PHARMALA BIOTECH HOLDINGS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED NOVEMBER 30, 2024 AND 2023

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of PharmAla Biotech Holdings Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

PharmAla Biotech Holdings Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at,		**November 30, 2024**	**August 31, 2024**
ASSETS			
Current			
Cash		**$ 198,549**	**$ 419,379**
Accounts receivables	(Note 4)	**164,186**	**180,376**
Subscription receivables		**4,000**	**4,000**
HST receivable		**25,888**	**27,004**
Prepaid expenses and deposits		**32,632**	**59,153**
Inventory		**353,534**	**353,534**
Total current assets		**778,789**	**1,043,446**
Equipment		**-**	**401**
Intangible assets	(Note 5)	**1,849,672**	**1,854,397**
Total assets		**$ 2,628,461**	**$ 2,898,244**
LIABILITIES			
Current			
Accounts payables and accrued liabilities	(Note 15)	**$ 284,415**	**$ 550,880**
Customer deposits	(Note 11)	**282,986**	**208,574**
Deferred joint venture downstream sales	(Note 12)	**157,430**	**157,430**
Total liabilities		**724,831**	**916,884**
SHAREHOLDER'S EQUITY			
Share capital	(Note 6)	**6,107,657**	**5,694,754**
Contributed surplus	(Note 7 & 8)	**850,448**	**861,972**
Warrants	(Note 9)	**380,579**	**380,579**
Deficit		**(5,435,054)**	**(4,955,945)**
Total shareholder's equity		**1,903,630**	**1,981,360**
Total liabilities and shareholder's equity		**$ 2,628,461**	**$ 2,898,244**
Nature of operations and going concern	(Note 1)		
Commitment and Contingencies	(Note 14)		
Subsequent event	(Note 16)		

Approved by the Board:

"Nicholas Kadysh"	"Kevin Roy"
Director	**Director**

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

PharmAla Biotech Holdings Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

		Three Months Ended November 30,	
		2024	2023
Revenue	(Note 13)	**$ 57,297**	$ 752,470
Cost of goods sold		**-**	292,958
Gross profit		**57,297**	459,512
Expenses			
Consulting	(Note 15)	**70,582**	100,778
Depreciation and amortization	(Note 5)	**29,567**	15,792
Investor relations	(Note 15)	**20,008**	14,985
Office and general	(Note 15)	**5,762**	39,948
Research costs		**33,250**	41,666
Payroll expenses	(Note 15)	**43,162**	9,689
Professional fees	(Note 15)	**50,614**	7,797
Stock based compensation	(Note 7, 8 & 15)	**226,295**	18,780
Loss on debt settlement	(Note 6)	**35,632**	-
Travel		**21,534**	4,170
Total expenses		**536,406**	253,605
Deferred joint venture profit on sales	(Note 12)	**-**	169,430
Net (loss) profit and comprehensive (loss) profit for the period		**$ (479,109)**	$ 36,477
Net (loss) profit and comprehensive (loss) profit per share - basic and diluted	(Note 10)	**$ -**	$ -
Weighted average number of common shares outstanding - basic	(Note 10)	**88,573,739**	86,479,719
Weighted average number of common shares outstanding - diluted	(Note 13)	**88,573,739**	88,414,022

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

PharmAla Biotech Holdings Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

			Three Months Ended November 30,		
			2024		2023
Operating activities					
(Loss) profit for the period		**$**	**(479,109)**	$	36,477
Items not affecting cash:					
Depreciation and amortization	(Note 5)		**29,567**		15,792
Stock based compensation	(Note 7 & 8)		**226,295**		18,780
Deferred joint venture profit on sales	(Note 12)		**-**		169,430
Accrued license revenue	(Note 12)		**-**		(54,838)
Loss on debt settlement	(Note 6)		**35,632**		-
Changes in non-cash working capital items:					
Accounts receivables			**16,190**		15,120
HST receivable			**1,116**		(22,182)
Prepaid expenses and deposit			**26,521**		44,156
Inventory			**-**		112,033
Accounts payables and accrued liabilities			**(169,513)**		9,117
Customer and Cortexa deposits			**74,412**		(329,566)
Net cash (used in) provided by operating activities			**(238,889)**		14,319
Investing activities					
Intangible asset development costs	(Note 5)		**(24,441)**		(56,514)
Net cash (used in) investing activities			**(24,441)**		(56,514)
Financing activities					
Proceeds from exercise of stock options	(Note 6)		**42,500**		70,000
Net cash provided by financing activities			**42,500**		70,000
(Decrease) increase in cash			**(220,830)**		27,805
Cash, beginning of period			**419,379**		195,042
Cash, end of period		**$**	**198,549**	$	222,847

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

PharmAla Biotech Holdings Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

		Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, August 31, 2023		**86,082,552**	**$ 5,139,502**	**$ -**	**$ 376,363**	**$ (4,132,349)**	**$1,383,516**
Exercise of stock options	(Note 8)	825,000	122,003	-	(52,003)	-	70,000
Stock based compensation	(Note 7 & 8)	-	-	-	18,780	-	18,780
Net profit for the period		-	-	-	-	36,477	36,477
Balance, November 30, 2023		**86,907,552**	**$ 5,261,505**	**$ -**	**$ 343,140**	**$ (4,095,872)**	**$1,508,773**
Balance, August 31, 2024		**91,724,217**	**$ 5,694,754**	**$ 380,579**	**$ 861,972**	**$ (4,955,945)**	**$1,981,360**
Shares issued for debt settlement, net of issue costs		459,770	132,584	-	-	-	132,584
Vesting of RSUs	(Note 7)	1,256,250	206,250	-	(206,250)	-	0
Exercise of stock options	(Note 7)	850,000	74,069	-	(31,569)	-	42,500
Stock based compensation	(Note 7 & 8)	-	-	-	226,295	-	226,295
Net loss for the period		-	-	-	-	(479,109)	(479,109)
Balance, November 30, 2024		**94,290,237**	**$ 6,107,657**	**$ 380,579**	**$ 850,448**	**$ (5,435,054)**	**$1,903,630**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

PharmAla Biotech Inc. ("PharmAla") was incorporated under the Business Corporations Act (British Columbia) on December 23, 2020. The registered head office of the Company is 1055 West Georgia Street P.O. Box 11117, Vancouver, BC V6E 4N7, Canada.

PharmAla is a Canadian Biotechnology company dedicated to the development, manufacture and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community, and growing commercial use cases in select jurisdictions.

PharmAla Biotech Holdings Inc. (previously Greenridez 3.0 Acquisitions Corp.) ("Holdings Inc.") was incorporated under the Business Corporations Act (British Columbia) on January 12, 2021.

On March 19, 2021, Holdings Inc. issued 40,000,000 common shares as consideration for acquisition of the 5,000,000 outstanding common shares in the capital of PharmAla. The Acquisition was accounted for as a reverse takeover ("RTO") whereby PharmAla was identified as the acquirer for accounting purposes and the resulting consolidated financial statements are presented as a continuance of PharmAla. After the RTO, the combined entity of Holdings Inc. and PharmAla is referred to also as "the Company" in these consolidated financial statements.

On May 1, 2023, the Company along with Australian-based Vitura Health Limited (ASX: VIT) ("Vitura") each own 50% equity interest in Cortexa Pty Ltd. ("Cortexa" or "Joint Venture"). Cortexa has exclusive rights to manufacture and distribute MDMA and Psilocybin in Australia under GMP conditions using PharmAla's manufacturing technology and intellectual property.

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. On January 11, 2022, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol "MDMA".

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the period ended November 30, 2024 the Company reported a net loss and negative cash flows from operations, and an accumulated deficit as at November 30 2024 and August 31, 2024. The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations and/or to obtain additional financing. Management is of the opinion that the Company will achieve profitable operations, or that sufficient working capital will be obtained from either increased sales through access to new markets or new clients, or external financing to sustain its operations for the foreseeable future and that the going concern assumption is appropriate. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption.

These unaudited condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying unaudited condensed interim consolidated financial statements. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

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

2. BASIS OF PREPARATION (Continued)

Statement of compliance (continued)

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The preparation of financial statements in accordance with International Accounting Standards (IAS) 34 requires the use of certain critical 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 these unaudited condensed interim consolidated financial statements were the same as those that applied to the Company's annual consolidated financial statements as at and for the year ended August 31, 2024, except as noted below.

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2024, other than those noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2025 could result in restatement of these unaudited condensed interim consolidated financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS, which have been applied consistently to all periods presented. These unaudited condensed interim consolidated financial statements were issued and effective as of January 27, 2025, the date the Board of Directors approved the statements.

Basis of measurement

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

Functional currency and presentation currency

These consolidated financial statements are presented in Canadian ("CDN") dollars, except as otherwise noted, which is the functional currency of the Company.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary.

The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiary acquired or disposed of during the period presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES

Accounting standards issued but not yet applied

IFRS 18, Presentation and Disclosure in Financial Statements

The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its "operating profit or loss". IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Management is currently assessing the impact of this standard.

4. ACCOUNTS RECEIVABLES

Accounts receivables consist of:		**November 30, 2024**		August 31, 2024
Trade receivables	**$**	**189,698**	$	200,890
Other receivables		**18,949**		18,949
Expected credit loss		**(44,460)**		(39,463)
Total	**$**	**164,186**	$	180,376

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The aging of the gross trade receivables at each reporting date was as follows:

		Current		**Past due 1-30**		**Past due 31-60**		**Past due 61-90**		**Past due >90**		**Total**
November 30, 2024	**$**	**1,800**	**$**	**81,544**	**$**	**50,611**	**$**	**399**	**$**	**55,344**	**$**	**189,698**
August 31, 2024	$	90,811	$	77,688	$	6,780	$	-	$	25,611	$	200,890

Expected credit loss:		
Balance, August 31, 2023	**$**	**16,863**
Additions		-
Balance, November 30, 2023	**$**	**16,863**
Balance, August 31, 2024		**44,460**
Additions		-
Balance, November 30, 2024	**$**	**44,460**

(Expressed in Canadian Dollars)

5. INTANGIBLE ASSETS

Intangible assets consist of deferred development costs for internally generated intangible assets such as:

- Patents of novel MDXX class compounds, as well as novel synthesis routes to manufacture these molecules;
- Preclinical testing of MDXX molecules to advance development of the molecules through regulatory pathway into human trails.
- Development of manufacturing pathways allowing for the manufacture and testing of clinical-grade MDMA at scale; and
- The development of novel delivery mechanisms for non-scheduled, and MDMA and MDXX class compounds.

Cost	MDXX	Process Development	Drug Delivery	Preclinical Testing	Total
Balance, August 31, 2023	**$ 574,371**	**$ 921,665**	**$ 27,500**	**$ 234,599**	**$ 1,758,135**
Additions	226,419	-	-	-	226,419
Reclassifications	234,599	-	-	(234,599)	-
Balance, August 31, 2024	**$ 1,035,389**	**$ 921,665**	**$ 27,500**	**$ -**	**$ 1,984,554**
Additions	24,419	-	-	-	24,419
Balance, November 30, 2024	**$ 1,059,808**	**$ 921,665**	**$ 27,500**	**$ -**	**$ 2,008,973**

Amortization	MDXX	Process Development	Drug Delivery	Preclinical Testing	Total
Balance, August 31, 2023	**$ -**	**$ 61,649**	**$ -**	**$ -**	**$ 61,649**
Amortization	4,314	61,444	2,750	-	68,508
Balance, August 31, 2024	**$ 4,314**	**$ 123,093**	**$ 2,750**	**$ -**	**$ 130,157**
Amortization	13,095	15,361	688	-	29,144
Balance, November 30, 2024	**$ 17,409**	**$ 138,454**	**$ 3,438**	**$ -**	**$ 159,301**

Net Book value	MDXX	Process Development	Drug Delivery	Preclinical Testing	Total
Balance, August 31, 2024	**$ 1,031,075**	**$ 798,572**	**$ 24,750**	**$ -**	**$ 1,854,397**
Balance, November 30, 2024	**$ 1,042,399**	**$ 783,211**	**$ 24,062**	**$ -**	**$ 1,849,672**

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common shares issued

	Number of Shares	Share Capital
Balance August 31, 2023	**86,082,552**	**$ 5,139,502**
Share issuance	4,166,665	750,000
Fair value of warrants	-	(380,579)
Issue costs	-	(52,884)
Exercise of stock options	875,000	130,715
Shares issued for services	600,000	108,000
Balance, August 31, 2024	**91,724,217**	**$ 5,694,754**
Share for debt settlement	459,770	135,632
Issue costs	-	(3,048)
Exercise of stock options	850,000	74,069
Vesting of RSUs	1,256,250	206,250
Balance, November 30, 2024	**94,290,237**	**$ 6,107,657**

On April 19, 2024, the Company closed its non-brokered private placement issuing 4,166,665 units at a price of $0.18 per unit for aggregate gross proceeds of $750,000, and incurred share issuance costs of $52,884. Each unit shall consist of one common share in and one-half of one warrant. Each warrant will entitle the holder thereof to acquire one additional common share at a price of $0.27 prior to April 19, 2027. The warrants were valued at $380,579 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - $0.215; risk free interest rate – 4.11%; expected volatility – 169.24%; expected dividend yield - nil; expected life - 3 years.

On April 19, 2024, the Company issued 600,000 common shares in exchange for consulting services in the amount of $108,000, valued at $0.18 per share.

On November 14, 2024, the Company issued 459,770 common shares in exchange for settlement of accounts payable in the amount of $100,000, the extinguishment of the liability at the market price of the common shares resulted in a loss on debt settlement of $35,632.

Warrant exercises

During the year ended August 31, 2023, the Company received funds for the exercise of 1,313,952 warrants for gross proceeds of $92,295, with a black scholes value of $48,159.

Option exercises

During the period ended November 30, 2023, the Company received funds from the CEO of the Company for the exercise of 825,000 options for gross proceeds of $70,000, with a black scholes value of $52,003.

During the period ended November 30, 2024, the Company received funds from Directors of the Company for the exercise of 850,000 options for gross proceeds of $42,500, with a black scholes value of $31,569.

RSU Vesting

During the period, as a result of the vesting of RSUs (note 7) the Company reclassified the grant date fair value of the vested awards from contributed surplus to share capital, amounting to $206,250 (2023 - $nil).

(Expressed in Canadian Dollars)

7. RESTRICTED SHARE UNITS

Under the Company's Restricted Stock Unit (“RSU”) plan (“RSU Plan”), the Company may issue RSUs to directors, officers, employees, and consultants, and may be granted for a maximum term of ten years from the date of the grant. The Board of Directors are responsible for determining if the RSU vest immediately or have vesting conditions.

The Company had the following RSUs activity during the period ended November 30, 2024:

	Number of RSUs
Balance, August 31, 2022 and 2023	**-**
Issued	2,300,000
Balance, November 30, 2023	**2,300,000**
Balance, August 31, 2022 and 2023	**-**
Issued	6,375,000
Balance, August 31, 2024	**6,375,000**
Issued	-
Vested and issued	(1,256,250)
Balance, November 30, 2024	**5,118,750**

Grant Date	Number of RSUs Granted	Number of RSUs Vested & Issued	Number of RSUs Outstanding	Grant Date Fair Value Per RSU
November 3, 2023	2,300,000	-	2,300,000	0.12
March 8, 2024	2,075,000	756,250	1,318,750	0.20
July 30, 2024	2,000,000	500,000	1,500,000	0.11
Balance, November 30, 2024	**6,375,000**	**1,256,250**	**5,118,750**	

On November 3, 2023, the Company issued 2,300,000 RSUs to Clariti Strategic Advisors Inc, which vest based upon liquidity event and have an expiry date of 10 years. Based on the Company's estimate a liquidity event like this may take place in approximately 2 years.

On March 8, 2024, the Company issued 2,075,000 RSUs to certain directors, officers, employees and consultants, 950,000 RSUs granted vest quarterly over a one-year period with the remaining 1,125,000 RSUs vesting quarterly over a two year period.

On July 30, 2024, the Company issued 2,000,000 RSUs to the CEO, vesting quarterly over a one year period.

For the period ended November 30, 2024 the Company recorded share-based compensation of $194,342 (2023 - $10,194) related to the vesting of the restricted share units.

(Expressed in Canadian Dollars)

8. STOCK OPTIONS

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan"). Options may be granted for a maximum term of ten years from the date of the grant. They are not transferable. Unless the Board determines otherwise, options shall be exercisable in whole or in part at any time during this period. Options expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

The Company had the following stock options activity during the periods ended November 30, 2024 and 2023:

	Number of Stock options	Weighted Average Exercise Price
Balance, August 31, 2023	**6,040,000**	**$0.08**
Issued	2,300,000	$0.175
Exercised	(825,000)	$0.05
Balance, November 30, 2023	**7,515,000**	**$0.12**
Balance, August 31, 2024	**7,465,000**	**$0.12**
Exercised	(850,000)	$0.05
Balance, November 30, 2024	**6,615,000**	**$0.12**

During the period ended November 30, 2024, the Company recorded $31,952 (2023 - $8,430) of share based compensation related to options granted.

(i) On August 12, 2021, the Company granted stock options to an employee to purchase 250,000 common shares of the Company at an exercise price of $0.10 for a period of 5 years following the date of grant, vesting 5,000 options per month until fully vested. The options were valued at $18,560 using a Black-Scholes valuation model with the following assumptions: share price of $0.10 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 0.89%, and expected life of 5 years.

(ii) On January 5, 2022, the Company granted stock options to an employee to purchase 750,000 common shares of the Company at an exercise price of $0.10 for a period of 5 years (expiring January 5, 2027) following the date of grant, which 41,667, vest immediately, and the remainder vest equally over 36 months ended November 30, 2024. The options were valued at $55,324 using a Black-Scholes valuation model with the following assumptions: share price of $0.10 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 0.89%, and expected life of 5 years.

(iii) January 5, 2022, the Company granted stock options to directors, and officers to purchase 1,750,000 common shares of the Company at an exercise price of $0.10 for a period of 5 years following the date of grant. Included in the 1,750,000 options are 1,500,000 options vest over 12 months, the remaining options vest 25% every three months. The options were valued at $130,525 using a Black-Scholes valuation model with the following assumptions: share price of $0.10 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 1.42%, and expected life of 5 years.

(iv) On July 13, 2022, the Company granted stock options to a director to purchase 300,000 common shares of the Company at an exercise price of $0.10 for a period of 5 years following the date of grant, which vest over 12 months. The options were valued at $5,235 using a Black-Scholes valuation model with the following assumptions: share price of $0.10 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 3.13%, and expected life of 5 years.

(Expressed in Canadian Dollars)

8. STOCK OPTIONS (continued)

(v) On November 6, 2023, the Company granted stock options to advisors to purchase 2,300,000 common shares of the Company at an exercise price of $0.175 for a period of 10 years following the date of grant, which vest upon the occurrence of a liquidity event. The options were valued at $250,100 using a Black-Scholes valuation model with the following assumptions: share price of $0.14 per common shares, expected dividend yield of 0%, expected volatility of 177.69%, risk-free rate of 4.45%, and expected life of 2 years. During the period ended November 30, 2024, the Company recorded stock based compensation expense of $31,477 (2023 - $5,240) related to this grant of stock options.

The following table reflects the stock options issued and outstanding as of November 30, 2024:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
March 23, 2026	0.05	1.56	160,000	160,000
June 18, 2026	0.1	1.8	1,025,000	1,025,000
August 12, 2026	0.1	1.95	330,000	330,000
November 1, 2026	0.1	2.17	750,000	750,000
January 5, 2027	0.1	2.35	1,750,000	1,750,000
July 13, 2027	0.1	2.87	300,000	300,000
November 6, 2033	0.18	9.19	2,300,000	-
Total	**0.12**	**4.26**	**6,615,000**	**4,315,000**

9. WARRANTS

The Company had the following activity regarding warrants during the periods ended November 30, 2024 and 2023:

	Number of Warrants	Weighted Average Exercise Price
Balance, August 31, 2023 and November 30, 2023	**-**	**-**
Issued (note 6)	2,083,331	$ 0.27
Balance, August 31, 2024 and November 30, 2024	**2,083,331**	**$ 0.27**

As at August 31, 2023, the Company had no warrants outstanding. During fiscal 2024, in the private placement on April 19, 2024, the Company issued 2,083,331 warrants, as further discussed in Note 6.

10. LOSS PER SHARE

For the period ended November 30, 2024, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. The potential dilutive effect of the shares issuable under the terms of options, warrants and RSUs has not been included as their impact would be anti-dilutive.

For the period ended November 30, 2023, diluted weighted average shares outstanding of 88,414,022 includes the dilutive effect of stock options of 1,934,303, resulting in basic and diluted profit per share of $0.00.

11. CUSTOMER DEPOSITS

Customer deposits relates to advance consideration received from customers for services yet to be performed, generally, these consist of refundable deposits that become non-refundable upon the initiation of manufacturing. Customer deposits will be recognised as revenue as the Company satisfies its performance obligation, ordinarily delivery to and acceptance by the customer. Below is a summary of deferred revenue from contracts with customers and the significant changes in those balances during the periods ended November 30, 2024 and 2023:

		2024		2023
Balance, August 31	**$**	**208,574**	**$**	**189,787**
Additions during the period		74,412		134,839
Deferred revenue recognized as revenue during the period		-		(210,868)
Balance, November 30	**$**	**282,986**	**$**	**113,758**

12. JOINT VENTURE

On May 1, 2023, the Company along with Australian-based Vitura Health Limited (ASX: VIT) each acquired a 50% equity interest in Cortexa. Cortexa has exclusive rights to manufacture and distribute MDMA and Psilocybin in Australia under GMP conditions using PharmAla's manufacturing technology and intellectual property. Cortexa is controlled by a board consisting of equal representatives of both the Company and Vitura. Cortexa is considered a joint venture for accounting purposes and accordingly is accounted for using the equity method.

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

PharmAla may make available from time to time products to Cortexa for import into Australia for supply to medical practitioners under the Therapeutic Goods Administration (TGA) Authorised Prescriber 2 scheme.

Cortexa has a licence based on PharmAla's manufacturing technology and intellectual property, allowing for the manufacturing of MDMA and Psilocybin in Australia under GMP conditions. As at November 30, 2024, the Company accrued license revenue of $18,949 (AUS 20,833; August 31, 2024 - $18,949 (AUS 20,833)). During the three months ended November 30, 2023, the Company accrued license revenue of $54,838 (AUS $62,500).

The following table summarizes, in aggregate, the financial information of Cortexa. The amounts included in the IFRS financial statements of the associate are presented in Australian dollars, and adjusted to reflect adjustments made by the Company when using the equity method.

	As of November 30, 2024 (AUS)	**As of November 30, 2023 (AUS)**
Cash	66,896	115,467
Total current assets	522,129	676,624
Total non-current assets	-	-
Total assets	522,129	676,624
Total current liabilities	90,317	306,816
Total non-current liabilities	1,155,693	636,720
Net assets	(723,881)	(266,912)

	Period Ended November 30, 2024 (AUS)	**Period Ended November 30, 2023 (AUS)**
Revenue	600	86,895
Loss from continuing operations and total comprehensive loss	105,484	97,939

(Expressed in Canadian Dollars)

12. JOINT VENTURE - continued

Under the equity method, the Company's share of losses in Cortexa equals or exceeds its interest in Cortexa, the Company discontinues recognising its share of further losses. After the Company's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of Cortexa. If Cortexa subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. The Company's share of current loss is 50%, or $52,742 (2023 - $48,970).

As part of its operations the Company from time to time may sell either raw GMP or encapsulated product to Cortexa to facilitate sales (downstream transaction), under the equity method transactions involving downstream sales must be recognised only to the extent of unrelated investors' interests. During the year ended August 31, 2024, the Company made sales of $476,723 to Cortexa, and deferred the gain on sales of $157,430 as at August 31, 2024; there was no change in the three months ended November 30, 2024 (November 30, 2023 - $169,430).

13. REVENUE

The following is a breakdown of the Company's revenues by type:

	November 30, 2024	November 30, 2023
Product sales	-	697,632
License revenue	57,297	54,838
	$ 57,297	**$ 752,470**

Product Sales - by Geography	**November 30, 2024**	**November 30, 2023**
Canada	**-**	**72,256**
Australia	**-**	**625,376**
	$ -	**$ 697,632**

14. COMMITMENTS AND CONTINGENCIES

Sales contracts

Pursuant to the sales contracts with customers, the Company receives deposits for sales contracts. Certain upfront costs are non-refundable, however due to the nature of the industry of which the Company operates in, completing performance obligation for the contract often requires regulatory approval from a number of agencies. The Company is committed to completing its performance obligations.

Contingencies

From time to time, the Company may become involved in various claims and litigation as part of its normal course of business. The Company is not currently aware of any material claims and litigation that it is party to at this time.

15. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The former Chief Financial Officer ("CFO") of the Company is the managing director of Marrelli Support Services Inc. ("MSSI"). During the three months ended November 30, 2023, the Company paid for professional fees of $13,027 to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filling Services Limited, and Marrelli Trust Company Limited, collectively, the ("Marrelli Group"), while the Company continued to contract with these parties, they cease to be related party transactions. The services provided by the Marrelli Group are for:

- Bookkeeping services;
- Regulatory filing services;
- Corporate secretarial services; and
- Transfer agent services.

These services are required by the Company to maintain its reporting issuer status. As at November 30, 2023, the Marrelli Group was owed $15,662, and this amount is included in accounts payables and accrued liabilities. These services were incurred in the normal course of business, and these costs are included in professional fees.

During the three months ended November 30, 2024, the Company incurred consulting and payroll fees of $42,500 (2023 - $36,000) to the Chief Executive Officer ("CEO") and companies controlled by the CEO. As at November 30, 2024, the CEO and companies controlled by the CEO were owed $nil (August 31, 2024 - $nil) inclusive of HST, and this amount was included in accounts payables and accrued liabilities. During the period the CEO also received RSU's resulting in stock-based compensation of $95,049.

During the three months ended November 30, 2024, the Company incurred consulting fees of $24,000 (2023 - $24,640) to a company controlled by the Chief Operating Officer ("COO"). This service was incurred in the normal course of business, and these costs are included in consulting fees. As at November 30, 2024, companies controlled by the COO were owed $9,040 (August 31, 2024 - $27,654) inclusive of HST, and this amount was included in accounts payables and accrued liabilities. During the year, the COO also received RSU's resulting in stock-based compensation of $23,539 and further stock-based compensation of $318 related to the vesting of options.

During the three months ended November 30, 2024, the Company incurred $20,500 in consulting fees (2023 - $nil) to the successor CFO, of which $7,345 was included in accounts payable and accrued liabilities.

See note 7.

See note 8.

During the three months ended November 30, 2024, the Company incurred stock based compensation expense to directors and officers of $148,215 (2023 - $744).

16. SUBSEQUENT EVENTS

On December 20, 2024, the Company announced that it had completed the non-brokered private placement offering (the "Offering") previously announced on December 13, 2024. The Offering was oversubscribed by 12% with an additional 898,444 Units sold, which resulted in a total of 8,676,221 Units, consisting of one Common Share and one-half of one Warrant, for aggregate gross proceeds of $1,561,720. Each whole Warrant entitles the holder thereof to acquire one Additional Share at a price of C$0.27 per Additional Share at any time prior to 4:30 pm (Toronto Time) on the date that is thirty six months following the Closing Date, provided that, if the closing price of the Common Shares on the CSE is $0.38 or greater per Common Share for a period of ten consecutive trading days at any time after the completion of the Offering, the Company may accelerate the Warrant Term, in compliance with the policies of the CSE, such that the Warrants shall expire on the date which is thirty days following the date a press release is issued by the Company announcing the reduced Warrant Term in accordance with the terms and conditions of the certificate representing such Warrants.