim, which included a cash payment and the issuance of a total of 350,000 common shares (recorded at a value of \$17,500).

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18. Other transactions with related parties

Key management compensation

Key management personnel consists of the Company's Officers and members of the UI 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	2024	2023
General & administrative expenses:		
Consulting, management and Board of Directors fees	240,000	301,042
Salaries and wages	293,611	375,000
	533,611	676,042

See also Note 7 regarding amounts owing to Officers and Directors of the Company that are included in accounts payable and accrued liabilities.

Key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits in the above noted periods.

19. 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	2024	2023
Loss before income taxes	2,051,587	2,390,411
Tax recovery based on statutory rate of 27%	(554,000)	(645,000)
Permanent differences	404,000	214,000
Share issue costs and CCA claimed for tax purposes	(102,000)	(127,000)
Change in unrecognized deferred income tax assets	252,000	558,000
Income tax recovery	-	-

As at July 31, 2024, the Company has available for deduction from taxable income for Canadian income tax purposes that may be derived in future years various balances as follows:

- estimated non-capital losses of approximately \$16,738,000 (2023 - \$15,825,000). These losses will expire, if not otherwise utilized, in the fiscal years 2038 to 2044.
- Undepreciated capital cost allowance balances (including those related to intangible assets) of approximately \$6,418,000 (2023 - \$6,644,000).
- Deductible share issue costs of approximately \$167,000 (2023 - \$259,000).

The Company's unrecorded deferred income tax assets are summarized as follow:

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As at July 31	2024	2023
Non-capital losses	16,738,000	15,825,000
Share issuance costs	167,000	259,000
Intangible assets	2,743,000	2,888,000
Property and equipment	554,000	450,000
Convertible debt securities	25,000	49,000

20. 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, CEBA loan payable, convertible debt securities, lease obligations, and shareholders' equity.

UI's primary source of capital to date has been 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. There were no changes to how the capital was managed in the current year.

21. 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, 2024, UI held a total of \$nil (2023 - \$141) in USD cash (stated in Cdn\$ at period end exchange rates). A 10% increase in the US dollar would have resulted in an additional exchange gain of \$nil as at July 31, 2024 (2023 – a gain of \$14).

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 cash equivalents and accounts receivable 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.

Accounts receivable includes:

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As at July 31	2024	2023
Patient treatment billings receivable	175,151	64,203
GST balances receivable	19,096	-
Insurance claims receivable	-	3,829
Legal claims and other	-	7,914
	194,247	75,946

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, 2024, UI had a cash and cash equivalents balance of \$370,795 (2023 - \$313,263) and total current liabilities (excluding deferred revenue of \$135,636 (2023 - \$105,997) of \$862,277 (2023 - \$2,788,397), all of which are current and a portion of which are 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 \$1,694,036 mortgage payable (see Note 9), which has a fixed interest rate of a) 3.08% on \$1,410,099 of the balance until October, 2026 and b) a fixed interest rate of 7.54% on \$283,937 of the balance until April 2028 (weighted average of 3.83%), and the convertible debt securities of \$726,500 (see Note 10) which bears interest at a fixed rate of 8%, none of UI's financial instruments bear interest as at July 31, 2024, and therefore, management believes that the Company is not exposed to any significant risk from fluctuating interest rates at July 31, 2024.

22. Interest and finance charges

As at July 31	2024	2023
Mortgage payable	65,227	54,501
Convertible debt securities	63,538	44,794
Capital lease obligations	12,063	1,644
CEBA loan payable	4,440	-
Financing charges	-	35,095
Other interest (income), net	(5,687)	-
	139,581	136,034

23. Subsequent events

In addition to the other transactions previously noted which occurred subsequent to the July 31, 2024 year-end, UI has agreed to issue (subject to Board of Directors and TSXV approval) to a consultant to the Company a total of 5,000,000 Options, with a maximum exercise price of \$0.06 per share and a term of 3 years to expiry.