UNIVERSAL IBOGAINE INC.

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

As at and for the year ended July 31, 2024

The following MD&A presented for Universal Ibogaine Inc. ("**UI**" or the "**Company**") was prepared by management based on information available as at March 10, 2025.

This MD&A provides a discussion of financial highlights for the Company's 3-month period ended July 31, 2024 ("**Q4-2024**") and for the 12-month fiscal year then ended ("**F2024**") with totals for the comparative prior 3-month period ended July 31, 2023 ("**Q4-2023**") and for the fiscal year ended July 31, 2023 ("**F2023**").

This MD&A and should be reviewed in conjunction with the Company's audited consolidated financial statements (the "**Financial Statements**") for the fiscal year ended July 31, 2024.

Forward-looking statements

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

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

<u>Going concern assumption</u>

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

History and development of the business to date

UI was incorporated in 2018 and until August 31, 2021 was a privately held business. As part of a 2021 go-public financing and amalgamation transaction, UI amalgamated with P Squared Renewables Inc. ("**PSQ**", which had no active operations) on August 31, 2021 (the "**Amalgamation**") and commenced trading on the TSX Venture Exchange ("**TSXV**") in October 2021.

The Company is the initial stages of implementing and financing its business plan, which is primarily to conduct clinical trials research in Canada into the use of ibogaine in addiction treatment, and to eventually develop or acquire and operate state-of-the-art addiction treatment clinics. As part of the planned completion of the proposed clinical trials, UI will also assess the possibility to license and franchise its ibogaine based detoxification protocol.

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

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

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

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

The primary business development activities undertaken from 2018 to date by UI have been related to: 1) undertaking private placement financings to fund business development activities, 2) securing the ClearSky licensing agreement for the use of a future ibogaine based addiction treatment process, 3) researching the process of undertaking clinical trials in Canada, 4) negotiating the acquisition of an initial addiction treatment clinic, and 5) completing a go-public application process with the TSXV.

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

<u>Addiction treatment - psychedelics and ibogaine</u>

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

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

Ibogaine currently has limited legal global recognition for possession and use and is utilized for addiction treatment primarily in countries such as Mexico, the Bahamas, Brazil, South Africa, New Zealand, and Mauritius. Ibogaine is not yet recognized as a registered drug in Canada, which the Company intends to address through the commencing of a planned clinical trials application process with Health Canada in 2023.

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

1). ClearSky Licensing Agreement

In March 2019, UI entered into a License Agreement (the "**ClearSky Agreement**") with Clear Sky Recovery Cancun SA de CV ("**ClearSky**"). ClearSky had developed a proprietary addiction treatment protocol which utilizes ibogaine to detoxify and aid in withdrawal and recovery from addiction to a variety of drugs (the "**ClearSky Protocol**"). UI acquired the exclusive global rights to use the ClearSky Protocol, subject to ClearSky's right to continue to utilize it at its Recovery Centre in Cancun, Mexico. ClearSky was founded in 2003, and to mid-2021, its treatment protocol had successfully disrupted opioid and other addictions for over 3,700 treatments without incident. Its founder, physician Dr. Alberto Sola, holds the distinction of treating more patients with ibogaine than anyone else in the world.

Consideration paid by UI prior to 2022 under the ClearSky Agreement included cash amounts and the issuance in January 2021 of a total of 30 million common shares, the majority of which remain subject to escrow conditions. Their planned releases from escrow are to be based on 1) 10% which occurred upon closing of the Amalgamation in August 2021, 2) 30% issuable based on the undertaking of planned Health Canada clinical trials for ibogaine (10% on approval of initial trials and 20% at commencement of Phase 3), and 3) the final 60% issuable at a rate of 10% for each of the first 6 UI clinics which may eventually be approved to utilize the ClearSky ibogaine treatment protocol.

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

In 2020, PSQ, UI and 1266855 B.C. Ltd. ("**Subco**", incorporated in 2020 as a wholly-owned subsidiary of PSQ) entered into an agreement whereby PSQ would acquire all of the outstanding shares of UI by way of a three-cornered amalgamation among PSQ, UI and Subco, and the Amalgamation occurred on August 31, 2021.

The Amalgamation with UI constituted PSQ's Qualifying Transaction (the "**QT**"), which allowed it to meet the listing requirements of the TSXV. The Amalgamation and the QT involved 3 main components as follows:

<u>1). Agreement to acquire the Kelburn Recovery Centre in 2021</u>

UI finalized an agreement in February 2021 (with arms-length parties) which allowed UI:

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

(ii) to separately acquire the land, facility and related buildings utilized by the Kelburn Recovery Centre (the "**Kelburn Property**") for consideration of $3,500,000.

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

Consideration payable for the purchase of the Kelburn Recovery Centre consisted of $1,000,000 cash and $500,000 paid at closing on August 31, 2021 in the form of 2,000,0000 UI share Units issued.

Consideration payable at closing for the purchase of the Kelburn Property (including transaction costs) consisted of cash of $1,754,827 and the balance of $1,862,186 was paid by way of the issuance of 7,448,745 UI share Units.

In connection with funding of the acquisitions, in 2021 UI received a mortgage of $1,630,000 on the Kelburn Property, with interest at a rate of 3.1% for five years, a term of 15 years, and monthly payments of $11,319. An additional mortgage of $300,000 was received from the lender in spring 2023 following completion of a renovation and upgrade of the Kelburn facility.

2). $6 million Subscription Receipt Financing in August 2021

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

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

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

3). Amalgamation of PSQ with UI and Subco and resultant name changes in 2021

Effective August 31, 2021 PSQ acquired 100% of the shares of UI by way of a share exchange and Amalgamation involving PSQ, UI and Subco, summarized as follows:

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

2. UI and Subco amalgamated and continued as Clear Sky Recovery Solutions Inc. ("**CSRS**"); and

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

Share exchange with UI

Under the terms of the Amalgamation, PSQ issued common shares and issued related replacement options and warrants securities of the Resulting Issuer, on a 1 for 1 basis, to the shareholders of UI. Based on the majority (81.1%) of the Resulting Issuer shares being issued to the former UI shareholders, completion of the Amalgamation and the QT resulted in an RTO of PSQ by UI.

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

3). Belize island property

When UI was initially formed in 2018, it was intended that it would acquire an undeveloped 20-acre island property in Belize (the "**Property**") that could be used for the development of a future addiction treatment site. In January 2019, UI drafted an agreement to acquire four separate blocks of raw land on an island property located about 6 miles north-west of the town of San Pedro, Belize. The eventual closing of the purchase was pending acceptance by the relevant government authorities in Belize.

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

UI's subsidiary company, Universal Ibogaine Belize Ltd. ("**UI Belize**"), finalized an agreement in January 2020 to acquire the Property on behalf of UI, and the acquisition formally closed in October 2020 upon Belize government approval of the land transfer.

Consideration paid by UI in fall 2020 consisted of the issuance of 25,000,000 UI common shares, at an agreed value of USD $1,250,000 (Cdn $1,667,000). On closing of the purchase of the property in fiscal 2021, the common shares issued by UI were recorded at "fair value" in accordance with IFRS 2.

For purposes of the TSXV approval of the QT, in May 2021 UI obtained an independent valuation of the Property, which had an estimated fair value of USD 2,425,000 (approximately Cdn $3,002,611), which was the basis for recording the carrying value of the property, and the common shares issued in fiscal year 2021.

Since early 2021, no funds were spent on the Property, other than for minor ongoing maintenance, and UI looked at alternatives to maximize value, including listing it for sale with a Belize real estate agent, which occurred in October 2021.

Since that time, the Property has been listed with three separate real estate agents, and unfortunately little interest arose. Based on periodic reductions to the listing price, a review of the limited comparable property sales in the area, and potential selling costs and foreign exchange rates, various periodic impairment write-downs have been recorded through July 31, 2024.

<u>Further developments and impairment write-downs recorded</u>

In March 2023, UI received an offer (contingent on completion of due diligence) from a privately held, arms-length, Belize based development company to purchase the Property for US 1,300,000 (the "**Offer**"). The Offer had a scheduled closing date of June 15, 2023 and required the payment to UI of a USD 20,000 non-refundable deposit, which did not occur.

Based on the terms of the March 2023 Offer and the estimated value of the USD 1,300,000 consideration expected to be received (net of selling costs), an additional impairment write-down of $210,000 was recorded in Q2-2023 to reduce the carrying value of the Property to $1,550,000.

In October 2023, the Company re-listed the Property with a new Belize real estate at a reduced listing price, which resulted in recording a further impairment write-down of $150,000 as at the July 31, 2023 year end (for a cumulative impairment of $360,000 recorded in F2023) and a net carrying value of $1,400,000.

In the Q3-2024 period, based on limited activity in the area, the listing price was reduced further, and an additional impairment write-down of $360,000 was recorded, reducing the current carrying value of the Property to $1,040,000.

As at July 31, 2024, a final impairment of $624,192 was recorded on the Property, reducing its carrying value to $415,808, which is based on the net Cdn$ proceeds that were received in December 2024 on the sale (for USD 300,000) of the Property. The sale was effected by UI selling 100% of the shares of the UI Belize subsidiary (which had no other assets or liabilities, other than the undeveloped land) to a Belize resident who has served as a Director nominee of UI Belize (for no compensation) on behalf of UI since its formation in 2018. As such, the sale is considered to be a "Related Party Transaction".

4). Planned future clinical trials for the use of ibogaine

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

1. Retaining two separate Clinical Research Organizations ("**CROs**") in fall 2021 to assist in advising on the relevant Health Canada regulatory requirements, and compiling the necessary literature reviews, reviewing the empirical evidence from ClearSky on their past ibogaine based treatments undertaken

at their independent clinic in Cancun, Mexico, and compiling the necessary "Investigators Brochure" which will be required to undertake the clinical trial process. A new CRO, with prior experience in the psychedelics field, was retained in 2024 to continue developing the CTA.

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

3. Sourcing a suitable supply of ibogaine product for use in the clinical trials. The Company has had discussions with processor / manufacturer labs which we can source ibogaine from, and finalizing a commitment / agreement in early 2025 will be dependent on short-term financial resources.

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

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

Completion of the CTA process is expected to involve:

- Finalizing and submitting the CTA.

- Receiving a standard "**No Objections Letter**" from HC, which normally is to take a maximum of 1 month from submission of the CTA (and any feedback on deficiencies in the CTA submission will be addressed over the course of that period).

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

- UI failing to secure sufficient financial resources on a timely basis to fund the various stages of the clinical trial;

- The potential for HC to approve an alternate ibogaine-based CTA which would preclude their approval of our CTA;

- HC imposing conditions which present undue hardship to undertaking the study, including an excessive number for patient control groups or follow-up studies;

- UI not being able to obtain a suitable third party site to host the initial phases of the trials, or being able to secure the full number of patients as required by HC; and

- The ibogaine based treatment protocol does not work as safely (there are heart related risks for patients who are not suitably screened), or as effectively, as expected from the empirical evidence obtained by ClearSky.

At this stage, however, UI does not anticipate that any of these risk factors can not be mitigated and controlled and intends to continue to advance the project in 2025.

Results of Operations for the F2024 period

The following additional significant transactions affected the F2024 and F2023 periods:

Temporary closure of the Kelburn Recovery Centre (or "Kelburn") in April 2022

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

Matters were exacerbated by extremely high local winter snowfall conditions, a late ground thaw, and heavy spring rains, which shortly after the April 2022 closing separately led to the Red River over-flowing it banks and closing and washing out sections of the local roads into the Kelburn site. The Kelburn site is fortunately surrounded by a large earthwork berm, which prevented any further flooding damages to the facility.

Kelburn remained closed while the basement flood damages were being repaired, and a septic system upgrade was installed in fall 2022. The temporary closure allowed Kelburn to pursue necessary renovation upgrades to minor portions of the facility, which were completed in late 2022. Kelburn eventually was able to re-open to provide patient treatments in early January 2023.

A portion of the costs incurred to mitigate and repair the initial on-site flooding damages were eventually covered by Kelburn's insurance policies, including a business-interruption claim to replace a portion of the estimated profits lost during the ongoing closure. Initial insurance claims for property damage and business closure costs totaling approximately $124,000 were received by Kelburn in Q1-2023 and an additional $261,000 was received in February 2023, and recognized in F2023. Additional recoveries for property damages were recorded in F2023, net of repair related costs incurred.

Results of Operations - Annual and Q4

Due to varying activity levels in each of the quarterly periods included in the Financial Statement totals presented herein, the periods are not highly comparable.

	Q4-2024	Q4-2023	F2024	F2023
	(unaudited)	(unaudited)		
Revenues	558,624	560,393	2,331,028	1,029,989
Operating expenses	454,094	347,723	1,779,364	1,058,022
Operating profit (loss)	104,530	212,670	551,664	(28,033)
General & administrative expenses ("**G&A**")	78,238	170,129	1,037,235	1,611,703
Research expenses ("**R&D**")	91,766	-	91,766	9,212
Income (loss) before the undernoted	(65,474)	42,541	(577,337)	(1,648,948)
Other expense (income):				
Depreciation of capital assets	97,380	87,972	343,462	296,046
Interest and financing charges	31,512	25,143	139,581	136,034
Share based compensation expense	(45,323)	(14,980)	(19,687)	105,702
Accretion of convertible debt securities	5,920	(9,955)	23,680	17,190
Insurance claim recoveries, net of costs	8,642	78,297	3,022	(186,891)
Impairment of capital assets	624,192	150,000	984,192	360,000
Other	(28,649)	(4,940)	-	13,382
	693,674	311,537	1,474,250	741,463
Net loss and comprehensive loss for the period	759,148	268,996	2,051,587	2,390,411
Weighted average number of common shares outstanding – basic and diluted	302,540,698	191,493,599	232,502,711	191,298,257
Basic and diluted net loss per share	$ 0.00	$ 0.00	$ 0.01	$ 0.01

Further details of the components of the Company's two main categories of expenses, operating expenses and G&A, are as follows:

	Q4-2024	Q4-2023	F2024	F2023
Operating expenses:	(unaudited)	(unaudited)		
Payroll and sub-contractor expenses	350,332	277,847	1,361,046	680,267
Food, supplies and other expenses	52,051	209	220,173	86,807
Fixed overhead (utilities, insurance, repairs and maintenance)	51,711	69,667	198,145	290,948
	454,094	347,723	1,779,364	1,058,022
General & administrative expenses:				
Salaries and benefits	(36,156)	93,750	301,138	382,349
Consultants and Board of Directors fees	72,837	30,599	467,520	805,210
Public company, insurance and IR expenses	8,703	30,097	101,046	338,385
Office, promotion and other expenses	32,854	15,683	167,531	85,759
	78,238	170,129	1,037,235	1,611,703

The main factors related to variances year over year in the above noted totals, and in the "trailing 8 fiscal quarters" section below, include:

- The Company had reduced revenues for both F2023 due to the ongoing 2022 closure and renovation upgrade (from April 2022 until early January 2023) of the Kelburn Recovery Centre, but continued to incur various utilities and other overheads, as well as a reduced level of staff and other operating costs during the months it was closed. The Q1-2024 totals reflect a return to a normal level of operations.

- Kelburn's fixed overhead expenses reflected an unusually high level of repairs & maintenance in F2023, excluding costs which were only partially re-imbursed from insurance claims, and included in the insurance recoveries, net category.

- G&A expense includes costs related to staff and consultants, as well as public company costs (investor relations or "IR" activities, directors fees, etc.). The Company utilized a lower level of staff and consultants in F2024 due to a reduced level of business development and other activity, due to financial constraints.

- Research expenses related to the process of preparing for the CTA with Health Canada commenced in fall 2021, and due to financial constraints, were on hold from early 2022 until May, 2024 when activities on the CTA were able to resume.

- Interest expense includes primarily interest on the mortgage on the Kelburn Property, and commencing from November 2023, interest at 8% on the convertible debt securities. In addition, financing costs of $35,095 related to the Convertible Debt Financing are included in the F2023 total as follows:

	F2024	F2023
Interest on:		
Mortgage on the Kelburn Property	65,227	54,501
Convertible debt securities	63,538	44,794
CEBA loans	4,440	-
Capital leases and other, net	6,376	1,644
Financing costs	-	35,095
	139,581	136,034

Total interest charges increased in F2024 primarily due to the following factors:

- Interest on the Kelburn mortgage increased due to the $300,000 new financing which was received in the last quarter of F2024.

- Interest at 8% on the convertible debt securities was only in effect for a portion of F2023, after closings of the financing in November 2022 and February 2023.

- The $180,000 of CEBA loans did not commence to have interest charged until February 2024.

- Share based compensation expense ("**SBCE**") includes amounts related to the following securities issued:

	Q4-2024	Q4-2023	F2024	F2023
	(unaudited)	(unaudited)		
Stock options	(45,323)	(23,980)	(20,812)	96,702
Performance shares	-	9,000	1,125	9,000
	(45,323)	(14,980)	(19,687)	105,702

SBCE related to stock options issued is recognized over the vesting period of the related options, which is generally on a straight line basis over 3 years.

The expense recorded each quarter for stock options can vary widely, as it is reduced for the effect of options which become forfeited in the quarter, resulting in a reversal of SBCE which had previously been recorded for those participants who have left the Company prior to the vesting period being completed, as occurred in Q4-2023, Q2-2023 and Q2-2022.

Entitlement to the release of a total of 75,000 Performance shares occurred in F2024, resulting in SBCE of $1,125, as compared $9,000 SBCE arising on the release of 225,000 Performance shares in F2023.

- Accretion of convertible debt securities expense of $5,920 for Q3-2024 (and $17,760 for 2024 YTD) relates to the private placement of convertible debt (the "**Debt**", as described further below) which occurred in F2023. As the Debt terms give the holder a conversion feature, the Debt was initially recorded at a discounted amount (based on an estimated risk-free rate of 11.25%), with an offsetting increase to contributed surplus. The Debt will be increased over time to its 3-year maturity by a non-cash amount which is recorded as accretion expense. The amount recorded for accretion expense in Q4-2023 was a negative expense of $9,955 to reflect a cumulative adjustment of estimated amounts that had previously been recorded in F2023.

- Due to uncertainty as to the ultimate approval, amount and timing of insurance recoveries filed related to Kelburn's 2022 flooding and closure, amounts for a business interruption claim were not accrued or recorded until the claims were approved, which occurred primarily in the Q2-2023 period. In the Q4-2023 period, flood repair related expenses of $82,527 that had been incurred in the first 6 months of F2023 were re-classified from operating expenses to the total for insurance claim recoveries, net of costs.

- Impairment write-downs of $360,000 recorded in Q3-2024 and $360,000 total recorded in F2023 related to three separate cumulative write-downs recorded for the Belize property, as noted previously.

Quarterly information

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

(Unaudited)	Q4 ended July 31, 2024	Q3 ended April 30, 2024	Q2 ended Jan. 31, 2024	Q1 ended Oct. 31, 2023
Revenues	558,624	536,670	589,468	646,266
Operating expenses	454,094	449,108	414,325	461,837
Operating profit (loss)	104,530	87,562	175,143	184,429
G&A expenses	78,238	434,801	268,357	255,839
Research expenses	91,766	-	-	--
Loss (income) before the undernoted	65,474	347,239	93,214	71,410
Other (income) expense:				
Depreciation, interest, F/X and other expenses	100,243	142,919	117,260	122,621
Share based compensation expense	(45,323)	6,313	11,425	7,898
Accretion of convertible debentures	5,920	5,920	5,920	5,920
Insurance claim recoveries, net of costs	8,642	-	(5,620)	-
Impairment write-downs	624,192	360,000	-	-
Net loss and comprehensive loss	759,148	862,391	222,199	207,849
Net loss per share – basic & diluted	$ 0.01	$ 0.00	$ 0.00	$ 0.00

(Unaudited)	Q4 ended July 31, 2023	Q3 ended April 30, 2023	Q2 ended Jan. 31, 2023	Q1 ended Oct. 31, 2022
Revenues	530,393	428,329	41,267	-
Operating expenses	347,723	360,244	186,218	163,837
Operating profit (loss)	212,670	68,085	(144,951)	(163,837)
G&A expenses	170,129	389,049	594,192	458,333
Research expenses	-	-	-	9,212
Loss before the undernoted	(42,541)	320,964	739,143	631,382
Other (income) expense:				
Depreciation, interest and other expenses	108,175	126,158	98,128	113,001
Share based compensation expense	(14,980)	25,704	(2,600)	97,578
Accretion of convertible debentures	(9,955)	17,320	9,825	-
Insurance claim recoveries, net of costs	78,297	(3,550)	(261,638)	-
Impairment write-downs	150,000	-	210,000	-
Net loss and comprehensive loss	268,996	486,596	792,858	841,961
Net loss per share – basic & diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00

The periodic impairment write-downs relate to the Belize Property, and as discussed previously, it was sold for net proceeds of $415,808 subsequent to the July 31, 2024 year end.

Cash flows

The net changes in the Company's cash position for the Q1-2024, 2024 YTD, Q1-2023 and 2023 YTD periods are further detailed in the Financial Statements, and are summarized as follows:

	Q4-2024	Q4-2023	F2024	F2023
Cash provided by (used in):	(unaudited)	(unaudited)		
Operating activities	(195,528)	5,802	(838,613)	(1,097,375)
Investing activities	(19,644)	36,731	(78,558)	(360,037)
Financing activities	115,853	(82,319)	974,703	1,044,628
Net increase (decrease) in cash	(99,319)	(39,786)	57,532	(412,784)
Cash, start of the period	470,114	353,049	313,263	726,047
Cash, end of the period	370,795	313,263	370,795	313,263

Kelburn was closed for 5 months in the first half of F2023, and thus had no revenues in Q1-2023, but continued to incur operating expenses. Net cash used in operating activities was thus higher for the Q3-2023 and 2023 YTD periods as compared to Q3-2024 and 2024 YTD.

The 2023 YTD net funds from Financing activities was primarily $806,500 proceeds from the Offering of Convertible Debt (described further below) while the 2024 YTD net funds total was primarily the $992,769 total from the 2 private placements of common shares which closed in the Q2-2024 period.

Mortgage payments of $76,773 for 2024 YTD as compared to $36,672 for 2023 YTD were higher due to the additional $300,000 mortgage financing which was received in April 2023.

Investing activities for both periods reflects capital asset additions for renovation upgrades and equipment purchases at the Kelburn Recovery Centre.

Liquidity and Capital Resources

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

As at the period ended July 31	2024	2023
Current assets	1,041,489	443,463
Current liabilities (including long-term portion of mortgage loan in 2023)	(997,913)	(2,788,397)
Net working capital (deficiency)	43,576	(2,344,934)
Add back long-term portion of mortgage loan	-	1,694,186
Net working capital (deficiency) with covenant waiver in effect	43,576	(650,748)

The Company has an outstanding mortgage payable, which has a balance of $1,694,035 at July 31, 2024 ($1,796,849 at July 31, 2023). The mortgage has a debt service coverage financial covenant (based on the operating results and debt payments of the Kelburn Recovery Centre), which UI was not in compliance with on July 31, 2023, and which resulted in the entire mortgage balance being included in current liabilities in the Financial Statements, and as noted above. A waiver of the covenant default was subsequently requested from the lender, and was obtained on the basis that the F2023 operating results were negatively affected by the ongoing closure (to January 2023) of the Kelburn Recovery Centre.

Given the large mortgage balance involved, the above table shows the effect on working capital as July 31, 2024 of if the Company had instead been in compliance with the covenant as at that date, and had included only the scheduled current portion of mortgage principal payments due in the next 12 months (which was a total $102,663 at July 31, 2023) in current liabilities.

The Company does not currently have any material commitments for operating leases on office premises or equipment.

Convertible debt financing

As noted in the Financial Statements, in F2023 the Company undertook a private placement offering (the "**Financing**") of convertible debt securities (the "**Convertible Debt**") which have 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 share "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 future 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 is 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 subsequent “2023 Offering”, which had slightly different terms for the conversion price and the related Warrants, as follows:

Post closing of the Offerings	year 1	year 2	year 3
Conversion price per common share:			
2022 Offering (closed on November 17, 2022)	$ 0.10	$ 0.15	$ 0.20
2023 Offering (closed on 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	$ 0.08	$ 0.13	$ 0.18

The Company intends to apply to the TSXV to allow the terms of the 2022 Offering to be revised to match the terms of the 2023 Offering.

UI completed two closings of the Financing, which resulted in proceeds to the Company of $806,500 and $10,000 from the issuance of 400,000 common shares.

At the same time as the 2022 Offering, the Company undertook a separate private placement financing involving the issuance of common shares at a price of $0.025 per share. A total of 400,000 common shares were issued in January 2023 for proceeds to the Company of $10,000.

A continuity of the carrying value recorded for the Convertible Debt is as follows:

Convertible Debt issued in F2023	806,500
Discount recorded as increase in contributed surplus / reserves	(65,963)
Accretion expense	17,190
Balance - July 31, 2023	757,727
Repayment of principal	(80,000)
Accretion expense 2024 YTD	23,680
Balance – July 31, 2024	701,407

Equity financing – private placements of common shares

In F2024, the Company completed several closings of non-brokered private placement offerings of common shares (the “**Financings**”) as follows:

Closing date	$ per share	# of shares issued	$ value
February 6, 2024	$ 0.01	41,719,250	417,193
April 9, 2024	$ 0.01	57,557,600	575,576
May 27, 2024	$ 0.02	13,500,000	270,000
June 17, 2024 (i)	$ 0.015	4,040,067	60,601
		116,816,917	1,323,370

(i) In June, 2024, the Company reached an agreement to settle accrued interest of $60,601 owing on a portion of the convertible debt securities by issuing a total of 4,040,067 common shares at a price of $0.015 per share.

Additional Disclosure - Outstanding Securities

The Company has in place an Equity Incentive Compensation Plan (the “**EICP**”) and a Stock Option Plan (the “**SOP**”). The EICP has a 10% fixed cap (based on a total of 190,743,590 shares outstanding at the date of its initial approval by the company’s shareholders), and the SOP has a 10% floating cap.

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

The following table summarizes the number of common shares outstanding and reserved for issuance, as at the current MD&A date, and as at the year ended July 31, 2023:

As at	March 10, 2025	July 31, 2024
Common shares outstanding (see (i))	308,610,516	308,610,516
Additional common shares reserved for potential future issue re:		
Share purchase warrants (see (ii))	51,340,479	51,340,479
Stock options (see (iii))	4,275,000	4,275,000
Advisor warrants (see (iv))	-	6,500,000
Convertible debt (see (v))	4,132,500	6,176,667
	59,747,979	68,292,146
Pro Forma, fully diluted total	368,358,495	376,902,662

(i) In January, 2021 a total of 30 million common shares were issued by UI as part of the total consideration payable by UI under the ClearSky Licensing Agreement. 10% of these shares were released on August 31, 2021 on closing of the Amalgamation, and the eventual release from escrow of the remaining 90% of these shares is subject to UI achieving various future performance criteria (including clinical trials for the use of ibogaine in addiction treatment, and the opening of treatment clinics which may utilize the ClearSky Protocol). A portion of the common shares outstanding were also previously subject to time-based release under the terms of TSXV escrow agreements (expiring August 31, 2024) related to the 2021 QT and Amalgamation.

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

A total of 17,891,734 share Unit Warrants were issued by UI to August 31, 2021, and 9,448,745 share Unit Warrants were issued on August 31, 2021 in connection with the Kelburn acquisitions. In addition, a total of 24,000,000 RI Warrants were issued by Subco on closing of the Offering on August 31, 2021. All of these Warrants have a term of 5-years from the closing of the Amalgamation on August 31, 2021, and have an escalating annual exercise price, rising by $0.25 per year, and which was initially $0.50 per share if exercised in year 1 (which expired August 31, 2022), $0.75 per share for year 2 (which expired August 31, 2023), $1.00 per share for year 3 (which expired August 31, 2024), and currently $1.25 per share if exercised in year 4 (from September 1, 2024 to August 31, 2025), and a final $1.50 per share if exercised in year 5 (from September 1, 2025 to August 31, 2026).

(iii) Options to purchase common shares ("**Options**") may periodically be granted to directors, officers, employees and consultants. The majority of the Options granted to date have an exercise price of $0.25 per common share, the entitlement to exercise vesting on the annual anniversary date of the grant at a rate of one-third per year over a period of 3 years, and a term to expiry of 5 years.

In addition, a proposed total of 5,000,000 Options (with a maximum exercise price of $0.06 per share, a term of 3 years to expiry, and vesting after a period of one year) are currently being reserved to be granted to a consultant to the Company, subject to approval by UI's Board of Directors and the TSXV

(iv) Prior to the Amalgamation, UI had engaged three separate firms to act as strategic and financial advisors to UI, and as part of their compensation agreements, issued a total of 6,500,000 "**Advisor Warrants**" to purchase common shares, and which were exercisable at a price of $0.25 per share until their expiry on December 31, 2024.

(v) As noted previously, in F2023 the Company completed private placement offerings of Convertible Debt securities totaling $806,500 of Convertible Debt, or which $80,000 was repaid in F2024. A future conversion of the $726,500 outstanding Convertible Debt would result in the issuance of the maximum (at the year 1 and year 2 conversion prices currently in place) number of shares noted above (the total as at July 31, 2024 is based on $626,500 convertible at $0.15 per share and $100,000 convertible at $0.05 per share). A conversion would also result in the issuance of the same number of the related common share purchase Warrants.

Other transactions with related parties

As noted previously herein, and in the July 31, 2024 year-end Financial Statements, other than for standard ongoing compensation, and the sale of the Belize Property, there were no transactions with related parties (members and former members of the management and Board of Directors groups).

One of the three principals of ClearSky was a member of UI's Board of Directors until early May 2023, and had received a total of 11,333,333 UI common shares in UI's fiscal year ended July 31, 2021 pursuant to his one-third share of 1) the issuance of common shares on April 30, 2021 under the ClearSky Agreement and 2) conversion to UI common shares in October 2020 of a USD 300,000 note payable ClearSky. The release of the majority of these shares remain subject to TSXV escrow conditions and UI performance milestones.

Critical accounting estimates

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

- the useful lives / annual amortization expense, and related potential impairment at each period end, of the capital assets and goodwill which arose in August 2021 on the acquisition of the Kelburn Recovery Centre, and the undeveloped land property in Belize (which was sold in December 2023).

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

- Inputs used in the valuation of the discount (and the related ongoing accretion expense) recorded on the convertible debt securities which were issued in F2023.

Changes in accounting policies including initial adoption

There were no significant changes in accounting policies reflected in the Company's Financial Statements for F2024 or for F2023. There are currently no additional recent accounting pronouncements which are expected to significantly affect the Company's financial statements in the future. The following was also noted in the audited Financial Statements for the year ended July 31, 2023 regarding newly adopted and future accounting pronouncements:

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

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

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 additional changes to the presentation of its Consolidated Statement of Financial Position at this time.

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

Risk Factors

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

Future operations

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

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

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

Going concern and access to financing sources

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

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

Management, consultants and staff

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

Clinical trials process

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

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

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

Legal claims

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

Internal and Disclosure Controls over Financial Reporting

As a TSXV listed entity, the Company is exempted from providing certifications regarding its disclosure controls and procedures as well as regarding its internal control over financial reporting. The Company makes no assessment relating to the establishment and maintenance of (i) disclosure controls and procedures or (ii) internal control over financial reporting (as such terms are defined under Multilateral Instrument 52-109) as at July 31, 2024 and as at July 31, 2023.

Additional Information

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