

# **P SQUARED RENEWABLES INC.**

## **FILING STATEMENT**

**IN RESPECT OF THE QUALIFYING TRANSACTION PURSUANT TO POLICY 2.4 OF THE  
TSX VENTURE EXCHANGE INVOLVING AN AMALGAMATION WITH  
UNIVERSAL IBOGAINE INC.**

Dated as of August 30, 2021

***Neither the TSX Venture Exchange Inc. nor any securities regulatory authority  
has in any way passed upon the merits of the Qualifying Transaction  
described in this Filing Statement.***

All information contained in this Filing Statement with respect to P Squared Renewables Inc. ("**PSQ**") was supplied by PSQ for inclusion herein.

All information contained in this Filing Statement with respect to Universal Ibogaine Inc. ("**UI**") was supplied by UI for inclusion herein.

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## GLOSSARY

In this Filing Statement, unless otherwise indicated or the context otherwise requires, the following terms have the meaning set forth below:

**"ABCA"** means the *Business Corporations Act* (Alberta), including the regulations promulgated thereunder, as amended.

**"Affiliate"** means a Company that is affiliated with another Company as described below.

A Company is an "Affiliate" of another Company if:

- a) one of them is the subsidiary of the other, or
- b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

- a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- a) a Company controlled by that Person, or
- b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

**"Amalgamation"** means a "three-cornered amalgamation" involving PSQ, Subco and UI whereby (i) UI and Subco shall be amalgamated to form Amalco; and (ii) on completion of the Amalgamation, former UI securityholders shall receive securities of PSQ, resulting in a reverse take-over of PSQ by UI.

**"Amalco"** means the corporation to be formed as a result of the Amalgamation which will be named "Clear Sky Recovery Solutions Inc."

**"Amalgamation Application"** means the amalgamation application as contemplated by the BCBCA and in substantially the form set out in Schedule "B" to the Definitive Agreement.

**"Amending Agreement"** means the amending agreement to the Definitive Agreement entered into among PSQ, Subco and UI dated effective August 23, 2021.

**"Associate"** when used to indicate a relationship with a Person, means

- a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him or her to more than 10% of the voting rights attached to outstanding securities of the Company,
- b) any partner of the Person,
- c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
- d) in the case of a Person that is an individual, a relative of that Person, including

- i. that Person's spouse or child, or
- ii. any relative of the Person or of his or her spouse who has the same residence as that Person;

but where the TSXV determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

**"BCBCA"** means the *Business Corporations Act* (British Columbia).

**"Board"** means the board of directors of the Company or the Resulting Issuer, as the context requires.

**"Bracilette"** means Bracilette Investment Company Ltd.

**"Bracilette Cay"** means four separate blocks of raw land which total 20.04 acres on an island property which is about 8 miles north-west of the town of San Pedro, Belize.

**"Business"** means the business of UI.

**"CEBA Loan"** means the Canada Emergency Business Account loans of up to \$60,000 which were received from the Federal government under its covid-19 support programs, and for which \$20,000 may be forgiven based on the repayment terms.

**"ClearSky"** means Clear Sky Recovery Cancun SA de CV, an addiction treatment entity based in Cancun, Mexico.

**"ClearSky Agreement"** means the licensing agreement entered into between UI and ClearSky dated March 3, 2019, and as subsequently amended, which will allow UI to acquire the exclusive world-wide rights to utilize ClearSky's proprietary addiction treatment protocol which utilizes ibogaine.

**"ClearSky Note"** means a non-interest bearing promissory note payable by UI to ClearSky issued in October 2019 in the amount of USD 400,000 of which USD 50,000 was payable in cash by November 30, 2019, and the balance of USD 350,000 was to be repaid no later than January 31, 2020. The ClearSky Note was not repaid as scheduled, and the repayment terms were subsequently revised effective April 23, 2020 as described herein. The ClearSky Note was settled by way of conversion to common shares by UI on October 23, 2020.

**"ClearSky Protocol"** means the proprietary treatment protocol developed by ClearSky which utilizes ibogaine to detoxify and aid in withdrawal and recovery from addiction to a variety of drugs

**"Closing"** means the consummation of the Proposed Qualifying Transaction, which shall take place on the Closing Date.

**"Closing Date"** means the date of Closing which shall be such date designated jointly by the Company and UI and will be no later than August 31, 2021, unless the Company and UI otherwise jointly agree.

**"Common Shares"** means the common shares of PSQ.

**"Company"** or **"PSQ"** means P Squared Renewables Inc.

**"Control Person"** means any Person or Company that holds or is one of a combination of Persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except

where there is evidence showing that the holder of those securities does not materially affect the control of the Company.

"**CPC**" means a Capital Pool Company as defined in the CPC Policy.

"**CPC Agent's Option**" means the options granted to Leede Jones Gable Inc. by PSQ to purchase up to 300,000 Common Shares of the Company at a price of \$0.10 per Common Share for a period of 24 months ending June 21, 2019.

"**CPC Escrow Agreement**" means the escrow agreement dated May 24, 2017 among PSQ, the Escrow Agent and the Shareholders of PSQ pursuant to the CPC Policy, as amended and restated on August 26, 2021.

"**CPC Escrow Shares**" means those 8,000,000 Common Shares held in escrow pursuant to Section 11 of the CPC Policy and released in accordance with the applicable provisions.

"**CPC Policy**" has the meaning ascribed thereto on the face of this Filing Statement.

"**CTA**" means the clinical trial application that is being prepared by UI for submission to Health Canada.

"**Definitive Agreement**" means the amalgamation agreement entered into among PSQ, Subco and UI dated effective October 7, 2020 in respect of the Proposed QT, as amended by the Amending Agreement.

"**Escrow Agent**" or "**Odyssey**" means Odyssey Trust Company, in its capacities, as the context requires as: (A) escrow agent for the Common Shares held in escrow under the CPC Escrow Agreement; and (B) escrow agent for the QT Escrow Agreement, which shall be either a Value Security Escrow Agreement or Surplus Security Escrow Agreement, as applicable, to be entered into prior to or concurrently with the Closing.

"**Escrow Release Conditions**" means, in relation to the Financing, the conditions that must be satisfied in order to release the gross proceeds of the Financing, including the completion of the conditions precedent to the Proposed QT, on or before August 31, 2021.

"**Exchange Ratio**" means the exchange of UI Shares in exchange for Resulting Issuer Shares at an exchange basis of one (1) Resulting Issuer Share for every one (1) UI Share so held.

"**Filing Statement**" means this filing statement.

"**Final Exchange Bulletin**" means the TSXV Bulletin which is issued following the Closing and the submission of all required documentation and that evidences the final TSXV acceptance of the Proposed QT.

"**Financing**" means Subco's planned offering of up to 24,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt for aggregate gross proceeds of up to \$6,000,000.

"**IFRS**" means International Financial Reporting Standards.

"**Insider**" if used in relation to an issuer, means:

- a) a director or senior officer of the Company;
- b) a director or senior officer of the Company that is an Insider or subsidiary of the Company;
- c) a person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company; or

d) the Company itself if it holds any of its own securities.

**"IPO Agent"** or **"Leede"** means Leede Jones Gable Inc. which was involved in PSQ's IPO in 2017.

**"Kelburn Agreement"** means the share purchase agreement dated February 24, 2021 between UI, 5743061 Manitoba Ltd., an arms-length, privately owned entity, and the shareholders of 6887016 Manitoba Ltd. (which operates the Kelburn Clinic) wherein UI will acquire 100% of the shares of 6887016 Manitoba Ltd. as well as the Kelburn Property, in conjunction with the Closing.

**"Kelburn Clinic"** means the operations of the Kelburn Mental Health & Addiction Recovery Centre, an addiction treatment centre operating near Winnipeg, Manitoba, which UI intends to acquire in conjunction with the Closing.

**"Kelburn LOI"** means the March 20, 2020 letter of intent between UI and 5743061 Manitoba Ltd. to purchase the operations of the Kelburn Clinic, amended August 9, 2020, and leading to the definitive Kelburn Agreement.

**"Kelburn Property"** means the location of the Kelburn Clinic, consisting of approximately 50 acres and (i) a 6,659 square foot home which serves as the treatment clinic, (ii) a 9-hole golf course and related clubhouse and dining pavilion, which is used as part of the patient treatment and therapy process, and (iii) a related maintenance shop and equipment storage shed.

**"Leede Agreement"** means the February 2019 agreement between UI and Leede, whereby Leede agreed to act as agent to undertake a brokered private placement of UI common shares at \$0.10 per common share for gross proceeds of up to \$3,000,000.

**"Leede Options"** means a total of 278,000 options which were issued in 2019 by UI to Leede Jones Gable Inc. which acted as agent to undertake a brokered private placement of UI common shares in February 2019. Each Leede Option gives the holder the right to acquire one UI common share at an exercise price of \$0.10 per Leede Option for a period of 24 months from the date of a UI Liquidity Event.

**"Liquidity Warrant"** means the securities which were a component of the units issued by UI pursuant to the Mackie Financing in July 2018. Each Liquidity Warrant represented the right to receive an additional 0.05 of a UI common share, at no cost, if by November 30, 2018, UI had not completed a defined UI Liquidity Event. Further, each Liquidity Warrant will increase by an additional 0.05 of a UI common share for each subsequent 60-day period until completion of a defined UI Liquidity Event.

**"Mackie"** means Mackie Research Capital Corporation, which previously completed a brokered private placement of UI common shares in July 2018.

**"Mackie Financing"** means the brokered private placement of UI common shares which was completed in July 2018 and which consisted of units issued at a price of \$0.10 per Unit, with each Unit consisting of one UI common share and one Liquidity Warrant.

**"Mackie Options"** means the options which were granted to Mackie as agent under the Mackie Financing, and which will allow Mackie to acquire up to 3,485,000 UI common shares at an exercise price of \$0.10 per share for a period of 24 months from the date of a UI Liquidity Event.

**"Material Adverse Change"** has the meaning ascribed to that term in the Definitive Agreement.

**"MD&A"** means management's discussion and analysis.

**"Non-Arm's Length Qualifying Transaction"** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the Proposed QT.

**"NI 52-110"** means National Instrument 52-110 – *Audit Committees*.

**"NI 58-101"** means National Instrument 58-101 – *Disclosure of Corporation Governance Practices*.

**"Penalty Shares"** means the additional UI common shares which are required to be issued by UI to the subscribers to the July 2018 Mackie under the terms of the related Liquidity Warrants, which shall remain in force until such time as UI completes a UI Liquidity Event.

**"Person"** or **"person"** means a company or an individual.

**"Peachland Agreement"** means the November 2018 agreement entered into by UI which gave it the option to initially rent and eventually acquire a property in the Peachland, BC area.

**"Principal"** if used in relation to an issuer, means:

- (a) a Person who acted as a promoter of the Company within two years or their respective Associates or Affiliates before the IPO prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder - a Person that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions;
- (d) a 10% holder - a Person that
  - i. holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
  - ii. has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder's securities and the total securities outstanding.

A company more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principal's securities of the entity and the total securities of the entity outstanding). Any securities of the Company that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the Company they hold will be subject to escrow requirements.

**"Proposed Qualifying Transaction"** or the **"Proposed QT"** means the transaction pursuant to which PSQ will acquire all of the UI Shares on the terms and conditions set out in the Definitive Agreement, which Proposed QT is intended to serve as PSQ's Qualifying Transaction.

**"PSQ IPO"** means the initial public offering of the Company completed on June 19, 2017, whereby the Company issued an aggregate of 3,000,000 Common Shares to the public at an issue price of \$0.10 per Common Share for aggregate gross proceeds of \$300,000.

**"PSQ Shareholders"** mean the holders of the issued and outstanding shares of PSQ

**"PSQ Stock Option Plan"** means the stock option plan as such term is defined in *"Part II – Information Concerning the Company – Options to Purchase Securities of the Company"*.

**"PSQ Stock Options"** means the stock options which were granted to directors and officers of the Company at an exercise price of \$0.10 per Common Share, expiring on June 19, 2027, and issued pursuant to the PSQ Stock Option Plan in connection with the PSQ IPO.

**"PSQ Trading Halt"** means the halt from trading of the Common Shares on June 25, 2019.

**"Qualifying Transaction"** or **"QT"** means a transaction as defined in the CPC Policy.

**"QT Escrow Agreement"** means the escrow agreement, which shall be either a Value Security Escrow Agreement or Surplus Security Escrow Agreement, as applicable, in accordance with TSXV Policy 5.4 Escrow, Vendor Consideration and Resale Restrictions between the Company, the Escrow Agent, UI Shareholders who will be Principals of the Company upon completion of the Proposed QT, and certain other individuals as determined by the TSXV.

**"Release Deadline"** means August 31, 2021, the deadline for which the Escrow Release Conditions must be met in relation to the Financing.

**"Resulting Issuer"** means the Company upon completion of the Proposed QT.

**"Resulting Issuer Options"** means the stock options of the Resulting Issuer to be issued in exchange for UI Options in connection with the Transaction, which are exercisable into Resulting Issuer Shares.

**"Resulting Issuer Shares"** means common shares of the Resulting Issuer.

**"Resulting Issuer Units"** means the units of the Resulting Issuer that will be exchanged on a one for one basis pursuant to the Amalgamation for Subco Units, and as such, such Resulting Issuer Units, comprised of one (1) Common Share and one (1) common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share in the capital of Subco for a period of five (5) years from the date of issuance. Each Warrant shall be exercisable at the following prices: (a) \$0.50 per Common Share if exercised in the first year from the date of issuance; (b) \$0.75 per Common Share if exercised in the second year from the date of issuance; (c) \$1.00 per Common Share if exercised in the third year from the date of issuance; (d) \$1.25 per Common Share if exercised in the fourth year from the date of issuance; and (e) \$1.50 per Common Share if exercised in the fifth year from the date of issuance.

**"Settlement Agreement"** means the July 2019 agreement entered into by UI to cancel the Peachland Agreement and extinguish all remaining obligations related to the lease, including future cash payments and convertible debentures owing.

**"Sponsor"** means INFOR Financial Inc.

**"Sponsorship Agreement"** means the sponsorship agreement dated August 30, 2021 between the Company and the Sponsor.

**"Subco"** means 1266855 B.C. Ltd., a wholly-owned subsidiary of PSQ incorporated pursuant to the BCBCA.

**"Subco Shares"** means the common shares in the capital of Subco.

**"Subco Units"** means the units offered in connection with the Financing, comprised of one (1) Subco Share and one (1) Subco Warrant.

**"Subco Warrant"** means the warrants offered as a portion of Subco Units in connection with the Financing. Each Subco Warrant is a common share purchase warrant entitling the holder thereof to purchase one (1) common share in the capital of Subco for a period of five (5) years from the date of issuance. Each Subco Warrant shall be exercisable at the following prices: (a) \$0.50 per Common Share if exercised in the first year from the date of issuance; (b) \$0.75 per Common Share if exercised in the second year from the date of issuance; (c) \$1.00 per Common Share if exercised in the third year from the date of issuance; (d) \$1.25 per Common Share if exercised in the fourth year from the date of issuance; and (e) \$1.50 per Common Share if exercised in the fifth year from the date of issuance.

**"Subscription Receipts"** means the subscription receipts offered in connection with the Financing which are each exercisable into a Resulting Issuer Unit.

**"Subscription Receipt Agent"** means Odyssey Trust Company.

**"Subscription Receipt Agreement"** means the subscription receipt agreement to be entered into by PSQ and the Subscription Receipt Agent governing the terms and conditions of the Financing.

**"Surplus Security Escrow Agreement"** has the meaning ascribed thereto in Part IV – *Information Concerning the Resulting Issuer – Escrowed Securities of the Resulting Issuer*.

**"TSXV"** means the TSX Venture Exchange Inc.

**"UI"** means Universal Ibogaine Inc., a private company incorporated under the BCBCA.

**"UI Liquidity Event"** means a transaction as defined under the terms of the UI's July 2018 Mackie Financing, and which is intended to be completed by UI upon completion of the terms of the Proposed QT.

**"UI Meeting"** means the special meeting of the UI Shareholders to pass the UI Special Resolution.

**"UI Nominees"** means collectively, Ian Campbell, Marilyn Loewen Mauritz, Dr. Alberto Solá Agulló and Robert Turner.

**"UI Options"** means the share purchase options exercisable into UI Shares granted to UI's directors, officers, employees, contractors and other eligible persons, of which, as of the date hereof, there are 6,650,000 UI Options issued and outstanding.

**"UI Private Placement"** means the non-brokered private placement of UI Units, which has had several individual closings, commencing in August, 2020 at a price of \$0.25 per UI Unit.

**"UI Special Resolution"** means the special resolution to be put to the UI Shareholders to approve the Amalgamation.

**"UI Units"** consist of one UI common share and one common share purchase warrant with each warrant exercisable to purchase an additional UI common share for a period of 5 years at an exercise price of \$0.50 if exercised in the first year, \$0.75 if exercised in the second year, \$1.00 if exercised in the third year, \$1.25 if exercised in the fourth year, and \$1.50 if exercised in the fifth year.

**"UI Shares"** means the common shares in the capital of UI.

**"UI Shareholders"** means the holders of UI Shares.

**"UI Warrants"** means the UI share purchase warrants to be issued in connection with the UI Private Placement, with each warrant being exercisable to acquire one UI Share.

**"Value Security Escrow Agreement"** has the meaning ascribed thereto in Part IV – *Information Concerning the Resulting Issuer – Escrowed Securities of the Resulting Issuer*.

**"Warrant"** shall mean a common share purchase warrant to acquire a Resulting Issuer Share.

**"Warrant Indenture"** means the warrant indenture to be dated as of the closing date of the Financing between the Company and Odyssey.

#### **DATE OF INFORMATION**

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of August 30, 2021.

#### **CURRENCY PRESENTATION**

All currency amounts in this Filing Statement are expressed in Canadian dollars unless otherwise indicated.

#### **NOTE TO UNITED STATES SHAREHOLDERS**

The transactions contemplated herein are being undertaken by Canadian issuers in accordance with Canadian corporate and securities laws. Shareholders should be aware that disclosure requirements under such Canadian laws are different from requirements under United States corporate and securities laws relating to issuers organized under United States laws, and this Filing Statement has not been filed with or approved by the United States Securities and Exchange Commission or the securities regulatory authority of any state within the United States. Likewise, information concerning the operations of each of UI and PSQ has been prepared in accordance with Canadian standards, and may not be comparable to similar information for issuers organized in the United States.

The financial statements of UI and PSQ included in this Filing Statement have been prepared in accordance with IFRS, and thus may not be comparable to financial statements prepared in accordance with accounting principles generally accepted in the United States. Completion of the transactions described herein may have tax consequences under the laws of both the United States and Canada, and neither PSQ nor UI undertakes to describe any such tax consequences under the laws of the United States in this Filing Statement. United States shareholders of UI or PSQ are advised to consult their tax advisors to determine any particular tax consequences to them of the transactions to be effected in connection with the Proposed QT.

THE RESULTING ISSUER SHARES TO BE ISSUED PURSUANT TO THE AMALGAMATION HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND SUCH SECURITIES ARE BEING ISSUED IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS. AS A RESULT, RESULTING ISSUER SHARES ISSUED TO UNITED STATES SHAREHOLDERS MAY BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS.

UNITED STATES HOLDERS OF UI OR PSQ SECURITIES SHOULD CONSULT THEIR OWN TAX, LEGAL AND FINANCIAL ADVISORS REGARDING THE PARTICULAR CONSEQUENCES TO THEM OF THE AMALGAMATION.

All capitalized terms used and not otherwise defined above shall have the meanings ascribed thereto in the Glossary of Defined Terms in this Filing Statement.

#### **NOTICE CONCERNING FORWARD-LOOKING STATEMENTS**

This Filing Statement contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such

words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of PSQ, UI and/or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: (a) the intention to complete the Proposed QT and all of its components; (b) the description of the Resulting Issuer that assumes completion of the Proposed QT; (c) the intention to grow the Business and the proposed operations of the Resulting Issuer; (d) the level of working capital and cash-flow at Closing and in the future, including whether cash-flow is positive or negative; and (e) proposals regarding the governance, operations and compensation matters for the Resulting Issuer. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Filing Statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the efficiency and results of operations of UI and/or the Resulting Issuer, the economy generally, market participants' interest in the Resulting Issuer's services and products, market and competitive conditions, current and future stock prices, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, fluctuations in foreign currency exchange rates, business prospects and opportunities, as well as to the ability of PSQ, UI and/or the Resulting Issuer to: (a) satisfy the conditions under the Definitive Agreement and for the Qualifying Transaction; (b) satisfy the requirements of the TSXV with respect to the Proposed QT and the Qualifying Transaction such that the TSXV will issue the Final Exchange Bulletin; (c) obtain necessary financing as and when additional financing is required; (d) successfully integrate PSQ and UI and manage risks; and (e) complete the Financing. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement.

While PSQ anticipates that subsequent events and developments may cause its views to change, each of PSQ, UI and the Resulting Issuer specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the views of any of PSQ, UI and the Resulting Issuer as of any date subsequent to the date of this Filing Statement. Although PSQ has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The factors identified above are not intended to represent a complete list of the factors that could affect PSQ, UI and/or the Resulting Issuer. Additional factors are noted under "*Risk Factors*" in this Filing Statement. The forward-looking statements contained in this Filing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Filing Statement are made as of the date of this Filing Statement and none of PSQ, UI or the Resulting Issuer undertakes an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

## **MARKET AND INDUSTRY DATA**

The market and industry data contained in this Filing Statement relating to UI and its Business is based upon information from independent industry and other publications and UI's management's knowledge of, and experience in, the industry in which UI operates. None of the sources of market and industry data have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Proposed QT. Market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. Neither

PSQ nor UI has independently verified any of the data from third party sources referred to in this Filing Statement or ascertained the underlying assumptions relied upon by such sources.

#### **INFORMATION CONCERNING UI**

The information contained or referred to in this Filing Statement relating to UI has been furnished by UI. In preparing this Filing Statement, PSQ relied upon UI to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to UI. Although PSQ has no knowledge that would indicate that any statements contained herein concerning UI are untrue or incomplete, neither PSQ nor any of its respective directors or officers assume any responsibility for the accuracy or completeness of such information or for any failure by UI to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

#### **INFORMATION CONCERNING PSQ**

The information contained or referred to in this Filing Statement relating to PSQ has been furnished by PSQ. In preparing this Filing Statement, UI relied upon PSQ to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to PSQ. Although UI has no knowledge that would indicate that any statements contained herein concerning PSQ are untrue or incomplete, neither UI nor any of its respective directors or officers assume any responsibility for the accuracy or completeness of such information or for any failure by PSQ to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

## SUMMARY OF FILING STATEMENT

***The following is a summary of information relating to PSQ, UI and, assuming completion of the Proposed QT set out hereunder, the Resulting Issuer, and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.*** Capitalized terms used in this summary, and not defined in this summary, will have the meaning provided in the Glossary or elsewhere in this Filing Statement. No person is authorized to give any information or to make any representation not contained in this Filing Statement and, if given or made, such information or representation should not be relied upon as having been authorized. This Filing Statement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. **Neither delivery of this Filing Statement nor any distribution of the securities referred to in this Filing Statement shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Filing Statement.**

Any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' reports thereon and information circulars filed by PSQ with the securities commissions or similar authorities in the province of Alberta subsequent to the date of this Filing Statement and prior to the closing of the Proposed QT, shall be deemed to be incorporated by reference in this Filing Statement.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Filing Statement to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Filing Statement.

### **P Squared Renewables Inc.**

The Company was incorporated under the ABCA on March 10, 2017 and completed the PSQ IPO as a CPC on June 19, 2017. The Common Shares began trading on the TSXV on June 19, 2017. PSQ's business has been restricted to the identification and evaluation of potential acquisitions or interests that could lead to the completion of its QT under the CPC Policy. The Company is authorized to issue an unlimited number of Common Shares, of which 8,000,000 were issued prior to the PSQ IPO and 3,000,000 were issued pursuant to the PSQ IPO and which remain outstanding as at the date of this Filing Statement. The Company may issue up to 1,150,000 Common Shares pursuant to the exercise of PSQ Stock Options outstanding as at the date hereof. As of the date hereof, including the CPC Escrow Shares, the Company had 12,085,850 issued and outstanding Common Shares. The Common Shares are listed and traded on the TSXV under the symbol "PSQ.P".

PSQ's registered office is located at Suite 1000, 250 2nd Street SW, Calgary, Alberta, T2P 0C1. See also "*Part II – Information Concerning the Company – General Description of the Business*".

### **Universal Ibogaine Inc.**

UI is a privately owned company and was incorporated under the BCBCA on April 16, 2018. UI is in the initial stages of implementing and financing its business plan, which is to develop a series of global detoxification clinics for the treatment and ideally the cure of addictions to primarily opioids (heroin, fentanyl, etc.), as well

as alcohol, cocaine, and other stimulants. In addition, UI plans to apply to undertake clinical trials in Canada to prove the efficacy of the use of ibogaine, a natural substance, in the treatment of opioid addictions.

UI entered into the ClearSky Agreement, whereby it acquired the exclusive global rights to utilize a proprietary addiction treatment protocol which involves the use of ibogaine, a natural substance. Completion of the ClearSky Agreement requires the issuance of additional consideration by UI, represented by the issuance of 30,000,000 UI common shares, and the completion of the PSQ QT.

UI has also entered into an agreement (the "**Kelburn Agreement**") to acquire the operations and property used by the Kelburn Clinic, an addiction treatment facility operating near Winnipeg, Manitoba. Closing of the acquisition is to occur no later than July 31, 2021, and is subject to completion of the Financing and TSXV approval of the Proposed QT. It is intended that acquisition would close concurrently with closing of the Proposed QT, unless closed earlier. Consideration payable by UI of \$5,000,000 consists of (i) \$2,600,000 cash, and (ii) \$2,400,000 payable in the form of 9,600,000 UI share Units. To fund the cash portion, UI (i) has a mortgage financing commitment in place with a Manitoba credit union for up to \$1,630,000 and (ii) has made deposits of \$625,000 to date (including \$375,000 paid on May 31, 2021), leaving a balance due at closing of \$375,000.

UI's head office, registered office and principal address is Suite 303 - 595 Howe Street, Vancouver, BC, V6C 2T5. See also "*Part III – Information Concerning UI – General Description of the Business of UI*".

### **Background to the Proposed Qualifying Transaction**

The Proposed QT between PSQ and UI is being undertaken to create a business that intends to (i) operate a network of addiction treatment clinics and (ii) undertake Health Canada approved clinical trials in Canada for the use of ibogaine for addiction treatment. The Proposed QT will involve a reverse-take-over acquisition of PSQ by UI by way of an amalgamation of UI with Subco (a wholly-owned subsidiary of PSQ) and an exchange of common shares of the Resulting Issuer for the common shares of UI. The Proposed QT also involves (i) the closing of a Financing by Subco and (ii) the closing of an acquisition by UI of the "Kelburn Clinic", an addiction treatment business operating near Winnipeg, Manitoba.

### **Summary of the Qualifying Transaction**

PSQ and UI entered into letter of intent on October 30, 2019, further to which PSQ, UI and Subco entered into a Definitive Agreement on October 7, 2020 as amended by the Amending Agreement. Under the terms of the Definitive Agreement, the Resulting Issuer will acquire all of the issued and outstanding UI Shares in exchange for the issuance of 144,558,002 Resulting Issuer Shares (including the 13,171,434 Penalty Shares to be issued by UI, but without giving effect to the Financing and the acquisition of the Kelburn Clinic), in accordance with the Exchange Ratio. The Proposed QT will be structured as a three-cornered amalgamation. Upon completion of the Proposed QT, UI will become a wholly-owned subsidiary of the Resulting Issuer.

The Proposed QT will constitute PSQ's Qualifying Transaction pursuant to Exchange Policy 2.4.

The principal features of the Proposed QT may be summarized as follows:

- (a) under a three-cornered amalgamation, Subco will amalgamate with UI, and PSQ will issue Common Shares to the holders of the UI Shares in exchange for the UI Shares on the basis of the Exchange Ratio, resulting in the issuance of 143,802,873 Common Shares to UI's Shareholders; and
- (b) upon completion of the Proposed QT, the amalgamated company resulting from the amalgamation of Subco and UI, being Amalco, will be a wholly-owned subsidiary of PSQ, and PSQ will change its name to "Universal Ibogaine Inc." or such other name as determined by UI and PSQ.

The completion of the Proposed QT contemplated by the Definitive Agreement is subject to certain conditions, including but not limited to (a) completion of the Financing; (b) obtaining all necessary regulatory approvals, including Exchange approval of the Proposed QT, the name change, and other transactions comprising part of the Proposed QT; (c) the approval by the UI Shareholders of the Proposed QT; and (d) other customary conditions. See *"Part I – The Proposed Qualifying Transaction"*.

### **The Financing**

Prior to issuance of final approval by the TSXV of the Proposed QT, Subco intends to complete an offering of up to 24,000,000 subscription receipts (each a **"Subscription Receipt"**) at a price of \$0.25 per Subscription Receipt for aggregate gross proceeds of \$6,000,000 (the **"Financing"**).

The gross proceeds from the Financing will be deposited in escrow pending the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions, including the completion of all conditions precedent to the Proposed QT, on or before the Release Deadline. Each Subscription Receipt shall entitle the holder thereof to automatically receive, upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions prior to the Release Deadline, without any further action required by such holder and without payment of any additional consideration, one Subco Unit, all in accordance with the Subscription Receipt Agreement.

Each Subco Unit will be comprised of one common share in the capital of Subco and one Subco Warrant. Each Subco Warrant will entitle the holder thereof to purchase one Subco Share for a period of five (5) years from the date of issuance. Each Warrant shall be exercisable at the following prices: (a) \$0.50 per common share if exercised in the first year from the date of issuance; (b) \$0.75 per common share if exercised in the second year from the date of issuance; (c) \$1.00 per common share if exercised in the third year from the date of issuance; (d) \$1.25 per common share if exercised in the fourth year from the date of issuance; and (e) \$1.50 per common share if exercised in the fifth year from the date of issuance. The Subco Warrants will be created and issued pursuant to the terms of the Warrant Indenture to be dated as of the closing date of the Financing between the Company and Odyssey.

The Subco Units issuable in exchange for the Subscription Receipts will be exchanged for Resulting Issuer Units on a one for one basis pursuant to the Amalgamation prior to the delivery of such Subco Units, and as such, such Resulting Issuer Units, not the Subco Units issuable in exchange for the Subscription Receipts, will be delivered to the subscribers following the completion of the Financing and the Proposed QT.

The Financing was made in reliance on exemptions from the prospectus requirement contained in National Instrument 45-106 - Prospectus and Registration Exemptions.

### **The Resulting Issuer**

Following the Closing, Amalco will be a direct, wholly-owned subsidiary of the Resulting Issuer and the capital structure of the Resulting Issuer will remain unchanged, other than for the issuances of securities contemplated by the Proposed QT. Upon completion of the Proposed QT and subject to the approval of the TSXV, the Resulting Issuer is expected to become a Tier 2 Technology or Industrial Issuer on the TSXV. See *"Information Concerning the Resulting Issuer – Corporate Structure"*.

### **Reason for the Proposed QT**

The Company is a corporation incorporated under ABCA with its common shares listed for trading on the TSXV under the trading symbol of "PSQ.P". The Company was initially listed as a CPC on June 21, 2017 and has been without an active business since that time. CPC listing requirements mandate that the Company acquires a suitable active business or asset as its Qualifying Transaction in order to maintain its listing on the TSXV. Since June 21, 2017, management of the Company has examined a number of suitable businesses and assets with a view to satisfying both the CPC Policy and increasing shareholder value. Management is of the view that the Proposed QT and the underlying business and assets of UI constitute a suitable transaction for these purposes.

## Directors and Management

The proposed directors and officers of the Resulting Issuer following the Closing are as follows:

Name and Municipality of Residence	Proposed Position With Resulting Issuer
Dr. Rami Batal - Mount Royal, Quebec	Chief Executive Officer
Greg Leavens - Calgary, Alberta	Chief Financial Officer and Corporate Secretary
Ian Campbell - Vancouver, BC	Chairman and Director
Marilyn Loewen Mauritz, Vancouver, BC	Director
Dr. Alberto Solá Agulló - Cancun, Mexico	Director
Robert Turner – The Blue Mountains, Ontario	Director

## Interests of Insiders, Promoters and Control Persons

No Insider, Promoter or Control Person of PSQ and their respective Associates and Affiliates (before giving effect to the Qualifying Transaction) have any interest in UI.

## Arm's Length Qualifying Transaction

The Proposed Qualifying Transaction described in this Filing Statement does not constitute a Non-Arm's Length Qualifying Transaction for PSQ within the meaning of the CPC Policy.

## Available Funds and Principal Purposes

The following table sets forth the total funds available to the Resulting Issuer after giving effect to the Proposed QT and the Financing as of July 31, 2021:

Proceeds of the Financing	\$ 6,000,000
Financing costs (finders' fees, legal, audit and other)	(525,000)
Net proceeds	5,475,000
Estimated working capital of PSQ	50,000
Estimated working capital of UI	150,000
Total estimated available funds	5,675,000

The table below sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Proposed QT will be used for the next 18 months. While management currently intends to use the available funds as set forth in this Filing Statement, the Resulting Issuer may reallocate available funds for sound business reasons from time to time.

Estimated available funds (above)	\$ 5,675,000
Acquisition of the Kelburn Clinic and the Kelburn Property (including closing costs)	475,000
Clinical development program	1,750,000
Repayment of promissory notes (maximum, if not converted)	350,000
General working capital	2,900,000
Total uses of estimated available funds	5,675,000

See "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

## Selected Financial Information

### PSQ

Because PSQ is currently a CPC, other than its IPO, its business has to date consisted solely of identifying a suitable Qualifying Transaction. PSQ raised gross proceeds of \$400,000 on its formation as a CPC in 2017, an additional \$300,000 from its IPO as a CPC in June 2017, and subsequently has raised an additional \$185,000 in private placements of common shares. As of June 30, 2021, PSQ had working capital of approximately \$50,000, has no outstanding capital commitments, and had not pledged any of its assets as security for loans, or otherwise, and was not subject to any debt covenants. Management believes that PSQ has sufficient working capital to complete the Qualifying Transaction with UI and meet its anticipated listing and related public company expenses for 2021.

### UI

The table below sets out certain financial data for UI in respect of the periods for which financial information is included elsewhere in this Filing Statement. The information for each of the years in the three year period ended July 31, 2020 has been derived from the audited financial statements of UI included elsewhere in this Filing Statement.

	Year Ended July 31, 2020	Year Ended July 31, 2019	Year Ended July 31, 2018
<b>Total Revenues</b>	Nil	Nil	Nil
<b>Net and Comprehensive Loss</b>	(5,570,899)	(2,457,272)	(349,286)
<b>Total Liabilities</b>	1,045,598	1,093,776	67,860
<b>Total Assets</b>	553,117	3,333,790	981,939

### The Resulting Issuer

The following table summarizes certain pro forma financial information for the Resulting Issuer after giving effect to the Financing and the Proposed QT and should be read in conjunction with the pro forma financial statement for the Resulting Issuer attached as Schedule "B" to this Filing Statement:

	PSQ as at March 31, 2021 (\$)	UI as at April 30, 2021 (\$)	Kelburn Clinic as at May 31, 2021 (\$)	Pro Forma Adjustments (\$)	Resulting Issuer Pro Forma as at Completion of the Proposed QT (\$)
Current Assets	2,197,887	1,013,071	4,529	2,301,480	5,516,967
Total Assets	2,198,856	4,138,284	770,895	7,151,910	14,259,945
Current Liabilities	2,143,313	406,163	437,493	(2,316,779)	670,190
Long-Term Liabilities	60,000	40,000	799,561	862,115	1,761,676
Shareholders' Equity (Deficiency)	(4,457)	3,692,121	(466,159)	8,606,574	11,828,079

## **Market Price of Common Shares**

The Common Shares are listed on the TSXV under the symbol "PSQ.P". Trading in Common Shares is currently halted pending completion of the Proposed QT. The closing market price of the Common Shares on June 27, 2019, the last trading day immediately preceding the announcement of the Proposed QT, was \$0.16. See "*Information Concerning PSQ – Market Price and Trading Volume Data*" for information relating to the trading price of the Common Shares for the last 12 months.

There is no public market for the UI Shares.

## **Sponsorship**

Pursuant to the Sponsorship Agreement, the Company has engaged the Sponsor to act as sponsor with respect to the Proposed QT for minimum consideration of \$60,000, and reimbursement of reasonable legal fees and disbursements, and reasonable out-of-pocket expenses. See "*General Matters - Sponsorship an Agent Relationship*".

## **Conflicts of Interest**

Certain officers and directors of the Company may also periodically serve as officers and/or directors of other companies. As a result, situations may arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

## **Shareholder Approvals**

Under the terms of the Definitive Agreement, the Proposed QT is subject to approval of the shareholders of UI, which approval is a condition to closing the Proposed QT. No approval of the Proposed QT is required from PSQ Shareholders, however, certain ancillary and post-Closing matters related to the Proposed QT will be put to PSQ Shareholders for pre-approval in anticipation of, and shall be subject to, the completion of the Proposed QT (for further details on these matters, please see PSQ's management information circular dated May 12, 2021, which is accessible on PSQ's SEDAR profile at [www.sedar.com](http://www.sedar.com)).

## **Interest of Experts**

Except as disclosed elsewhere in this Filing Statement, to the knowledge of PSQ, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement has, or will have immediately following completion of the Proposed QT, any direct or indirect interest in UI, PSQ or the Resulting Issuer or in an Associate or Affiliate of PSQ, UI or the Resulting Issuer. See "*Interests of Experts*".

## **Conditional Listing Approval**

The Proposed QT is subject to the acceptance of the TSXV and PSQ fulfilling all of the requirements of the TSXV. The TSXV conditionally accepted the Proposed QT on July 19, 2021. Final materials that will satisfy the outstanding conditions of the TSXV will be filed with the TSXV as soon as possible following the completion of the Amalgamation.

## **Risk Factors**

There are inherent risks in the business of PSQ and in the Business of UI. The Proposed QT must be considered speculative due to the nature of the business of PSQ and UI, and each company's relatively formative stage of development. PSQ Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of PSQ and the Resulting Issuer. There is no guarantee that the Resulting Issuer will be able to secure future financing to meet its future plans and needs on reasonable terms. The Business of the Resulting Issuer will be subject to risks and hazards related to PSQ and UI, some of which are beyond its control.

Material risk factors affecting the Resulting Issuer include the following: risks related to limited operating history, funding and future financing risks, risks associated with regulatory requirements and regulatory approvals, licensing risks, risk of reliance of key personnel, industry competition risks, product development and commercialization risk, insurance risks, risks related to ability to achieve publicly announced milestones, risks related to changes in governmental regulation, risks relating to controlling position held by significant shareholders, environmental risks, risks related to availability of key supplies, intellectual property risks, litigation risks, product liability risks, dilution and liquidity risks, foreign exchange risk, risk relating to fluctuations in market price, risks relating to pursuing other business opportunities, risks related to management of growth, risks related to implementation and maintenance of internal controls and other usual risks associated with an investment in a business at an early stage of development. For a further description of material risk factors affecting the Resulting Issuer, see "*Risk Factors*".

## **PART I - THE PROPOSED QUALIFYING TRANSACTION**

### **DETAILS OF THE PROPOSED QT**

On October 30, 2019, PSQ and UI entered into a binding letter agreement to conduct the Qualifying Transaction. Effective October 7, 2020 PSQ, Subco and UI entered into the Definitive Agreement pursuant to which PSQ will acquire all of the issued and outstanding UI Shares in exchange for the issuance of Resulting Issuer Shares, in accordance with the Exchange Ratio. The Proposed QT will be structured as a three-cornered amalgamation.

PSQ, a CPC, intends for the Proposed QT to constitute as a Qualifying Transaction under the Exchange Policy 2.4. The Proposed QT is not a Non-Arm's Length Qualifying Transaction. As such, PSQ does not require the approval of PSQ Shareholders in order to complete the Proposed QT. However, certain ancillary and post-Closing matters related to the Proposed QT were put to PSQ Shareholders for pre-approval in anticipation of, and shall be subject to, the completion of the Proposed QT (for further details on these matters, please see PSQ's management information circular dated May 12, 2021, which is accessible on PSQ's SEDAR profile at [www.sedar.com](http://www.sedar.com)).

In connection with the Proposed QT, Subco proposes to complete the Financing for aggregate gross proceeds of up to \$6,000,000. Completion of the Financing is a condition to completion of the Proposed QT.

#### **The Amalgamation**

PSQ has entered into the Definitive Agreement with UI and Subco pursuant to which PSQ will acquire all of the issued and outstanding UI Shares by way of a three-cornered amalgamation. Pursuant to the Definitive Agreement: (i) UI will amalgamate with Subco, (ii) the UI Shares will be cancelled in exchange for the Resulting Issuer Shares in accordance with the Exchange Ratio, (iii) the one Subco Share held by PSQ will be cancelled, and in exchange therefor, Amalco will issue to PSQ one common share in respect of the one cancelled Subco Share; and (iv) all UI Shares held by holders who have exercised their rights of dissent under the applicable provisions of the ABCA, if any, will be deemed to have been cancelled and the holders of such dissenting shares will cease to have any rights as UI Shareholders other than the right to be paid the fair value of their UI Shares. Although the Transaction will result in UI becoming a wholly-owned subsidiary of the Company, the Proposed QT will constitute a reverse takeover of the Company as the former UI Shareholders will own a substantial majority of the Resulting Issuer Shares. Upon completion of the Proposed QT, the current Business of UI will be the Business of the Resulting Issuer. See "*Part III – Information Concerning the Target Company – Narrative Description of the Business*".

Subject to all required regulatory approvals, including but not limited to the approval of the TSXV, following consummation of the Amalgamation, holders of UI Options shall receive Resulting Issuer Options in replacement for their UI Options in accordance with the Exchange Ratio, each of which will be exercisable to acquire one (1) Resulting Issuer Share. For greater certainty, PSQ will issue PSQ Options to each of the holders of UI Options under a replacement option agreement for each such holders which shall: (i) be governed by the PSQ Stock Option Plan, (ii) be in a form acceptable to PSQ and UI, acting reasonably, and (iii) contain substantially the same terms as the respective UI option agreement it replaces, subject to appropriate adjustments to the exercise price inversely proportional to the Exchange Ratio.

Upon completion of the Proposed QT and assuming completion of the Financing the former UI Shareholders will hold approximately 75.8% of the Resulting Issuer Shares, the PSQ Shareholders will hold approximately 6.4% of the Resulting Issuer Shares, the Kelburn vendors (owners of the Kelburn Clinic and the Kelburn Property) will hold approximately 5.1% of the Resulting Issuer Shares, and the subscribers to the Financing will hold approximately 12.7% of the Resulting Issuer Shares. Accordingly, the Proposed QT will constitute a "reverse take-over" for accounting purposes.

The Completion of the Qualifying Transaction contemplated by the Definitive Agreement is subject to certain conditions, including but not limited to (a) obtaining all necessary regulatory approvals, including TSXV approval of the Proposed QT and other transactions comprising part of the Proposed QT; (b) the approval by the UI Shareholders of the Proposed QT; and (c) other customary conditions. See "*Part I – The Proposed QT – Definitive Agreement*".

## **The Financing**

Prior to the issuance of final approval by the TSXV of the Proposed QT, Subco intends to complete the Financing.

The gross proceeds from the Financing will be deposited in escrow pending the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions, including the completion of all conditions precedent to the Proposed QT, on or before the Release Deadline. Each Subscription Receipt shall entitle the holder thereof to automatically receive, upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions prior to the Release Deadline, without any further action required by such holder and without payment of any additional consideration, one Subco Unit, all in accordance with the Subscription Receipt Agreement.

Each Subco Unit will be comprised of one (1) Subco Share and one (1) Subco Warrant. Each Subco Warrant will entitle the holder thereof to purchase one common share in the capital of Subco until the Warrant Expiry Date. Each Subco Warrant shall be exercisable at the following prices: (a) \$0.50 per Common Share if exercised in the first year from the date of issuance; (b) \$0.75 per Common Share if exercised in the second year from the date of issuance; (c) \$1.00 per Common Share if exercised in the third year from the date of issuance; (d) \$1.25 per Common Share if exercised in the fourth year from the date of issuance; and (e) \$1.50 per Common Share if exercised in the fifth year from the date of issuance. The Subco Warrants will be created and issued pursuant to the terms of the Warrant Indenture.

The Subco Units issuable in exchange for the Subscription Receipts will be exchanged for Resulting Issuer Units on a one for one basis pursuant to the Amalgamation prior to the delivery of such Subco Units, and accordingly, such Resulting Issuer Units, not the Subco Units issuable in exchange for the Subscription Receipts, will be delivered to the subscribers following the completion of the Financing and the Proposed QT.

The Financing was made in reliance on exemptions from the prospectus requirement contained in National Instrument 45-106 - Prospectus and Registration Exemptions.

## **EFFECT OF THE PROPOSED QT**

Following the Closing and assuming the completion of the Financing, it is expected that:

- (a) UI shall have amalgamated with Subco and Amalco will become a wholly-owned subsidiary of PSQ;
- (b) PSQ will have acquired all of the issued and outstanding UI Shares on the basis of the Exchange Ratio;
- (c) the Resulting Issuer will carry on the Business previously carried on by UI;
- (d) there will be an aggregate of 166,243,852 Resulting Issuer Shares issued and outstanding on a non-diluted basis (including an estimated 9,600,000 shares related to the acquisition of the Kelburn Clinic but without giving effect to the Financing) or 190,243,723 Resulting Issuer Shares issued and outstanding on a non-diluted basis (after giving effect to the Financing);

- (e) the former UI Shareholders will hold an aggregate of 144,558,002 Resulting Issuer Shares representing approximately 76% of the outstanding Resulting Issuer Shares on a non-diluted basis (after giving effect to the Financing);
- (f) the owners of the Kelburn Clinic will hold an estimated aggregate of 9,600,000 Resulting Issuer Shares representing 5.0% of the outstanding Resulting Issuer Shares on a non-diluted basis (after giving effect to the Financing);
- (g) the existing PSQ Shareholders will hold an aggregate of 12,085,850 Resulting Issuer Shares representing approximately 6.4% of the outstanding Resulting Issuer Shares on a non-diluted basis (after giving effect to the Financing); and
- (h) the Resulting Issuer Board shall be comprised of Ian Campbell, Marilyn Loewen Mauritz, Dr. Alberto Solá Agulló and Robert Turner. In addition, it is expected that Ian Campbell will serve as Chairman, Dr. Rami Batal will serve as CEO and Greg Leavens will serve as CFO and Corporate Secretary of the Resulting Issuer.

### **BACKGROUND OF THE PROPOSED QT**

On June 21, 2017, PSQ completed the PSQ IPO. As a CPC, PSQ has no assets other than cash, and has not carried on active business or commercial operations. Under the policies of the TSXV, the activities of PSQ are limited to identifying and evaluating assets or businesses which, when acquired, would qualify PSQ for listing as a Tier 1 or Tier 2 issuer on the TSXV.

In the fall of 2019, PSQ began discussions with UI directors and management about the possibility of a transaction that would see PSQ and UI combine. The negotiations were conducted at arm's length.

On October 20, 2019, PSQ and UI entered into a letter of intent to conduct the Proposed QT. The parties subsequently executed the Definitive Agreement on October 7, 2020, which was amended pursuant to the Amending Agreement. Pursuant to the Definitive Agreement and subject to receipt of all requisite approvals, PSQ will acquire all of the issued and outstanding UI Shares in exchange for the issuance of Resulting Issuer Shares in accordance with the Exchange Ratio.

### **REASONS FOR THE PROPOSED QT**

PSQ was formed as a CPC and has been engaged in the business of identifying and evaluating properties or businesses with a view to completing a Qualifying Transaction. The Proposed QT will constitute a Qualifying Transaction for PSQ for the purposes of Exchange Policy 2.4.

The Proposed QT also allows UI to provide the potential for liquidity to its existing shareholders, gain access to the capital markets, and provide a currency to better enable future acquisitions.

The terms of the Proposed QT were established through arm's length negotiations and is therefore not a Non-Arm's Length Qualifying Transaction.

### **DEFINITIVE AGREEMENT**

The following is a summary of the material provisions of the Definitive Agreement. This description is not a complete description of the provisions of the Definitive Agreement and is qualified in its entirety by the Definitive Agreement, which is available for review under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### **General**

The Definitive Agreement was entered into effective as of October 7, 2020, which was amended pursuant to the Amending Agreement. Under the terms of the Amending Agreement, the parties agreed to: (i) replace

a proposed prospectus offering with the Financing; (ii) provide that Ian Campbell, Dr. Alberto Solá, Robert Turner and Marilyn Loewen Mauritz are the proposed directors of the Resulting Issuer; (iii) extend the date by which the Amalgamation must become effective to August 31, 2021; (iv) provide for a contractual escrow for a 12 month period for all UI Shares that were issued at \$0.10 or less; and (v) other amendments of a housekeeping nature.

The principal features of the Amalgamation may be summarized as follows:

- (a) UI and Subco will amalgamate and continue as Amalco under the provisions of the BCBCA and, as a result, the property and liabilities of Subco and UI will become the property and liabilities of Amalco;
- (b) the UI Shares held by Dissenting Shareholders, if any, will be deemed to have been cancelled and Dissenting Shareholders will cease to have any rights as UI Shareholders other than the right to be paid the fair value of their UI Shares;
- (c) each UI Share shall be cancelled and the holder thereof shall receive that number of Resulting Issuer Shares, on the basis of the Exchange Ratio;
- (d) the share exchange will be subject to a maximum total of 130,000,000 (as defined) Resulting Issuer Shares being issued to the shareholders of UI common shares and a maximum of 13,400,000 Resulting Issuer Shares being exchanged for PSQ's outstanding common shares, provided that, any UI Units issued for cash at a price equal to or greater than the \$0.25 per UI Unit are excluded from the 130,000,000 maximum amount of Resulting Issuer Shares being issued to the shareholders of UI;
- (e) the one PSQ share held in the capital of Subco shall be cancelled and, after the Amalgamation, Amalco shall issue one share to PSQ in respect of the one Subco share so cancelled.

### **Representations, Warranties and Covenants**

The Definitive Agreement contains certain customary representations and warranties of each of PSQ, Subco and UI relating to, among other things, their respective organization, capitalization, qualification, operations, compliance with laws and regulations and other matters, including their authority to enter into the Definitive Agreement and to consummate the Proposed QT. Pursuant to the Definitive Agreement the parties have agreed to advise each other of any material adverse changes. Further, the parties have agreed to use their commercially reasonable efforts to obtain all regulatory and other consents, waivers and approvals required for the consummation of the Proposed QT.

In addition, pursuant to the Definitive Agreement each of the parties has covenanted, among other things, until the completion of the Proposed QT, to maintain their respective businesses and not take certain actions outside the ordinary course.

### **Conditions to the Proposed QT**

The Definitive Agreement contains a number of conditions precedent to the obligations of PSQ, Subco and U thereunder. Unless all such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Proposed QT will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all. The conditions to the Proposed QT becoming effective are set out in the Definitive Agreement and are summarized below.

### ***Mutual Conditions***

The respective obligations of PSQ and UI to complete the Proposed QT are subject to the fulfillment of the following conditions at or prior to the Closing Date, each of which may be waived with the written consent of the parties:

- (a) the UI Special Resolution approving the Proposed QT shall have been duly passed by UI Shareholders;
- (b) the Amalgamation Application filed with the Registrar shall be in form and substance satisfactory to each of PSQ and UI, acting reasonably;
- (c) the Proposed QT shall have been conditionally approved by the TSXV and the TSXV shall have conditionally approved for listing all of the Resulting Issuer Shares issuable to UI Shareholders pursuant to the Proposed QT;
- (d) the Definitive Agreement shall not have been terminated;
- (e) there shall be no action taken under any existing applicable law that: (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation or any other transactions contemplated in the Definitive Agreement; or (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated under the Definitive Agreement;
- (f) all regulatory approvals shall have been obtained;
- (g) the Financing shall have been completed; and
- (h) unless otherwise agreed upon by PSQ and UI in writing, holders of no more than 5% of all of the issued and outstanding UI Shares shall have exercised their dissent rights in respect of the UI Special Resolution.

### ***Conditions to Obligations of PSQ and Subco***

The obligations of PSQ and Subco to complete the Proposed QT are subject to the fulfillment of the following conditions at or prior to the Proposed QT Closing Date:

- (a) the representations and warranties made by UI in the Definitive Agreement shall be true in all material respects as of the Effective Date as if made on and as of such, and UI shall have provided to PSQ a certificate of an officer of UI certifying as to such matters on the Effective Date and PSQ shall have no knowledge to the contrary;
- (a) UI shall have complied in all material respects with its covenants in the Definitive Agreement and UI shall have provided to PSQ a certificate of an officer certifying as to such compliance as of the Effective Date;
- (b) before giving effect to the transactions contemplated in the Definitive Agreement there shall have been no Material Adverse Change in respect of UI or the Business since October 7, 2020;
- (c) PSQ shall have completed a due diligence review with respect to UI and its Business, which is satisfactory to PSQ in its sole and absolute discretion, acting reasonably;
- (d) UI shall have furnished PSQ with: (i) certified copies of the resolutions duly passed by the UI Board approving the Definitive Agreement and the consummation of the transactions

contemplated thereby and directing the submission of the Amalgamation for approval by UI Shareholders and recommending that UI Shareholders vote in favour of the Proposed QT; (ii) certified copies of the UI Special Resolution, unanimously passed by the UI Shareholders or duly passed by not less than 66 2/3% of the votes cast by UI Shareholders at the UI Meeting; and (iii) all material written communication between UI and any Dissenting Shareholder;

- (e) there shall be no action taken under any applicable law that will, in the sole judgement of PSQ, acting reasonably, impose any material limitations on the ability of UI, PSQ and Subco to complete the Amalgamation and the other transactions contemplated by the Definitive Agreement or would result in a material adverse effect on UI;
- (f) all Persons subject to TSXV Policy 5.4 in connection with the Qualifying Transaction shall have fully complied with the terms and conditions of such policy, including, where applicable, entering into any necessary escrow agreement, prior to or on the Effective Date; and
- (g) UI shall have furnished such other customary closing documents as may be requested by PSQ and/or its legal counsel, acting reasonably.

### ***Conditions to Obligations of UI***

The obligations of UI to complete the Proposed QT are subject to the fulfillment of the following conditions at or prior to the Proposed QT Closing Date:

- (a) the representations and warranties made by each of PSQ and Subco in the Definitive Agreement shall be true in all material respects as of the Effective Date as if made on and as of such date, and PSQ shall have provided to UI a certificate of an officer of PSQ certifying as to such matters on the Effective Date and UI shall have no actual knowledge to the contrary;
- (b) each of PSQ and Subco shall have complied in all material respects with their respective covenants in the Definitive Agreement and PSQ shall have provided to UI a certificate of an officer of PSQ certifying as to such compliance as of the Effective Date and UI shall have no actual knowledge to the contrary;
- (c) before giving effect to the transactions contemplated by the Definitive Agreement, there shall have been no Material Adverse Change in respect of PSQ and Subco since October 7, 2020;
- (d) UI shall have completed a due diligence review with respect to PSQ and its business, which is satisfactory to UI in its sole and absolute discretion, acting reasonably;
- (e) PSQ shall have furnished UI with: (i) certified copies of the resolutions duly passed by the PSQ Board and the Board of Directors of Subco, as applicable, approving the Definitive Agreement and the consummation of the transactions contemplated therein; (ii) certified copies of the resolutions duly passed by the PSQ Board conditionally allotting the aggregate number of Resulting Issuer Shares that may be required to be issued in accordance with the terms of the Definitive Agreement upon the Amalgamation taking effect; (iii) certified copy of a resolution passed by the sole shareholder of Subco approving the Amalgamation in accordance with the terms of the Definitive Agreement;
- (f) the Resulting Issuer Shares to be delivered pursuant to the Amalgamation, whether in share certificate or DRS statement form, shall have been approved for issuance and PSQ shall cause the delivery of such securities to the UI Shareholders who are entitled to receive

such consideration in accordance with the Definitive Agreement and upon completion of the Amalgamation;

- (g) each director and officer of PSQ shall have provided their written resignation as a director and/or officer of PSQ, as applicable, effective on or before the Effective Date, together with a release (satisfactory to each of PSQ and UI, acting reasonably) in favour of each of PSQ and UI;
- (h) prior to the Effective Date each of the UI Nominees, or any other individual put forward by UI in their stead, shall have been elected as directors of Subco, subject to the completion of the Qualifying Transaction (as further described under the Definitive Agreement, PSQ's management information circular dated May 12, 2021, which is accessible on PSQ's SEDAR profile at [www.sedar.com](http://www.sedar.com), and this Filing Statement) and the receipt by PSQ of all necessary regulatory approvals, including without limitation all necessary approvals of the TSXV;
- (i) on the Effective Date, the executive officers of the Resulting Issuer shall be comprised of the existing executive officers of UI, subject to the receipt by PSQ of all necessary regulatory approvals, including without limitation all necessary approvals of the TSXV;
- (j) there shall be no action taken under any applicable law, that will, in the sole judgement of UI, acting reasonably, impose any material limitations on the ability of UI, PSQ and Subco to complete the Amalgamation and the other transactions contemplated by the Definitive Agreement or which would result in a material adverse effect on PSQ;
- (k) the Resulting Issuer Shares to be delivered pursuant to the Amalgamation shall be issued as fully paid and non-assessable common shares in the capital of PSQ, free and clear of any and all encumbrances, except those pursuant to any relevant TSXV policies or applicable securities laws; and
- (l) each of PSQ and Subco shall have furnished such other customary closing documents as may be requested by UI and/or its legal counsel, acting reasonably.

### **Termination of Definitive Agreement**

The Definitive Agreement may be terminated at any time prior to the Proposed QT Closing Date by UI:

- (a) if the Amalgamation is not approved by the UI Shareholders in accordance with applicable laws or if holders of more than 5% of all of the issued and outstanding UI Shares shall have exercised their dissent rights in respect of the UI Special Resolution;
- (b) in the event the Amalgamation has not become effective on or before August 31, 2021, unless otherwise agreed to by the Parties in writing;
- (c) if a Material Adverse Change in respect of PSQ or Subco shall have occurred after October 7, 2020;
- (d) if PSQ or Subco shall be in breach of any of their respective covenants, agreements or representations and warranties contained in the Definitive Agreement that would have a material adverse effect on PSQ or Subco, as applicable, or on the ability of UI, PSQ and Subco to consummate the transactions contemplated thereby and PSQ or Subco, as applicable, fails to cure such breach within five (5) business days after receipt of written notice thereof from UI (except that no cure period shall be provided for a breach which by its nature cannot be cured); or

- (e) upon a right of termination of the Definitive Agreement by UI arising pursuant to Sections 4.1 and 6.1 thereof.

The Definitive Agreement may be terminated at any time prior to the Proposed QT Closing Date by PSQ:

- (a) if the Amalgamation is not approved by the UI Shareholders in accordance with applicable laws or if holders of more than 5% of UI Shares entitled to vote on the UI Special Resolution dissent thereto;
- (b) in the event the Amalgamation has not become effective on or before August 31, 2021, unless otherwise agreed to by the Parties in writing;
- (c) if a Material Adverse Change in respect of UI shall have occurred after October 7, 2020;
- (d) if UI shall be in breach of any of its covenants, agreements or representations and warranties contained in the Definitive Agreement that would have a material adverse effect on UI or on the ability of UI and PSQ to consummate the transactions contemplated thereby and UI fails to cure such breach within five (5) business days after receipt of written notice thereof from PSQ (except that no cure period shall be provided for a breach which by its nature cannot be cured); or
- (e) upon a right of termination of the Definitive Agreement by PSQ arising pursuant to Sections 5.1 and 6.1 thereof.

## **PROCEDURE FOR THE PROPOSED QT TO BECOME EFFECTIVE**

### **PSQ Shareholder Approval**

The Proposed QT does not constitute a Non-Arm's Length Qualifying Transaction since: (a) the Proposed QT was negotiated by the parties dealing at arm's length with each other, and (b) no party (together with its respective Associates or Affiliates) (i) holds more than 20% of the outstanding voting securities of PSQ and UI, or (ii) holds a sufficient number of securities of both PSQ and UI so as to affect materially the control of both PSQ and UI. As a result, approval of the Proposed QT by the PSQ Shareholders is not required under the TSXV policies as a condition to the completion of the Proposed QT.

However, certain ancillary and post-Closing matters related to the Proposed QT will be put to PSQ Shareholders for pre-approval in anticipation of and shall be subject to the completion of the Proposed QT (for further details on these matters, please see PSQ's management information circular dated May 12, 2021 which is accessible on PSQ's SEDAR profile at [www.sedar.com](http://www.sedar.com)).

### **UI Shareholder Approval**

As a condition of the Proposed QT, the UI Shareholders are required to approve, at the UI Meeting or by unanimous written resolution in lieu thereof, the UI Special Resolution authorizing the Proposed QT. UI obtained approval of the UI Special Resolution at the UI Meeting which was held on June 28, 2021.

### **TSXV Approval**

The Proposed QT is subject to the approval of the TSXV. Listing of the Resulting Issuer Shares to be issued in connection with the Proposed QT is subject to the Resulting Issuer fulfilling all requirements of the Exchange on completion of the Proposed QT.

The Resulting Issuer will be considered to have completed the Proposed QT on the date that the TSXV issues the Final Exchange Bulletin, which is expected to be on or about the fifth (5<sup>th</sup>) business day after the Closing of the Proposed QT, provided that all required documentation is filed with the TSXV. Exchange

Policy 2.4 regarding CPCs shall cease to apply after the completion of the Proposed QT, with the exception of any escrow resale restrictions, which will continue in full force and effect.

## PART II - INFORMATION CONCERNING THE COMPANY

### CORPORATE STRUCTURE

#### Name and Incorporation

The Company was incorporated under the *Business Corporations Act, Alberta*, on March 10, 2017 and completed the PSQ IPO as a CPC on June 21, 2017, under the name "P Squared Renewables Inc."

The principal and registered and records office of the Company is located at Suite 1000, 250 2<sup>nd</sup> Street SW, Calgary, Alberta, T2P 0C1 and the Company's head office is located at Suite 1470, Devon Tower, 400 3rd Avenue SW, Calgary, AB, T2P 4H2.

The Company is authorized to issue an unlimited number of Common Shares, and, as at the date of this Filing Statement, a total of 12,085,850 Common Shares are issued and outstanding.

#### Inter-Corporate Relationships

PSQ has one wholly- owned subsidiary, Subco, which was incorporated on September 23, 2020 under the BCBCA for purposes of completing the Amalgamation with UI.

### GENERAL DEVELOPMENT OF THE BUSINESS

#### History of the Company

PSQ was incorporated on March 10, 2017 pursuant to the *Business Corporations Act* of Alberta and is classified as a CPC as defined in the Exchange Policy 2.4. The principal business of PSQ is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

PSQ conducted an initial CPC financing as part of its formation in 2017, and issued 8,000,000 common shares for proceeds of \$400,000. Subsequently, on June 19, 2017, PSQ successfully completed its IPO and issued 3,000,000 common shares at \$0.10 per share for gross proceeds of \$300,000. Leede Jones Gable Inc. acted as agent (the "**IPO Agent**") for the IPO and was paid a cash commission equal to 10% of such proceeds. PSQ also granted to the IPO Agent and members of the selling group non-transferable options to purchase 300,000 PSQ common shares at a price of \$0.10 per share until June 29, 2019. The IPO Agent also received an administrative fee. Concurrent with this IPO, PSQ also received approval of its application to list the Common Shares on the Exchange and the Common Shares were listed on the TSXV on June 21, 2017 under the trading symbol "PSQ.P". PSQ conducted a private placement financing in 2020 and 2021, and raised gross proceeds of \$185,000 through the issuance of 925,000 additional PSQ common shares.

In July 2017, PSQ entered into an agreement to conduct a qualifying transaction with Borealis GeoPower Inc. ("**Borealis**"). The proposed transaction was later terminated in November 2017. PSQ incurred legal, due diligence and other costs of approximately \$265,000 to March 31, 2018 as part of that abandoned transaction. PSQ also made short-term loan advances totalling \$225,000 to Borealis in 2017. This loan, plus accrued interest owing at a rate of 6%, was repaid by Borealis to PSQ on its due date of August 1, 2018.

As of the date of this Filing Statement, the Common Shares are listed on the TSXV under the symbol "PSQ.P". Trading of the Common Shares was suspended on June 27, 2019 for failing to complete a QT within the required 24-month time period (the "**PSQ Trading Halt**"). At the time of the PSQ Trading Halt, the Common Shares were trading at a price of \$0.16 per share. PSQ has applied to list the Common Shares issuable pursuant to this Filing Statement on the TSXV. Listing will be subject to PSQ fulfilling all of the listing requirements of the TSXV, and closing of the Proposed QT is subject to a number of conditions, including obtaining TSXV approval.

### **Description of the Qualifying Transaction**

On October 30, 2019, PSQ entered into a binding letter agreement with UI, to acquire all of the issued and outstanding UI Shares by way of a three-cornered Amalgamation among PSQ, UI and Subco.

#### *Terms of the Proposed QT*

On October 7, 2020, PSQ entered into the Amalgamation Agreement with UI and Subco whereby PSQ has agreed to acquire all of the issued and outstanding shares of UI, and in exchange PSQ will issue to the UI Shareholders one (1) Resulting Issuer Share for each one (1) UI Shares so held. The Proposed QT will proceed by a three-cornered amalgamation by the parties, whereby UI and Subco will amalgamate resulting in UI becoming a wholly owned subsidiary of PSQ.

On closing of the Proposed QT, PSQ will change its name to "Universal Ibogaine Inc." or such other similar name as the parties may agree to and the PSQ common shares will be listed under a new trading symbol. PSQ anticipates that the Resulting Issuer will be classified as a Tier 2 issuer that will meet the initial listing requirements for a technology or industrial issuer.

#### *The Financing*

Prior to the ultimate approval by the TSXV of the Proposed QT, Subco intends to complete an offering of up to 24,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt for aggregate gross proceeds of \$6,000,000.

The gross proceeds from the Financing have been deposited in escrow pending the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions, including the completion of all conditions precedent to the Proposed QT, on or before the Release Deadline. Each Subscription Receipt shall entitle the holder thereof to automatically receive, upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions prior to the Release Deadline, without any further action required by such holder and without payment of any additional consideration, one Subco Unit, all in accordance with the Subscription Receipt Agreement.

Each Subco Unit will be comprised of one Subco Share and one Subco Warrant. Each Subco Warrant will entitle the holder thereof to purchase one common share in the capital of Subco until the Subco Warrant Expiry Date. Each Subco Warrant shall be exercisable at the following prices: (a) \$0.50 per Common Share if exercised in the first year from the date of issuance; (b) \$0.75 per Common Share if exercised in the second year from the date of issuance; (c) \$1.00 per Common Share if exercised in the third year from the date of issuance; (d) \$1.25 per Common Share if exercised in the fourth year from the date of issuance; and (e) \$1.50 per Common Share if exercised in the fifth year from the date of issuance. The Subco Warrants will be created and issued pursuant to the terms of the Warrant Indenture.

The Subco Units issuable in exchange for the Subscription Receipts will be exchanged for Resulting Issuer Units on a one for one basis pursuant to the Amalgamation prior to the delivery of such Subco Units, as such, such Resulting Issuer Units, not the Subco Units issuable in exchange for the Subscription Receipts, will be delivered to the subscribers following the completion of the Financing and the Proposed QT.

### *Conditions to Closing the Proposed QT*

The obligations of PSQ and UI to complete the Proposed QT are subject to the satisfaction of customary conditions precedent including, but not limited to: (i) TSXV approval; (ii) the receipt of all necessary shareholder and Board approvals; (iii) the absence of any material breach of the representations, warranties and covenants made by each party to the other; (iv) completion of the Financing; and (v) other conditions which are customary for a transaction such as the Proposed QT.

## **SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Selected Financial Information**

The following table sets forth financial information for the Company which has been summarized from PSQ's audited consolidated financial statements for the fiscal years ended March 31, 2021 and 2020. This summary information should be read in conjunction with the Company's financial statements.

<b>Financial information</b>	<b>Year ended March 31, 2021 (\$)</b>	<b>Year ended March 31, 2020 (\$)</b>
<b>Statement of Operations Data</b>		
Total Expenses	290,648	118,309
Net Loss and Comprehensive Loss	(290,648)	(118,309)
Net Loss per Share - Basic and Diluted	(0.03)	(0.01)
<b>Balance Sheet Data</b>		
Total Assets	2,198,856	116,615
Total Liabilities	2,203,313	21,724
Shareholders' Equity (Deficiency)	(4,457)	94,891

### **Management's Discussion and Analysis**

PSQ's Management Discussion and Analysis ("MD&A") for the period from inception to March 31, 2018 and for the fiscal years ended March 31, 2019, 2020 and 2021, are incorporated by reference and PSQ's MD&A for the year ended March 31, 2021 is attached to this Filing Statement as Schedule "G".

## **DESCRIPTION OF THE SECURITIES OF THE COMPANY**

PSQ is authorized to issue an unlimited number of Common Shares of which 12,085,850 common shares were issued and outstanding as fully paid and non-assessable shares as of the date of this Filing Statement.

PSQ is also authorized to issue an unlimited number of preferred shares without nominal or par value, of which, as at the date hereof, none have been issued. The preferred shares may be issued in one or more series, and the directors are authorized to fix the number of shares in each series, and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The preferred shares are entitled to a priority over the Common Shares with respect to the payment of dividends and the distribution of assets upon the liquidation of the Company.

The holders of the Common Shares are entitled to vote at meetings of the shareholders of the Company, to receive dividends, if, as and when declared by the Board on the Common Shares and to receive a proportionate share, on a per share basis, of the remaining property of the Company available for distribution upon dissolution, liquidation or winding up of the Company.

## STOCK OPTION PLAN

### CPC Agent's Option

As consideration for its role as agent in the PSQ IPO, in 2017 the Company granted Leede Jones Gable Inc. options to purchase up to 300,000 Common Shares of the Company at a price of \$0.10 per Common Share for a period of 24 months ending June 21, 2019 (the "**CPC Agent's Option**"). A total of 160,850 of these CPC Agent's Options were exercised in 2019, resulting in proceeds to PSQ of \$16,085, and the remaining 139,150 CPC Agent's Options expired unexercised in June, 2019.

### Incentive Stock Options

The Company adopted the PSQ Stock Option Plan in 2017 for the benefit of its employees, directors, officers, Affiliates, consultants and management company employees. The PSQ Stock Option Plan was established to provide additional incentives to attract, retain, and motivate key individuals so that they may increase their stake in the Company and benefit from increases in the value of the Common Shares.

Pursuant to the PSQ Stock Option Plan, the maximum number of Common Shares reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 10% of the issued and outstanding Common Shares at the date of the grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised the greater of 12 months after the completion of the QT and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of PSQ options prior to the completion of the QT, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

As at the time of this Filing Statement the Company has granted an aggregate of 1,150,000 PSQ Stock Options pursuant to the PSQ Stock Option Plan to certain of its directors and officers as follows:

<u>Name</u>	<u>Number of Common Shares Under Option</u>	<u>Exercise Price Per Common Share</u>	<u>Expiration Date</u>
Shabir Premji	550,000	\$0.10	June 19, 2027
Jack Pastuszko <sup>(1)</sup>	350,000	\$0.10	June 19, 2027
Jack Pastuszko <sup>(1)</sup>	50,000	\$0.20	October 2, 2030
Nashirudeen Meghji <sup>(2)</sup>	150,000	\$0.20	October 2, 2030
Daniel Kenney	50,000	\$0.10	June 19, 2027
<b>TOTAL</b>	<b>1,150,000</b>		

**Notes:**

(1) Mr. Pastuszko ceased to be a director of PSQ on June 16, 2021.

(2) Mr. Meghji ceased to be a director of PSQ on June 16, 2021.

Following completion of the Proposed QT, and subject to TSXV approval, the Resulting Issuer intends to adopt a 20% fixed stock option plan. The number of Common Shares reserved for issuance under such

plan will be reduced by the 3,750,000 performance shares referred to under "Part III – Information Concerning UI – "Description of the Securities - Options and Warrants to Purchase Securities of UI".

### PRIOR SALES

The following securities of the Company have been issued from treasury since incorporation:

<b>Date of Issuance</b>	<b>Number of common shares</b>	<b>Issue Price per Security (\$)</b>	<b>Aggregate Funds Received (\$)</b>
March 10, 2017 <sup>(1)</sup>	8,000,000	\$ 0.05	\$ 400,000
June 19, 2017	3,000,000	\$ 0.10	300,000
June 7, 2019	21,700	\$ 0.10	2,170
June 25, 2019	139,150	\$ 0.10	13,915
July 14, 2020	400,000	\$ 0.20	80,000
February 5, 2021	525,000	\$ 0.20	105,000

**Note:**

(1) All shares are subject to escrow under the CPC Escrow Agreement. See "Part IV - Information Concerning the Resulting Issuer - Escrowed Securities".

### TRADING PRICE AND VOLUME

The Common Shares are currently listed on the TSXV under the trading symbol "PSQ.P". The Common Shares were halted from March 27, 2018 to May 7, 2019, and trading in the Company's shares was suspended on June 27, 2019 for failing to complete a QT within the required 24-month time period and have remained halted since that date.

As there was no trading volume in PSQ common shares since June 2019, and thus no trading for the 12-month period prior to the date of this Filing Statement, the following table sets forth the reported high and low prices and the trading volumes for the Common Shares for the 12-month period prior to June 27, 2019:

	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
July 2018	n/a	n/a	nil
August 2018	n/a	n/a	nil
September 2018	n/a	n/a	nil
October 2018	n/a	n/a	nil
November 2018	n/a	n/a	nil
December 2018	n/a	n/a	nil
January 2019	n/a	n/a	nil
February 2019	n/a	n/a	nil
March 2019	n/a	n/a	nil
April 2019	n/a	n/a	nil
May 2019	0.15	0.10	269,640
June 2019	0.21	0.16	373,810
July 2019 to date	n/a	n/a	n/a

## **ARM'S LENGTH TRANSACTIONS**

The Proposed Qualifying Transaction was negotiated by the parties dealing at arm's length with each other and is not a Non-Arm's Length Qualifying Transaction.

## **LEGAL PROCEEDINGS**

There are no legal proceedings involving the Company as at the date of this Filing Statement and the Company knows of no such proceedings currently contemplated.

## **AUDITOR, TRANSFER AGENTS AND REGISTRARS**

### **Auditor**

The auditors of the Company are Deloitte LLP, Chartered Professional Accountants, Suite 700, 850 2<sup>nd</sup> Street SW, Calgary, Alberta, T2P 0R8. Deloitte LLP has been the Company's auditors since its inception in 2017.

### **Transfer Agent and Registrar**

The transfer agent and registrar for the Common Shares is currently Odyssey Trust Company at its principal office at Suite 1230, 300 5<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 3G4.

## **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, the only material contracts that PSQ has entered into prior to the date of this Filing Statement, which can reasonably be regarded as presently being material, are the following:

1. Registrar and Transfer Agent Agreement dated August 17, 2021 between PSQ and Odyssey;
2. CPC Escrow Agreement;
3. Definitive Agreement;
4. Amending Agreement;
5. Sponsorship Agreement;
6. Subscription Receipt Agreement;
7. Warrant Indenture; and
8. a loan of \$60,000 received in 2020 under the Canadian Federal government's Canadian Emergency Business Account COVID-19 support program.

Copies of all relevant agreements are or will be made available on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com) or upon request from DLA Piper (Canada) LLP, counsel to the Company, at 1000, 250 2<sup>nd</sup> Street SW, Calgary, Alberta, T2P 0C1.

## PART III - INFORMATION CONCERNING THE TARGET COMPANY

### CORPORATE STRUCTURE

#### Name and Incorporation

UI is a privately owned company and was incorporated under the BCBCA on April 16, 2018. UI's head office, registered office and principal address is Suite 704 - 595 Howe Street, Vancouver, BC, V6C 2T5.

#### Inter-Corporate Relationships

UI currently has two wholly-owned subsidiaries, both of which are inactive: (1) Iboquest Wellness Centers Inc., which was incorporated under the laws of the province of British Columbia, Canada on July 31, 2018; and (2) Universal Ibogaine Belize Ltd., which was formed under the laws of Belize on August 24, 2018.

### DESCRIPTION OF THE BUSINESS

#### General

UI is in the initial stages of implementing and financing its business plan, which consists of two platforms:

- To develop a network of addiction treatment clinics, and
- To undertake clinical trials with Health Canada for the ultimate approval of the use of ibogaine, a psychoactive substance, in addiction treatment.

UI's goal is to ultimately develop a network of ibogaine assisted psychotherapy clinics for the interruption and ideally cessation of addiction to primarily opioids such as oxycodone, fentanyl, heroin, as well as alcohol, cocaine, and other stimulants.

For its primary business focus, operating addiction treatment sites, UI has entered into an agreement to acquire an initial facility near Winnipeg, Manitoba (the Kelburn Clinic), and intends to close this acquisition no later than concurrent with Closing of the Proposed QT. UI's expansion plans include acquiring or forming additional addiction treatment clinics in Canada.

In addition, UI plans to apply to Health Canada to undertake clinical trials in Canada to prove the efficacy of the use of ibogaine, a psychoactive substance, in the treatment of addictions including to opioids. Longer term, UI plans to introduce ibogaine into the addiction treatment protocols to be used in all of its facilities.

UI also intends to ultimately explore the application of ibogaine to address damage to the central nervous system.

The goals of UI's research initiatives will be to (i) gain broader global regulatory recognition of ibogaine, and its use in allowing patients the ultimate goal of achieving freedom from addiction, and (ii) expanding global acceptance and use of ibogaine and the ClearSky Protocol, and (iii) assisting global Health Authorities with new solutions in dealing with the all too often tragic consequences from the burgeoning global opioid crisis.

An independent entity, Clear Sky Recovery Cancun SA de CV ("**ClearSky**"), was founded in Mexico in 2003, and has developed a proprietary treatment protocol which utilizes ibogaine to detoxify and aid in withdrawal and recovery from addiction to a variety of drugs (the "**ClearSky Protocol**"). ClearSky operates an addiction treatment centre in Cancun, Mexico, and in the 17 years since its founding, has administered over 3,500 treatments, while safely treating thousands of patients.

ClearSky was founded by Dr. Alberto Solá, one of the world's leading experts on ibogaine treatment, and developer of the proprietary ibogaine detox protocol, which includes patient intake, medically supervised use of ibogaine, and transition to aftercare assistance.

In March 2019, UI entered into an agreement with ClearSky to acquire the exclusive world-wide rights to utilize the ClearSky Protocol, subject to the rights of ClearSky to continue to utilize the Protocol at its facility in Cancun. Dr. Solá became a member of the UI Board of Directors in 2019.

Ibogaine is a naturally occurring psychoactive substance. ClearSky's extensive empirical evidence indicates that ibogaine is able to interrupt the process of active addictions and provides rapid, painless detoxification to achieve a "physiological reset" of the brain as well as an opportunity for introspection into ones "individual root cause" for substance use disorder.

Unlike other addiction treatments, ibogaine is not a maintenance or substitution therapy, many of which rely on an alternative addictive substance to wean patients off their addiction. Ibogaine significantly reduces drug withdrawal symptoms in various ways, including (1) through the production of glial cell-derived neurotrophic factor, it replenishes dopamine neurons in the brain, which are the neurotransmitter associated with pleasure; (2) it blocks and guards opioid receptors from heroin, oxycodone, fentanyl and other opioids; and (3) it modulates other neurotransmitters and receptors implicated in addiction. Ibogaine helps to restore damaged areas of brain circuitry and may have additional applications in the treatment of traumatic brain injury and, generally, central nervous system damage.

Ibogaine is not yet authorized as a (prescription) drug in Canada or the USA, although it is on the Prescription Drug List ("**PDL**") in Canada. Ibogaine currently has limited legal recognition for possession and use, and is utilized primarily in countries such as Mexico, Brazil, South Africa, Portugal, Spain and New Zealand. UI is in process of preparing a Clinical Trial Application ("**CTA**") to be submitted to Health Canada, the regulatory body which authorizes drugs in Canada. It is intended that the evidence to date from ClearSky's patient treatments at the Cancun facility will be utilized to support UI's CTA.

UI may seek additional (external) funding for the planned clinical development program from various agencies such as the Canadian Institutes of Health Research, National Institute of Drug Abuse, Vancouver Coastal Health Research Institute, and other provincial and federal government funding initiatives which aim to address the opioid addiction epidemic, and addiction in general.

Following completion of the transactions described in this Filing Statement (the Financing, the acquisition of the Kelburn Clinic, and the Amalgamation), it is intended that the resultant Company will use a small portion of the Financing proceeds close the purchase of the Kelburn Clinic. The business strategy will be to provide traditional addiction withdrawal treatments at sites in Canada and other suitable jurisdictions. Longer term, after completion of clinical trials in the use of ibogaine, the goal will be to utilize ibogaine and the ClearSky Protocol in new UI addiction treatment sites, with an initial focus on patients suffering in the growing global opioid crisis.

The ultimate development of a series of clinics to service patients in Canada and the United States is a strategic goal, and timing of such will be dependent on changes in current regulations imposed on the use of ibogaine by regulatory bodies such as Health Canada and the FDA (the Food & Drug Administration) in the United States. UI's ongoing CTA discussions with Health Canada are expected to be instrumental in this process.

Plans include eventually opening treatment clinic sites in suitable jurisdictions where ibogaine is recognized as legal for medical use.

### **Development of the Business**

Since its formation in early 2018, UI's activities have primarily involved raising financing and negotiating various agreements related to developing the addiction treatment business plan. For the 16-month period

from incorporation through the fiscal year ended July 31, 2019, UI raised net proceeds of approximately \$2.4 million from various private placement equity financings.

The primary agreements that have been entered into by UI, and their effect on development of the business, as well as to-date and future financing activities, are summarized as follows:

#### *Agreement for option on potential purchase of treatment site in Peachland, BC*

In November 2018, UI entered into an agreement (the "**Peachland Agreement**") which gave it the option to initially rent and eventually acquire a property in the Peachland, BC area. The property was intended to be used as an addiction treatment centre, but was never utilized.

UI had an option to purchase it for consideration of up to a maximum of \$3 million (net of designated credits to be applied for monthly rental payments made), including \$750,000 in convertible debentures (with a maturity date of October 31, 2022).

Subsequently, in July 2019, UI entered into an agreement to cancel the Peachland Agreement and extinguish all remaining obligations related to the lease, including future cash payments and convertible debentures owing (the "**Settlement Agreement**"). Under the terms of the Settlement Agreement, UI paid \$225,000 additional consideration in the form of:

- 1,000,000 common shares issued on July 28, 2019 at deemed value of \$100,000 (\$0.10 per share), plus
- \$125,000 in total cash installments payable in the 6-month period from July 15 through December 15, 2019.

#### *ClearSky License Agreement*

On March 3, 2019, UI entered into a license agreement (the "**ClearSky Agreement**") with ClearSky to acquire the exclusive world-wide rights to utilize the ClearSky Protocol, subject to the rights of ClearSky to continue to utilize the ClearSky Protocol at its addiction treatment facility in Cancun, Mexico. The ClearSky Agreement incorporates subsequent amendments on October 31, 2019 and April 23, 2020 and October 23, 2020.

The intangible assets acquired by UI consist of a license of ClearSky's intellectual property, and use of the trademarks and branding associated with the ClearSky treatment and license, and were assigned a deemed cost base of Cdn \$3,530,000 in March 2019. The total consideration payable by UI under the ClearSky Agreement, as amended, included USD 900,000 cash and issuance of UI common shares, as follows:

- USD 450,000 (Cdn \$607,068) cash, which was paid in March and April 2019;
- USD 450,000 (Cdn \$598,096) in the form of a note payable (the "**ClearSky Note**");
- The issuance of 30,000,000 UI common shares (which were assigned a deemed value of \$2,324,835 or \$0.0775 per share) which are held in escrow, and will be released subject to the achievement by UI of certain performance milestones;
- ClearSky later received an initial option to convert any portion of the USD 300,000 net balance which became outstanding on the ClearSky Note as at April 30, 2020 into UI common shares at a price of \$0.10 per share; and
- UI could similarly elect to repay the USD 300,000 balance which became outstanding as at April 30, 2020 on the ClearSky Note by issuing UI common shares at a price of \$0.10 per share.

Further, ClearSky granted to UI a right of first refusal to match and acquire any future offer for sale of:

- all or part of the shares of ClearSky, or
- the assets of ClearSky's addiction treatment facility in Cancun, Mexico

The USD 450,000 owing on the ClearSky Note was repaid by UI as follows:

- USD 50,000 was paid in October, 2019
- USD 25,000 was paid in May, 2020
- USD 75,000 was paid in September, 2020
- UI elected to repay the balance of USD 300,000 by issuing an agreed total of 4,000,000 UI common shares on October 23, 2020.

Further, UI and ClearSky agreed that the final 30,000,000 UI common shares would be issued by no later than January 31, 2021. These 30,000,000 common shares that were issued to the three ClearSky principals will be subject to TSXV escrow release guidelines, as well as performance milestones related to the ClearSky ibogaine treatment protocol that is being licensed to UI. These include milestones for the initiation and completion of Health Canada approved clinical trials testing, as well as the opening of new UI addiction treatment centres.

- 10% to be released on the TSXV approval of the Proposed QT;
- 10% to be released on the commencement of Health Canada approved clinical trials for the use of ibogaine in opioid addiction treatment in Canada;
- 20% to be released on the approval of Phase 3 clinical trials for the use of ibogaine in opioid addiction treatment in Canada; and
- the 60% remainder to be released, as to 10% for each of the first 6 future clinics established by UI that are able to utilize the ClearSky Protocol.

#### *2018 Financing Agreement with Mackie Research Capital Corporation*

In July 2018, UI entered into an agreement with Mackie Research Capital Corporation ("**Mackie**") whereby Mackie agreed to act as agent to undertake a brokered private placement of UI common shares at \$0.10 per "Unit" for gross proceeds of up to \$1,485,000 (the "**Mackie Financing**"). On July 16, 2018, UI closed the Mackie Financing and issued a total of 14,855,000 Units for gross proceeds of \$1,485,500.

Each Unit consisted of one UI common share plus one warrant (a "**Liquidity Warrant**"). Each Liquidity Warrant represented the right to receive an additional 0.05 of a UI common share, at no cost, if by November 30, 2018, UI had not completed a "**UI Liquidity Event**". Further, each Liquidity Warrant would increase by an additional 0.05 of a UI common share for each subsequent 60-day period until completion of a UI Liquidity Event. A UI Liquidity Event would be completed by any of (i) the filing of a final prospectus in relation to an initial public offering by UI, (ii) the filing of a decision document in relation to a reverse takeover of UI by a publicly listed company, or (iii) a change of control of UI.

On November 30, 2018, UI became obligated to issue a total of 742,750 additional common shares (the "**Penalty Shares**") to the Liquidity Warrant holders, and is obligated to issue an additional 742,750 Penalty Shares for each additional 60-day period that passes subsequent to November 30, 2018. These Penalty Shares have not yet been issued from treasury by UI, and as at the last fiscal year-end July 31, 2020, UI had an obligation to issue a cumulative total of 8,281,663 Penalty Shares. The number of Penalty Shares to be issued will be adjusted pro-rata based on the actual number of days in the final 60-day period to closing of the potential UI Liquidity Event, and is estimated as 13,171,434 common shares as at August 30, 2021.

As compensation for the Mackie Financing, UI paid Mackie a commission of \$148,550 (10% of gross proceeds), \$30,000 (plus applicable GST) as a corporate finance fee and incurred \$46,086 in legal fees and other expenses. As additional compensation for completion of the Mackie Financing and for other advisory services, UI issued to Mackie 500,000 common shares (at a deemed value of \$0.10 per share) and options (the "**Mackie Options**") to acquire a total of 3,485,000 UI common shares.

The Mackie Options were issued under two separate agreements with Mackie, in the form of 1,485,000 "Compensation Options" and 1,000,000 "Advisory Options". The Advisory Options effectively give the

holder the right to acquire a total of 2,000,000 UI common shares, since for each Advisory Option that may become exercised, the holder will then receive a warrant (with the exact same terms as the Advisory Options) to acquire one additional UI common share.

Each of the 3,485,000 Mackie Options gives the holder the right to acquire one UI common share at an exercise price of \$0.10 per Mackie Option for a period of 24 months from the date of a potential UI Liquidity Event.

#### *2019 Financing Agreement with Leede Jones Gable Inc.*

In February 2019, UI entered into an agreement with Leede Jones Gable Inc. ("**Leede**") whereby Leede agreed to act as agent to undertake a brokered private placement of UI common shares at \$0.10 per common share for gross proceeds of up to \$3,000,000 (the "**Leede Agreement**"). On February 5, 2019, UI closed the private placement and issued a total of 2,780,000 common shares for gross proceeds of \$278,000.

As compensation, UI paid Leede a commission of \$22,240 (8% of gross proceeds), \$23,625 (plus applicable GST) as a corporate finance fee and \$9,996 in legal fees and other expenses, and issued 278,000 options to Leede (the "**Leede Options**").

Each Leede Option gives the holder the right to acquire one UI common share at an exercise price of \$0.10 per Leede Option for a period of 24 months from the date of a UI Liquidity Event.

#### *Agreement for purchase of Belize property*

In June, 2018, UI entered into an agreement to acquire four separate blocks of raw land ("**Bracilette Cay**", which total 20.04 acres) on an island property which is about 8 miles north-west of the town of San Pedro, Belize. The intent was that the property could be used for a potential future addiction treatment site. UI is reviewing the concept of having a joint venture partner finance and develop a potential future resort or after-care facility on this site.

Effective January 17, 2020 UI entered into an agreement with Bracilette Investment Company Ltd. ("**Bracilette**") to acquire the Bracilette Cay property. Consideration payable consisted of the issuance of 25,000,000 UI common shares, at a deemed value of USD 1,250,000 (Cdn\$ 1,667,000) which equates to Cdn \$0.0667 per share. Shayne Nyquvest, former Executive Chairman and a Director of UI, beneficially owns 40% of the shares of Bracilette. Tom Vidrine, a director of UI's wholly owned Belize subsidiary, was a director of Bracilette and a director of a shareholder of Bracilette who received consideration for the Bracilette Cay property. The Bracilette Cay property is held by UI's wholly owned Belize subsidiary.

An independent real estate valuation of the property was obtained in October 2018, which valued the land at USD 2,505,500 (approximately Cdn \$3.34 million) or an average of USD 125,000 per acre. A formal independent appraisal report was obtained in May 2021 which valued the Belize property at USD 2,425,500 (approximately Cdn \$3.0 million) or an average of USD 121,009 per acre.

Final closing of the purchase was pending land title transfer being processed by the Belize authorities (agreements and the related Belize land transfer taxes were filed in January 2020) which occurred in October 2020. On October 27, 2020, UI approved the issuance of the 25,000,000 UI common shares and completed the purchase of the land.

#### *Promissory note payable by UI to PSQ*

On November 12, 2019 PSQ advanced \$25,000 to UI as a non-interest bearing, unsecured promissory note, due May 8, 2020 (the "**UI Note**"). The funds were used by UI in connection with funding installment payments due under the ClearSky Agreement. The maturity date of the UI Note was extended to October 31, 2020 or such other date as may be agreed upon (such as closing of the Proposed QT). The UI Note was repaid to PSQ in December, 2020.

### *Agreement for purchase of the Kelburn Clinic*

Effective March 20, 2020, UI entered the Kelburn LOI, which was later revised effective August 9, 2020, to purchase the operations of the Kelburn Clinic, an existing addiction treatment centre near Winnipeg, Manitoba. The Kelburn LOI was with 5743061 Manitoba Ltd., an arms-length, privately owned entity. A definitive Share Purchase Agreement (the "**Kelburn Agreement**") to acquire 100% of the shares of 6887016 Manitoba Ltd. (which operates the Kelburn Clinic) was finalized effective February 24, 2021.

The Kelburn Clinic site includes approximately 50 acres of land and a centre which supports a 10 bed treatment operation. UI initially intended to initially lease the building utilized by the Kelburn Clinic from 5743061 Manitoba Ltd. (an entity owned by 2 of the 3 shareholders of the Kelburn Clinic), with an option, exercisable for a 2 year period from closing of the transaction, to purchase the related land and buildings used by the Kelburn Clinic (the "**Kelburn Property**") for a maximum of \$3.5 million. Effective March 31, 2021, UI agreed to accelerate the purchase the Kelburn Property.

Closing of these two acquisitions is intended to occur before or concurrent with completion of the QT, and will involve the issuance of UI share Units (to be converted into Units of the Resulting Issuer), to be issued at a price of \$0.25 per UI share Unit, as follows:

- Consideration payable for the purchase of the Kelburn Clinic consists of \$1,000,000 cash (of which deposits totaling \$625,000 have been paid by UI and are currently held in trust), and \$500,000 payable in the form of the issuance of 2,000,000 share Units.
- Consideration payable for the purchase of the Kelburn Property will consist of cash of approximately \$1,600,000 (which is to be funded by the assumption of a mortgage on the Kelburn Property) and the estimated balance of \$1,900,000 payable in the form of 7,600,000 share Units.

UI has a mortgage financing commitment for \$1,630,000, with a 15 year amortization, and a fixed interest rate of 3.1% for the initial 5 year term.

The Kelburn Clinic facility has been in operation since 2014, but it has not sought to fully optimize its capacity, which UI intends to expand in future. UI also intends to assess if a portion of the unutilized, excess land can be redeveloped for potential expansion.

The Kelburn Property consists of approximately 50 acres of land and (i) a 6,659 square foot home which serves as the treatment clinic, (ii) a 9-hole golf course and related clubhouse and dining pavilion, which is used as part of the patient treatment and therapy process, and (iii) a related maintenance shop and equipment storage shed.

### **Significant Acquisitions**

The acquisition of the Kelburn Clinic and the Kelburn Property will have a significant effect on the business of the Resulting Issuer since it currently has no revenue generating operations, and a limited asset base. The effective date of the acquisition will be the closing date of the purchase, which is expected to occur concurrent with closing of the Proposed QT.

The Kelburn Clinic has been in operation since 2014, and UI plans to maintain the existing operations and staff. UI intends to continue to operate the Kelburn Clinic as-is in the 12 months post-closing of the acquisition, with an eventual longer-term expansion of capacity, in order to maximize utilization of the facility and the related property. UI intends to augment the Kelburn Clinic staff with over-sight by additional management who are experienced in clinic operations, in order to expand its marketing and business development activities, to attract a broader range of clients, and expand the nature of therapy services offered, all with a goal of enhancing historic capacity utilization rates and profitability.

As part of its purchase of the Property utilized by the Kelburn Clinic, and for mortgage financing purposes, UI obtained an independent appraisal report (the "**Report**") on the Kelburn Property. The Report, dated

April 20, 2021, assigned an estimated market value of \$3.61 million to the Property, including \$352,000 for the vacant land.

The purchase of the Kelburn Clinic and the related Property is with a group informed parties who are arms-length to both PSQ and UI, and include Peter Ginakes, Kyle Harris, and Josephine D'Andrea. Mrs. D'Andrea is the General Manager of the Kelburn Clinic, and has agreed to stay on in a transition role for several months post-closing of the acquisition.

### **Selected Historical Financial and Operational Information**

The following sets out selected summary financial information from the fiscal year ended July 31, 2020 and for the interim nine-month period ended April 30, 2021, which are derived from the financial statements of UI, which are attached hereto as Schedule "D".

<b>Financial information</b>	<b>Nine month period ended April 30, 2021 (\$)</b>	<b>Year ended July 31, 2020 (\$)</b>
<b>Statement of Operations Data</b>		
General and Administrative Expenses	2,680,529	2,361,785
Impairment Charges and Other Expenses (Income)	14,436	3,208,945
Net Loss and Comprehensive Loss	2,689,912	5,570,730
Net Loss per Share - Basic and Diluted	0.03	0.16
<b>Balance Sheet Data</b>		
Total Assets	4,138,284	553,117
Total Liabilities	446,163	1,045,598
Shareholders' Equity (Deficiency)	3,692,121	(492,481)

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

UI's MD&A for the fiscal years ended July 31, 2020, 2019 and 2018 (which is for the period from incorporation on April 16, 2018 to July 31, 2018) and for the interim nine-month period ended April 30, 2021 is included in Schedule "H". The MD&A should be read in conjunction with the financial statements of UI, which are attached hereto as Schedule "D" and related notes which have been prepared in accordance with IFRS.

### **DESCRIPTION OF THE SECURITIES**

UI is authorized to issue an unlimited number of common shares with no par value. UI had a total of 131,386,568 common shares outstanding at the date of this Filing Statement.

In addition, UI is currently obligated to issue (i) a total of 9,600,000 UI Units on closing of the acquisition of the Kelburn Clinic (which are intended to be in the form of Resulting Issuer Units issued concurrent with closing of the Proposed QT), and (ii) the Penalty Shares issuable under the July 2018 Mackie Financing.

### **Options and Warrants to Purchase Securities of UI**

UI currently has outstanding the following options, warrants and other obligations to issue UI common shares:

	issued	expiry date	exercise price	number of shares
Mackie Options	July 2018	(1)	\$0.10	3,485,000
Leede Options	February 2019	(1)	\$0.10	278,000
Other Options	2020	(1)	\$0.10	10,000
UI Stock Options	May 2021	May 2026	\$0.25	6,650,000
<b>Total Options</b>				<b>10,423,000</b>
<b>Penalty Shares issuable</b>	(2)	n/a	n/a	<b>13,171,434</b>
Director performance shares (3)	Aug 2020	n/a	n/a	1,500,000
Executive performance shares (4)	March 2021	n/a	n/a	2,000,000
Consultant performance shares (5)	Aug 2020	n/a	n/a	250,000
				<b>3,750,000</b>
Advisor Warrants (6)	Oct 2020	Dec 2024	\$0.25	4,000,000
Advisor Warrants (7)	Oct 2020	Dec 2024	\$0.25	4,000,000
Advisor Warrants (8)	Jan 2021	Dec 2024	\$0.25	1,000,000
UI Unit Warrants (9)	Aug 2020 to Mar 2021	5 years	min \$0.50	17,891,734
Warrants issuable on closing of Kelburn Clinic acquisition	n/a	5 years	min \$0.50	9,600,000
<b>Total Warrants</b>				<b>36,491,734</b>
				<b>63,836,168</b>

**Notes:**

- (1) The expiry date of these UI securities is not yet set, and will be 24 months after the date that a UI Liquidity Event occurs, such as by way of the Proposed QT.
- (2) As described previously in the section General Description of the Business of UI – General Development of the Business - Financing Agreement with Mackie Research Capital Corporation, the subscribers to the July 2018 private placement undertaken by Mackie will in aggregate receive an additional total of 742,750 Penalty Shares for each additional 60-day period that passes subsequent to November 30, 2018 (to be pro-rated based on the actual number of days in any 60 day period in which the Liquidity Event occurs) until such time as UI has completed a UI Liquidity Event. These Penalty Shares have not yet been issued from treasury by UI, and as the fiscal year ended July 31, 2020, UI had an obligation to issue a cumulative total of 8,281,663 Penalty Shares. This total will continue to increase until a UI Liquidity Event occurs.
- (3) In August 2020, UI approved for future issuance to two current members of its Board of Directors a total of 1,500,000 (750,000 each, at a deemed price of \$0.10 per share) UI common shares, as consideration for future services to be provided to UI. Subject to TSXV approval, entitlement to the shares shall vest 15% on UI's shares becoming publicly listed, 75% shall vest based on the Company achieving certain performance milestones (related to clinical trials and opening of clinics) and the final 10% vesting 2 years after listing on the TSXV, all provided that the recipient continues to be engaged as a director or officer of UI or its successor.
- (4) In March 2021, UI approved for future issuance to the CEO of the Company 2,000,000 UI common shares, at a deemed price of \$0.25 per share, as consideration for performance based future services to be provided to UI. Entitlement to vesting of the is based on various criteria, including 45% tied to clinical trials milestones, 25% tied to the use of the ClearSky treatment protocol for opioid use disorder, and 30% tied to the opening of future clinics for the treatment of opioid use disorder.
- (5) In August 2020, UI approved for future issuance to a consultant a total of 250,000 UI common shares. Subject to TSXV approval, entitlement the shares shall vest upon UI closing the acquisition of the Kelburn Clinic.
- (6) In October 2020, UI entered into a financial advisory agreement with a third party, Westmount Park Investments Inc. ("WPI") pursuant to which WPI is eligible to receive a total of 4,000,000 warrants, each of which shall entitle the holder to acquire one UI common shares at an exercise price of \$0.25 per share until December 31, 2024. Entitlement to exercise the warrants shall vest upon UI raising a total of \$5 million through sources introduced by WPI, which is planned to occur on closing of the Offering. The agreement with WPI is considered to be an investor relations arrangement and the agreement and the issuance by the Resulting Issuer of any of the securities described above by the Resulting Issuer is subject to the approval of the TSXV.
- (7) In October 2020, UI entered into an advisory agreement with a third party, TCF Psy. Ltd. ("TCF") pursuant to which TCF is eligible to receive a total of 4,000,000 warrants, each of which shall entitle the holder to acquire one UI common shares at an exercise price of \$0.25 per share until December 31, 2024. Subject to TSXV approval, entitlement to exercise the warrants vested upon TCF providing advisory services, to the satisfaction of UI, for an initial 4 month term (which was from November 2020 through February 2021). On July 21, 2021, UI terminated the advisory agreement with TCF. UI has

included these 4,000,000 warrants in the number of reserved securities for outstanding options and warrants, but intends to negotiate a reduction in the number of warrants that may be issuable to TCF.

- (8) In January 2021, UI entered into an advisory agreement with a third party, JLS Services, LLC ("JLS") pursuant to which JLS is eligible to receive a total of 2,000,000 warrants, each of which shall entitle the holder to acquire one UI common shares at an exercise price of \$0.25 per share until December 31, 2024. Entitlement to exercise the warrants vested upon JLS providing advisory services, to the satisfaction of UI, for an initial 4 month term (which was from January 2021 through April 2021). Effective August 1, 2021, the advisory agreement was revised, and the total number of warrants to be issued to JLS was reduced from 2,000,000 to 1,000,000. The agreement with JLS is considered to be an investor relations arrangement and the agreement and the issuance by the Resulting Issuer of any of the securities described above by the Resulting Issuer is subject to the approval of the TSXV.
- (9) Represents the total number of UI Warrants issued under the initial closings of the UI Private Placement of share Units and related issuance of share Units in settlement of past services. The UI Warrants will have an escalating annual exercise price, increasing from \$0.50 if exercised in year 1 to \$1.50 if exercised in year 5, and an expiry date of 5 years from the date of issue (which will be the date of closing of the Proposed QT).

### CONSOLIDATED CAPITALIZATION

Designation of Security	Amount Authorized	Amount Outstanding as of April 30, 2021	Amount Outstanding as of the date hereof
Common shares	Unlimited	128,863,618	131,386,568
Preferred shares	Unlimited	nil	nil

Additional warrants and options to purchase UI common shares are outstanding as described below.

### PRIOR SALES

Since incorporation on April 16, 2018, UI has only issued common shares from treasury, as follows:

Date of Issuance	Common shares issued pursuant to	# of common shares issued	Issue Price per Share (\$)	Aggregate Funds Received (\$)
April 16, 2018	Incorporation	1	\$ 1.00	\$1
July 16, 2018	Brokered private placement	14,855,000	\$ 0.10	\$ 1,485,500
July 16, 2018	Broker compensation <sup>(1)</sup>	500,000	\$ 0.10	\$ 50,000
January 15, 2019	Non-brokered private placement	1,620,000	\$ 0.10	\$ 162,000
February 5, 2019	Brokered private placement	2,780,000	\$ 0.10	\$ 278,000
April 12, 2019	Non-brokered private placement	3,862,680	\$ 0.10	\$ 386,268
July 8, 2019	Non-brokered private placement	3,385,000	\$ 0.10	\$ 338,500
July 17, 2019	Debt settlement agreement <sup>(2)</sup>	1,000,000	\$ 0.10	\$ 100,000
August 27, 2019	Non-brokered private placement	2,000,000	\$ 0.10	\$ 200,000
September 16, 2019	Non-brokered private placement	440,000	\$ 0.10	\$ 44,000
December 17, 2019	Non-brokered private placement	40,000	\$ 0.10	\$ 4,000
March 31, 2020	Non-brokered private placements	8,727,606	\$ 0.10	\$ 872,761
April 21, 2020	Non-brokered private placement	220,000	\$ 0.10	\$ 22,000
July 8, 2020	Non-brokered private placements	6,155,000	\$ 0.10	\$ 615,500
May 21, 2020	Shares issued for services received <sup>(3)</sup>	1,743,000	\$ 0.10	\$ 174,300
June 16, 2020	Shares issued for services received <sup>(4)</sup>	2,650,000	\$ 0.10	\$ 265,000
August 19, 2020	Shares issued for services received <sup>(5)</sup>	3,325,500	\$ 0.10	\$ 332,550
August 19, 2020	Shares issued for services received <sup>(6)</sup>	1,100,000	\$ 0.25	\$ 275,000
August 27, 2020	Non-brokered private placement	400,000	\$ 0.25	\$ 100,000
November 18, 2020	Shares issued for services received <sup>(7)</sup>	1,997,996	\$ 0.25	\$ 499,499
October 23, 2020	Non-brokered private placement of Units <sup>(8)</sup>	2,230,300		\$ 557,575
October 23, 2020	Conversion of USD 300,000 balance owing to ClearSky <sup>(9)</sup>	4,000,000	\$ 0.10	\$ 400,000
October 27, 2020	Purchase of Belize property <sup>(10)</sup>	25,000,000	\$ 0.07	\$ 1,667,000
November 9, 2020	Conversion of loan payable <sup>(11)</sup>	625,000	\$ 0.10	\$ 62,500
November 27, 2020	Settlement of debt for purchase of asset <sup>(12)</sup>	100,000	\$ 0.25	\$ 25,000
November 27, 2020	Shares issued for services received <sup>(13)</sup>	150,000	\$ 0.10	\$ 15,000
November 27, 2020	Shares issued for services received <sup>(13)</sup>	75,000	\$ 0.25	\$ 18,750
November 27, 2020	Non-brokered private placement of Units <sup>(8)</sup>	3,641,140	\$ 0.25	\$ 910,285
January 31, 2021	ClearSky Licensing agreement <sup>(14)</sup>	30,000,000	\$ 0.08	\$ 2,324,835
January 5, 2021	Non-brokered private placement of Units <sup>(8)</sup>	3,019,068	\$ 0.25	\$ 754,767
March 3, 2021	Non-brokered private placement of Units <sup>(8)</sup>	1,443,032	\$ 0.25	\$ 360,758

March 3, 2021	Shares issued for services received <sup>(15)</sup>	147,416	\$ 0.25	\$ 36,854
March 22, 2021	Shares issued for services received <sup>(16)</sup>	75,000	\$ 0.25	\$ 7,500
March 29, 2021	Non-brokered private placement of Units <sup>(8)</sup>	1,255,700	\$ 0.25	\$ 313,925
April 15, 2021	Shares issued for services received <sup>(17)</sup>	132,775	\$ 0.10	\$ 13,278
April 15, 2021	Shares issued for services received <sup>(17)</sup>	133,272	\$ 0.25	\$ 33,318
April 15, 2021	Share Units issued for services received <sup>(17)</sup>	34,132	\$ 0.25	\$ 8,533
April 30, 2021	Share Units issued for services received <sup>(18)</sup>	250,000	\$ 0.25	\$ 62,500
June 11, 2021	Non-brokered private placement of Units <sup>(8)</sup>	1,378,700	\$ 0.25	\$ 344,675
June 11, 2021	Share Units issued for services received <sup>(19)</sup>	600,250	\$ 0.25	\$ 150,063
August 25, 2021	Non-brokered private placement of Units <sup>(8)</sup>	190,000	\$ 0.25	\$ 47,500
August 25, 2021	Share Units issued for services received <sup>(20)</sup>	104,000	\$ 0.25	\$ 26,000
		131,386,568		\$ 14,345,495

**Notes:**

- (1) A total of 500,000 common shares were issued at a stated value of \$50,000 as part of total consideration payable to Mackie pursuant to completion of the Mackie Financing.
- (2) 1,000,000 common shares were issued at a stated value of \$100,000 to settle debts owing on termination of the Peachland Agreement, which covered a property rental and related purchase option.
- (3) A total of 1,743,000 common shares were approved for issuance by UI effective May 21, 2020, at a deemed price of \$0.10 per share, in settlement of the value of past services provided to UI by various consultants.
- (4) A total of 2,650,000 common shares were approved for issuance by UI effective June 16, 2020, at a deemed price of \$0.10 per share, in settlement of the value of past services provided to UI by various consultants (including 2,000,000 common shares issued to 2 of UI's Directors, and 650,000 to its former CFO).
- (5) A total of 3,325,500 common shares were approved for issuance by UI effective August 19, 2020, at a deemed price of \$0.10 per share, in settlement of the value of past services provided to UI by various consultants (including 300,000 common shares issued to 2 of UI's Directors).
- (6) A total of 1,100,000 Units were approved for issuance by UI effective August 19, 2020, at a deemed price of \$0.25 per share, in settlement of the value of past services provided to UI by various consultants (including 300,000 common shares issued to 2 of UI's Directors).
- (7) A total of 1,997,996 UI Units were approved for issuance by UI on November 18, 2020, at a deemed price of \$0.25 per share, in settlement of the value of past services provided to UI by various consultants (including 280,000 UI Units issued to 2 of UI's Directors).
- (8) Totals represent ongoing closings for funds received by UI under the UI Private Placement of share Units.
- (9) Effective October 23, 2020 UI elected to repay the final USD 300,000 owing under the ClearSky Agreement and ClearSky agreed to receive 4,000,000 UI common shares in exchange.
- (10) Following final approval of land transfer by the Belize authorities, effective October 27, 2020 UI issued 25,000,000 common shares to complete the purchase of the undeveloped land in Belize (as described elsewhere herein).
- (11) Effective November 9, 2020 UI issued 625,000 common shares at a deemed price of \$0.10 per share on conversion of a \$50,000 unsecured loan payable (plus entitlement to accrued interest thereon) which had been received in May 2020.
- (12) Effective November 27, 2020, UI issued 100,000 UI Units to Shaynequvest Holdings Ltd. (a company controlled by UI's former Executive Chairman, Shayne Nyquvest) in settlement of the purchase of a vehicle sold to UI.
- (13) Effective November 27, 2020, UI issued 100,000 shares at \$0.10 per share in settlement of services received in February, 2019, and issued to a former UI Officer a total of 125,000 common shares (50,000 at a deemed price of \$0.10 per share and 75,000 at a deemed price of \$0.25 per share) in settlement of compensation under a consulting contract.
- (14) Pursuant to the terms of the consideration payable under the ClearSky Licensing Agreement, UI issued 30,000,000 common shares on January 31, 2021.
- (15) A total of 147,416 share Units were approved for issuance by UI on March 3, 2021, at a deemed price of \$0.25 per share, in settlement of the value of past services provided to UI by various consultants (including 40,000 UI share Units issued to one of UI's Officers).
- (16) On March 22, 2021 UI issued 75,000 common shares, at a deemed value of \$0.10 per share, pursuant to the resignation of one of the members of the UI Board of Directors.
- (17) On April 15, 2021 UI issued common shares and share Units in settlement of various amounts owing to a consultant for past services rendered in 2020 and 2021, including 132,775 common shares issued at \$0.10 per share, 133,272 common shares issued at \$0.25 per share, and 34,132 share Units issued at \$0.25 per share.
- (18) On May 2, 2021 UI issued 250,000 share Units at a price of \$0.25 per Unit in settlement of a balance owing to a consultant.
- (19) A total of 600,250 share Units were approved for issuance by UI on June 11, 2021, at a deemed price of \$0.25 per share, in settlement of the value of past services provided to UI by various consultants (including 31,600 UI share Units issued to an Officer of UI).
- (20) A total of 104,000 share Units were approved for issuance by UI on August 25, 2021, at a deemed price of \$0.25 per share, in settlement of the value of past services provided to UI by various consultants

## Shares issued and reserved

The total number of UI common shares currently outstanding, pending issuance, and which are reserved for issuance as at the date of this Filing Statement is as follows:

Common shares issued and outstanding	131,386,568
Penalty Shares issuable on UI Liquidity Event	13,171,434
Purchase of Kelburn Clinic <sup>(1)</sup>	9,600,000
<u>Estimated total at closing of Proposed QT</u>	<u>154,158,002</u>

Common shares reserved for future issuance pursuant to:

Exercise of UI Broker Options	3,773,000
Exercise of UI Stock Options	6,650,000
UI Performance shares	3,750,000
Advisors Warrants	9,000,000
UI Unit Warrants <sup>(2)</sup>	17,891,734
<u>Warrants issuable on purchase of Kelburn Clinic</u>	<u>9,600,000</u>
	<u>50,664,734</u>

UI Fully Diluted total at closing of Proposed QT 204,822,736

### Notes:

- (1) Under the terms of the Kelburn Agreement, an estimated total of 9,600,000 UI share Units (which will include one common share and one common share purchase Warrant) at a deemed price of \$0.25 per Unit, will be issued prior to or upon closing of the Proposed QT (if issued at closing of the QT, they will be issued in the form of share Units of the Resulting Issuer). The Warrants issuable will have the same terms as the Warrants issued under the UI Private Placement.
- (2) Pursuant to closings to date under the UI Private Placement and related to 4,233,794 UI share Units issued from November 2020 to date as consideration for certain services received and assets purchased, to the date of this Filing Statement, UI has issued a total of 17,891,734 UI Warrants, which will have a 5-year term from closing of the Proposed QT, and an escalating annual exercise price (increasing by \$0.25 per year, starting at \$0.50 if exercised in year 1, rising to \$1.50 if exercised in year 5).

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Directors and Officers of UI have generally not received any cash compensation to date from UI. After completion of the proposed QT, the new Board of Directors for PSQ will set compensation for its' Directors and Officers at rates which are comparable to its industry and stage of development.

### Summary Compensation Table

In order to conserve UI's financial resources, members of its management group and Board of Directors have to date periodically received partial compensation in the form of the issuance of UI common shares for the value of past services rendered.

The following table sets forth all annual and long-term compensation for the fiscal years ended July 2020, 2019 and 2018 for each of UI's named executive officers.

Name & Principal Positions	Fiscal year ended July 31	Salary / consulting fees (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation			All Other Compensation	Total Compensation (\$)
					Annual Incentive Plan (\$)	Long-Term Incentive Plans (\$)	Pension Value (\$)		
	2020	\$33,334	\$nil	\$nil	n/a	n/a	n/a	n/a	\$33,334

Name & Principal Positions	Fiscal year ended July 31	Salary / consulting fees (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation			All Other Compensation	Total Compensation (\$)
					Annual Incentive Plan (\$)	Long-Term Incentive Plans (\$)	Pension Value (\$)		
<b>Jeremy Weate</b> <sup>(1)</sup> Chief Executive Officer	2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Brian Ast</b> <sup>(2)</sup> Chief Financial Officer	2020	\$nil	\$65,000	\$nil	n/a	n/a	n/a	n/a	\$65,000
	2019	\$nil	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Jay Richardson</b> <sup>(3)</sup> Chief Financial Officer	2020	\$22,500	\$23,750	\$nil	n/a	n/a	n/a	n/a	\$46,250
	2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Shayne Nyquvest</b> <sup>(4)(5)</sup> Founder and Chairman	2020	\$19,524	\$100,000	\$nil	n/a	n/a	n/a	n/a	\$119,524
	2019	\$nil	\$nil	\$nil	n/a	n/a	n/a	n/a	nil
	2018	\$nil	\$nil	\$nil	n/a	n/a	n/a	n/a	nil

**Notes:**

- (1) Jeremy Weate served as UI's Chief Executive Officer from June 8, 2020 to February 28, 2021. Amounts listed as salary for the fiscal year ended July 31, 2020 include a total of 53,334 UI share Units which were issued on November 18, 2020 at a deemed value of \$13,334 as partial payment of consulting fees earned to July 31, 2020.
- (2) Brian Ast served as UI's Chief Financial Officer from January 15, 2019 to June 8, 2020. On June 16, 2020 he was issued 650,000 common shares at a deemed value of \$0.10 per share in settlement of the value of past services provided to UI.
- (3) Jay Richardson served as UI's Interim Chief Financial Officer from June 1, 2020 to August 31, 2020. In addition to salary, as part of a contract completion bonus valued at \$23,750, on November 27, 2020 he was issued 50,000 common shares at a deemed value of \$0.10 per share and 75,000 common shares at a deemed value of \$0.25 per share.
- (4) Shayne Nyquvest was appointed as Chairman of UI on December 15, 2019. Amounts listed as salary relate to consulting fees billed to UI. In addition, the total for the year ended July 31, 2020 includes 1,000,000 common shares which were issued at a deemed value of \$0.10 per share on June 16, 2020 in settlement of the value of past services provided to UI.
- (5) Mr. Nyquvest resigned as a director and Executive Chairman of UI on June 23, 2021.

**Pension Plan Benefits**

UI does not have a pension plan or provide any benefits following or in connection with retirement. In addition, UI does not have a deferred compensation plan.

**Termination and Change of Control Benefits**

UI is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, change in control of the Company, its subsidiaries or affiliates or a change in a Named Executive Officer's responsibilities

**NON-ARM'S LENGTH TRANSACTIONS**

As noted elsewhere in this document, two members of UI's Board of Directors have an interest in material transactions that have been entered into by UI, including:

Dr. Alberto Solá (UI President and a Director) is one of the three Principals of ClearSky, and received a total of 10,000,000 UI common shares on January 31, 2021 pursuant to closing of the ClearSky Agreement.

He also received a total of 1,333,333 UI common shares (at a deemed price of USD 0.075 or Cdn \$0.10 per share) on October 23, 2020 pursuant to his one-third interest in a settlement, by way of conversion to UI common shares, of a balance owing by UI of USD 300,000 under the ClearSky Licensing Agreement.

Shayne Nyquvest (UI Founder and former Executive Chairman) exercises beneficial control over a total of 4,050,000 UI common shares which were issued on closing of UI's purchase of the Belize property on October 27, 2020. This total includes (i) 887,500 common shares that were issued to a company which he has a 100% interest in, (ii) 662,500 common shares that were issued to a company which he has a 50% ownership interest in, and (iii) 2,500,000 common shares which he exercises control over by way of a 25% interest in a company which received 10,000,000 common shares on closing of the purchase by UI of the Belize property.

On June 16, 2021, UI advanced to Shayne Nyquvest (who at the time was a UI Director and it's Chairman) \$25,000 as a short-term, non-interest bearing promissory note, payable on demand.

### **LEGAL PROCEEDINGS**

On November 19, 2020, John-Peter Bradford ("**Plaintiff**") filed a claim against UI in the Supreme Court of British Columbia (Vancouver Registry) (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 Plaintiff was a director of UI and also provided advisory/consulting services. UI is actively defending this Claim and on January 7, 2021, filed a response to the Claim (the "**Response**") denying Plaintiff is entitled to any damages for breach of contract and denying any claims of misrepresentation. Further, the Response states that Plaintiff has failed to provide facts necessary to bring a misrepresentation claim in British Columbia. UI believes that the Claim is entirely without merit and is actively defending it.

UI filed a Notice of Application to strike the claim on August 16, 2021. The litigation is at an early stage and if the claim is not dismissed, then the next step will be a discovery process, where Plaintiff will have to provide evidence of his allegations.

On August 18, 2021, a former consultant to UI filed a Notice of Civil Claim and a related Garnishing Order Before Judgement in the Supreme Court of B.C. claiming damages related to termination of his services to UI totalling \$103,635. UI believes that this amount is without merit, and intends to vigorously defend against this Claim. The ultimate amount of any potential settlement is not determinable at this time.

### **MATERIAL CONTRACTS**

The following are the only material contracts that have been entered into by UI within two years prior to the date hereof, and which are currently in effect and considered to be currently material:

1. The Definitive Agreement;
2. The Amending Agreement;
3. 2018 Financing Agreement with Mackie Research Capital Corporation (previously described herein).
4. Licensing Agreement with ClearSky (previously described herein).
5. Agreement for purchase of Belize property (previously described herein).
6. Agreement for purchase of the Kelburn Clinic in Manitoba (previously described herein).

7. Agreement with Market One Media Group Inc. ("**MOMGI**") – in August 2019, UI entered into an agreement with MOMGI for the provision of \$150,000 (plus GST) of services in the form of media and investor relations coverage. There is a minor balance of prepaid services remaining on this contract, which UI intends to utilize following completion of the Financing.
8. Agreement with Stockhouse Publishing Ltd. ("**SPL**") – in November 2019, UI entered into an agreement with SPL for the provision of \$142,500 (plus GST) of news coverage services, to be provided over an 18 month term. There is a minor balance of prepaid services remaining on this contract, which UI intends to utilize following completion of the Financing.
9. Agreement with Westmount Park Investments Inc. ("**WPI**") – in September, 2020, UI entered into an agreement for the receipt of financial advisory services by UI. The agreement is for a term of 12 months, commencing November 1, 2020, and includes a monthly minimum base advisory fee of \$8,500 payable by UI. In addition, WPI was granted (subject to TSXV approval) warrants to acquire 4,000,000 UI common shares of UI at a price of \$0.25 exercisable until December 31, 2024. Entitlement to exercise the warrants shall vest upon UI raising a total of \$5 million through sources introduced by WPI, which is planned to occur on closing of the Offering. The agreement with WPI is considered to be an investor relations arrangement and the agreement and the issuance by the Resulting Issuer of any of the securities described above by the Resulting Issuer is subject to the approval of the TSXV.
10. Agreement dated October 19, 2020 with TCF PSY. LTD. ("**TCF**", which manages an investment fund known as The Conscious Fund), previously described herein, for the receipt of advisory services by UI. The agreement is for a term of 12 months, commencing November 1, 2020, and includes a monthly advisory fee of £5,000 payable by UI. In addition, as the agreement was extended beyond its initial 4 month period, TCF was granted (subject to TSXV approval) warrants to acquire 4,000,000 UI common shares of UI at a price of \$0.25 exercisable until December 31, 2024. This agreement with TCF was terminated on July 21, 2021 .
11. In July 2020, UI entered into an agreement with the landlord for the office space it leases in Vancouver, BC, which allowed UI to settle an obligation of \$110,000 for office rent (and related parking spaces) by issuing UI common shares. UI has prepaid its rent for the term of July 1, 2020 through April 30, 2021 by issuing a total of 800,000 common shares (600,000 at a deemed price of \$0.10 per share and 200,000 at a deemed price of \$0.25 per share).
12. In August, 2020, UI received a \$40,000 Canada Emergency Business Account loan (the "**CEBA Loan**") which was received under the Canadian Federal government's Covid-19 support programs. An additional loan advance of \$20,000 was received on June 16, 2021. Up to \$20,000 of the CEBA Loan may be eligible for loan forgiveness if \$40,000 is fully repaid by December 31, 2022. If the \$60,000 CEBA Loan is not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing interest at 5% per year, with interest payable each month. The \$60,000 CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments are required until December 31, 2025 when the full amount of the CEBA Loan will become due.
13. Agreement dated January 1, 2021 with JLS Services, LLC ("**JLS**", which manages an investment fund), previously described herein, for the receipt of advisory services by UI. The agreement was initially for a term of 12 months, commencing January 1, 2021, and includes a monthly advisory fee of USD 5,000 payable by UI. In addition, as the agreement was extended beyond its initial 4 month period, JLS was granted (subject to TSXV approval) warrants to acquire 2,000,000 UI common shares of UI at a price of \$0.25 exercisable until December 31, 2024. Effective August 1, 2021, this agreement with JLS was amended, whereby (i) the monthly retainer was reduced to USD 1,000 per month, and (ii) the number of common share purchase warrants issued was reduced from 2,000,000 to 1,000,000. The agreement with JLS is considered to be an investor relations arrangement and the agreement and the issuance by the Resulting Issuer of any of the securities described above by the Resulting Issuer is subject to the approval of the TSXV.

14. On May 31, 2021, UI issued short-term promissory notes payable totaling \$350,000 (the "**Promissory Notes**") in connection with funds received from three arms length parties and used to increase the deposits paid (cumulative total of \$625,000) for the acquisition of the Kelburn Clinic. The Promissory Notes bear interest at 10%, are due August 31, 2021, and may be converted at the option of the Lenders at any time on or before the due date into UI common shares (or shares of the Resulting Issuer) at a price of \$0.25 per common share.

Copies of all relevant agreements are or will be made upon request from DLA Piper (Canada) LLP, counsel to the Company, at 1000, 250 2nd Street SW, Calgary, Alberta, T2P 0C1.

## PART IV - INFORMATION CONCERNING THE RESULTING ISSUER

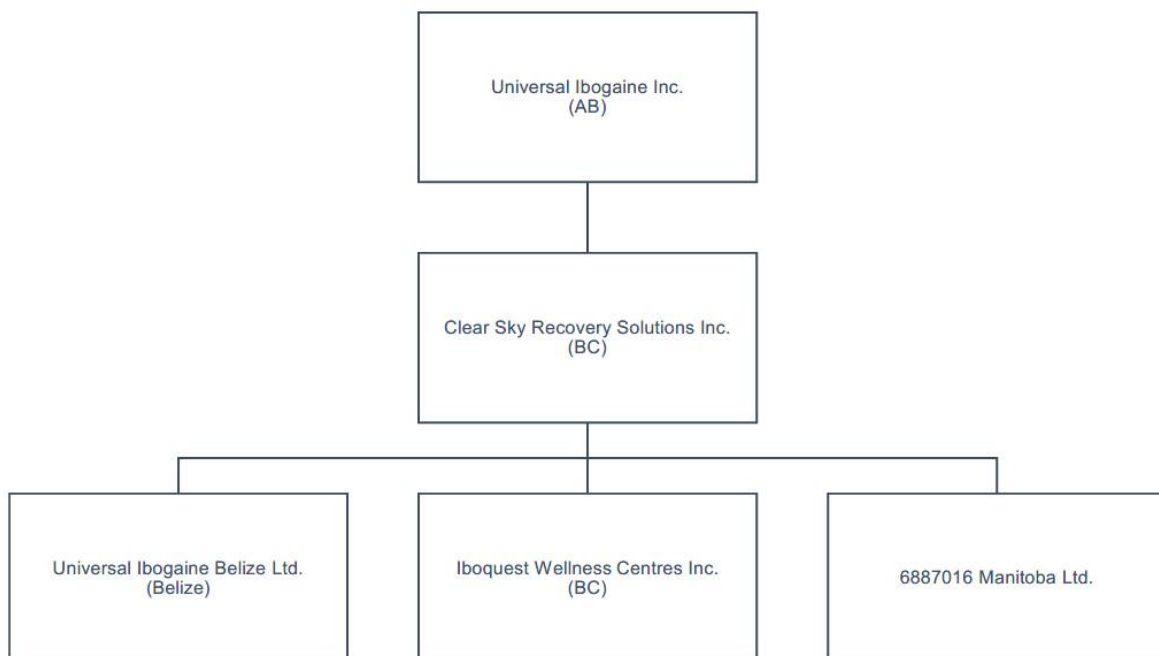
### CORPORATE STRUCTURE

#### Name and Incorporation

The Resulting Issuer is expected to be named "Universal Ibogaine Inc." or another name that is acceptable to PSQ, UI and to applicable regulatory authorities. It shall remain incorporated pursuant to the ABCA and will have its registered office in Alberta, at c/o DLA Piper (Canada) LLP, Suite 1000, 250 2<sup>nd</sup> Street SW, Calgary, Alberta, T2P 0C1.

#### Intercorporate Relationships

The following chart is an illustration of the organizational structure of the Resulting Issuer following completion of the Proposed QT and the related intended name changes of PSQ and UI (all holdings are at 100%).



## DESCRIPTION OF THE BUSINESS

The Resulting Issuer will be a holding company holding all of the outstanding shares of Amalco as its wholly-owned subsidiary. Amalco, which is intended to operate under the name "Clear Sky Recovery Solutions Inc." will be the operating company continuing to carry on the business of UI as described above under "Part III – Information Concerning the Target Company – Narrative Description of the Business"

The Resulting Issuer will have the same stated objective and milestones as UI. For the narrative description of the business of the Resulting Issuer, including business and development milestones, see "Part II – Information Concerning UI – General Development of the Business" and "Part III – Information Concerning the Target Company – Narrative Description of the Business"

## DESCRIPTION OF THE SECURITIES

The authorized share capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares. For a description of the attributes of the Resulting Issuer Shares, please refer to "Part II – Information Concerning the Company – Description of the Securities".

## PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the pro forma share and loan capital of the Resulting Issuer, on a consolidated basis, after giving effect to the Proposed QT as described in the pro forma financial statements of the Resulting Issuer. See "Schedule "B" – Pro Forma Financial Statements of the Resulting Issuer".

Description of Security	Number Authorized	Amount Outstanding after giving effect to Proposed QT and Financing
Common shares	Unlimited	190,243,852
Preferred shares	Unlimited	nil
Warrants and Options	n/a	75,814,734
Term loans payable	n/a	\$180,000
Promissory Notes payable	n/a	\$350,000
Mortgage payable	n/a	\$1,600,000

### Fully Diluted Share Capital

In addition to the information set out in the capitalization table above, the following table sets out the diluted share capital of the Resulting Issuer after giving effect to the Amalgamation (including shares to be issued pursuant to the ClearSky Agreement) and the Financing:

Description of Security	Number of Securities and Percentage Held After Giving Effect to the Proposed QT and the Financing
PSQ Common Shares outstanding as of the date of the Filing Statement	12,085,850 (6.4%)
UI Common Shares outstanding as of the date of the Filing Statement	131,386,568 (69.1%)
Common Shares issuable pursuant to the Financing	24,000,000 (12.6%)
Common Shares issuable pursuant to closing of the Kelburn Agreement	9,600,000 (5.0%)

<b>Description of Security</b>	<b>Number of Securities and Percentage Held After Giving Effect to the Proposed QT and the Financing</b>
Common Shares issuable pursuant to the Penalty Shares	13,171,434 (6.9%)
<b>Total Common Shares</b>	<b>190,243,852</b>
Common Shares issuable upon the exercise of stock options issued pursuant to the PSQ Option Plan	1,150,000 (1.5%)
Common Shares issuable upon the exercise of the Replacement Stock Options issued to replace the UI Stock Option Plan	6,650,000 (8.8%)
Common Shares issuable upon exercise of the Replacement Broker Options issued to replace the UI Broker Options	3,773,000 (5.0%)
Common Shares issuable upon exercise of the Replacement Warrants issued to replace the UI Warrants (including 9,600,000 Warrants issuable on closing of the acquisition of the Kelburn Clinic)	27,491,734 (36.3%)
Common Shares issuable upon exercise of the Replacement Warrants issued to replace the UI Advisor Warrants	9,000,000 (11.9%)
Common Shares issuable upon exercise of the Replacement Performance Shares issued to replace the UI Performance Shares	3,750,000 (4.9%)
Common Shares issuable on exercise of the Subco Warrants to be issued under the Financing	24,000,000 (31.7%)
<b>Total Common Shares Reserved for Issuance</b>	<b>75,814,734</b>
<b>Number of Fully Diluted Common Shares</b>	<b>266,058,586</b>

**Note:**

(1) The pro forma deficit of the Resulting Issuer (as indicated in the accompanying Pro Forma Consolidated Statement of Financial Position) as at March 31, 2021 was \$13,343,247.

## **AVAILABLE FUNDS AND PRINCIPAL PURPOSES**

### **Funds Available**

Following completion of the Financing and the Proposed QT, and after deducting the estimated expenses of the Financing and the Proposed QT (but excluding the final \$375,000 payment due on closing of the purchase of the Kelburn Clinic, as noted below), it is estimated that the Resulting Issuer will have available funds of approximately \$5,670,000.

Proceeds of the Financing	\$ 6,000,000
Financing costs (brokerage, legal and other)	(525,000)
Net proceeds	5,475,000
Estimated Consolidated Pro Forma Working Capital of Resulting Issuer as at July 31, 2021	200,000
	<u>5,675,000</u>

### Dividends or Distributions

It is not contemplated that any dividends will be paid in the immediate or foreseeable future following completion of the Proposed QT.

### Principal Purposes of Funds

The Resulting Issuer intends to use the net proceeds from the Financing together with its existing available funds as follows:

	Financing \$
Acquisition of the Kelburn Clinic (including estimated closing costs of \$100,000)	475,000
Clinical development program	1,750,000
Repayment of promissory notes (maximum, if not converted)	350,000
General & administrative expenses and working capital	<u>3,100,000</u>
Use of net proceeds	<u>5,675,000</u>

### PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company and UI, it is anticipated that no shareholders will beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Resulting Issuer upon completion of the Proposed QT and the Financing.

### DIRECTORS, OFFICERS AND PROMOTERS

#### Name, Occupation and Security Holdings

Subject to TSXV approval, the proposed officers and directors of the Resulting Issuer will be as follows:

Name, Province and Country of Residence	Proposed Position With the Resulting Issuer	Principal Occupation for the Last Five Years	Director or Officer of UI or PSQ since	Number of Common Shares Held After Giving Effect to the Proposed QT and the Financing
Dr. Rami Batal Quebec, Canada	Chief Executive Officer	Biopharmaceuticals executive	March 1, 2021	nil (0.0%)
Ian Campbell British Columbia, Canada	Director	Chief, Squamish First Nation	February 19, 2020	290,000 (0.2%)

<b>Name, Province and Country of Residence</b>	<b>Proposed Position With the Resulting Issuer</b>	<b>Principal Occupation for the Last Five Years</b>	<b>Director or Officer of UI or PSQ since</b>	<b>Number of Common Shares Held After Giving Effect to the Proposed QT and the Financing</b>
Greg Leavens, Alberta, Canada	Chief Financial Officer & Interim Corp. Secretary	Financial Executive	September 7, 2020	40,000 (0.0%)
Marilyn Loewen Mauritz, British Columbia, Canada	Director	Corporate Director, Former Executive, Central 1 Credit Union	May 25, 2021	nil
Dr. Alberto Solá Agulló, Cancun, Mexico	Director	Medical doctor (Clear Sky Recovery S.A. de C.V.)	May 7, 2019	10,400,000 (5.5%)
Robert Turner, Ontario, Canada	Director	Semi-retired, Human Resources Consultant	February 19, 2020	290,000 (0.2%)

After giving effect to the Financing and the Proposed QT, the number of Resulting Issuer Shares beneficially owned, directly or indirectly, or over which control or direction will be exercised, by the proposed directors and executive officers of Resulting Issuer and their associates, will be an aggregate of 11,051,600 Resulting Issuer Shares (approximately 5.8% of the estimated issued and outstanding Resulting Issuer Shares following completion of the Financing and the Proposed QT).

The term of office of the directors expires annually at the time of the Resulting Issuer's annual general meeting or when or until their successor is duly appointed or elected. The term of office of the Resulting Issuer's executive officers expires at the discretion of the Resulting Issuer's Directors. A majority of the proposed directors of the Resulting Issuer are considered to be independent within the meaning of National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**").

#### **Committees of the Board of Directors**

It is intended that the Board of Directors of the Resulting Issuer Board will continue with UI's three current committees (i) Audit & Finance Committee, (ii) Human Resources and Governance Committee, and (iii) Nominating and Sustainability Committee.

#### ***The Audit & Finance Committee***

Following the completion of the Proposed QT, the following individuals will be the members of the Resulting Issuer's Audit & Finance Committee, with Robert Turner as the Chair.

<b>Name</b>	<b>Independence</b>	<b>Financial Literacy</b>
Marilyn Loewen Mauritz	Yes	Yes
Ian Campbell	Yes	Yes
Robert Turner	Yes	Yes

The Resulting Issuer intends to adopt an Audit Committee charter in accordance with the rules applicable to a venture issuer (see Schedule "A").

## **Other Committees**

Directors will be appointed in due course to the Human Resources and Governance Committee and the Nominating and Sustainability Committee following completion of the Proposed QT in accordance with regulatory guidelines.

The Human Resources and Governance Committee is expected to oversee the Resulting Issuer's approach to corporate governance matters and the remuneration policies and practices of the Resulting Issuer. The principal responsibilities of the Human Resources and Governance Committee are expected to include: (i) monitoring and overseeing the quality and effectiveness of the corporate governance practices and policies of the Resulting Issuer; (ii) adopting and implementing corporate communication policies and ensuring the effectiveness and integrity of communication and reporting to the Resulting Issuer's shareholders and the public generally; (iii) administering the board's relationship with the management of the Resulting Issuer; (iv) considering the Resulting Issuer's overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison; (v) comparing the nature and amount of the Resulting Issuer's directors' and executive officers' compensation to performance against goals set for the year while considering relevant comparative information, independent expert advice and the financial position of the Resulting Issuer; and (vi) making recommendations to the board in respect of director and executive officer remuneration matters, with the overall objective of ensuring maximum shareholder benefit from the retention of high quality board and executive team members.

The composition of each such committee will be considered and determined in the discretion of the board of Directors of the Resulting Issuer Board upon the completion of the Proposed QT.

## **Biographies of Executive Officers and Directors**

The following are brief résumés of the proposed directors and officers of the Resulting Issuer.

### ***Dr. Rami Batal - Chief Executive Officer***

Dr. Rami Batal, MBA, PhD, has had a global career in biomedical innovation, specifically biopharmaceutical research, development and commercialization of medicines for central nervous system disorders ("CNS") and pain, including with multinational pharmaceutical companies and biotech startups. Most recently, at Antibe Therapeutics (TSX:ATE), Rami was responsible for the commercial readiness of otenaproxesul, a phase 3 pain/osteoarthritis drug candidate, which was recently out-licensed to Nuance Pharma for the Greater China region. Prior to Antibe, Rami was the Vice-President of Medical Innovation and previously Vice President Medical Research of Canopy Growth Corporation, where he was responsible for biopharmaceutical research and development, and subsequently external innovation partnerships. Rami came to Canopy Growth through its' acquisition of Canopy Health Inc. ("CHI") – a biotech company he co-founded, which was focused on cannabinoids research for biopharmaceutical purposes. Under Rami's leadership as the Chief Operating Officer, CHI conducted clinical trials with cannabinoid-based drug candidates for CNS indications as authorized by Health Canada. Simultaneously, Rami co-founded UK-based Beckley-Canopy Therapeutics, which went on to become Beckley-Psytech, a UK-based biopharmaceutical start-up focused on developing innovative psychedelic prescription drugs for CNS indications.

Rami obtained his doctorate in experimental medicine from McGill University, and is licensed to practice pharmacy in the Canadian province of Quebec, and previously Ontario. During his clinical practice work, Rami had hands-on experience in counselling / preparing, and administering authorized medicines for opioid addiction.

### ***Greg Leavens - Chief Financial Officer and Corporate Secretary***

Mr. Leavens is a CPA CA and financial executive (past CFO and Controller roles) with 30 years experience in public accounting and industry, including CFO roles with two TSXV public companies (NXT Energy

Solutions Inc. (TSXV / TSX) and Result Energy Inc. (TSXV)) in the oil & gas exploration / production and service sectors. Greg started his career with KPMG, and has extensive experience in leadership, strategic planning, due diligence reviews, financing, forecasting, financial reporting, treasury and risk management, and regulatory compliance. His background includes significant roles in planning, monitoring, and executing programs to aid in achieving high profitability, growth, and success of results oriented management teams, especially in start-up, entrepreneurial environments.

### ***Ian Campbell - Director***

Mr. Campbell is a hereditary chief of the Squamish Nation located in Vancouver, British Columbia. He has served as an elected member of council since 2005, and was appointed as a Political Spokesperson in 2008. Since 1999 he has been the Cultural Ambassador and Negotiator for the Inter-governmental Relations Department of the Squamish Nation, advancing Aboriginal rights and title, while invigorating substantive economic opportunities through negotiations, collaboration, and partnerships.

Chief Campbell holds an MBA degree (Simon Fraser University) and has an extensive background with various terms of service on many for-profit and non-profit Boards, which in the last 10 years has included primarily:

#### For-profit Boards:

Director, Skomish Forestry (total of 6 years)

Director, Garibaldi at Squamish (3 years)

Director, MST Development Corporation (4 years)

Chair, Woodfibre LNG Implementation Committee (3 years)

#### Non-profit Boards:

Director, Climate Action Committee, Province of BC (2 years)

Director, Champions Table, Business Council of BC (4 years)

Director, Coast Salish Steering Committee (8 years)

Director, Fraser Basin Council (4 years)

Director, Historica Foundation of Canada (3 years)

Director, Vancouver Community College (4 years)

### ***Dr. Alberto Solá Agulló – Director***

Dr. Solá has led ClearSky's operations since 2004, as the Administrator and Medical Director. He has worked to develop the proprietary ibogaine addiction treatment protocol used at ClearSky's Cancun, Mexico facility. He has developed and led ClearSky's team of exceptional clinicians, scientists, psychologists, nurses, and support personnel, which to date has provided over 3,400 successful treatments without a critical incident. Dr. Solá graduated in 1991 from Universidad Anahuac, Mexico City and in 1995 graduated in Emergency Medicine training. From 1996 until 2007 he opened and directed four Amerimed emergency hospitals for tourists in Puerto Vallarta, Cancun, and Cabo San Lucas. Dr. Solá was an attending physician in the emergency room at the HGR #17 Instituto Mexicano del Seguro Social IMSS, a 400-bed teaching hospital, (part of the Mexico Social Security system) from April 2007 through May 2016.

He has an extensive career in serving the medical community in Mexico, and is a thought leader in entheogenic treatment and has the distinction of having treated more patients with ibogaine than any other person in the world.

### ***Robert Turner - Director***

Mr. Turner is the President of Robert Turner Consulting Inc. (since 2015) and has been a Principal with Western Management Consultants since that same time. In these roles, he serves as a Governance and Human Resources specialist, consulting within both the private and public sectors. His key focus is oversight of Board governance responsibilities

Mr. Turner held a number of CHRO positions in high technology, financial service and healthcare before joining Mercer Canada as a Partner (from 2011 to 2013), where he developed extensive knowledge and relationships within the health care sector. He was instrumental in Mercer's business development within health care - consulting to the CEOs and Board Chairs of some of the largest and leading hospitals in the CAHO (Council of Academic Hospitals of Ontario), the TAHSN (Toronto Academic Health Sciences Network) and the Ontario Hospital Association.

Robert has served on UI's Advisory Board since early 2018, bringing insight into Canadian public health care and its overseeing provincial ministries with strategies to work together to attack the opioid crisis. He also serves as a Director on the Board of EQRAZ, a private company first to market with Sharia compliant mortgages in Canada. Robert served on the Board of the Collingwood General and Marine Hospital, chairing its Human Resources & Finance Committee, and was a member of its Executive Committee. He also currently serves on the Board of the Toronto Ski Club as their Governance and Human Resources Chair.

Robert's education background includes an ICD.D certification from the Institute of Corporate Directors (Rotman School of Business), an MBA from the Ivey Business School and a BSc (Biochemistry) from the University of Toronto.

### ***Marilyn Loewen Mauritz - Director***

Marilyn Loewen Mauritz is a senior corporate executive with over 25 years of experience in diverse industries, and recently joined the UI Board of Directors in May 2021. From 2015 to January 2021, Ms. Mauritz held several senior executive positions at Central 1 Credit Union (a venture issuer), a leading provider of financial, digital banking and payment solutions, including serving as the interim Chief Executive Officer (July 2017 to January 2018). Most recently, she served as Central 1's Chief Transformation & Legal Officer, and Corporate Secretary, where she led the Legal, Compliance, Governance, Strategy, Information Technology and Government Relations teams. Prior to joining Central 1, she was General Counsel and Corporate Secretary at Interfor Corporation (TSE: IFP) from 2007 to 2015, supporting several multi-million growth transactions.

She currently serves on the Board of YWCA of Greater Vancouver, chairing the Governance and Nominating Committee. From February 2017 to January 2021, she served as an independent director on the Board of The Co-operators and was a member of the Conduct Review and Governance Committee.

Marilyn obtained her Bachelor of Law degree from the University of Calgary and holds a Bachelor of Arts degree from McMaster University. She is a graduate of the Institute of Corporate Directors, ICD.D.

### **Promoters**

Shayne Nyquvest may be considered the principal promoter of UI and the Resulting Issuer based on his instrumental role in initially founding and forming UI and developing its business to date, including negotiating the ClearSky Agreement. As noted in "*Part III – Information Concerning the Target Company – Principal Shareholders*" above, Mr. Nyquvest holds UI common shares which are beneficially owned, directly or indirectly, or over which control is exercised noted below.

As described previously in "*Part III – Information Concerning the Target company – Development of the Business*", Mr. Nyquvest was part of a group from which UI acquired the Belize property. The closing date of this transaction was October 27, 2020, and as part of the 25,000,000 common shares that were issued by UI as consideration for the purchase (the "Belize Consideration Shares"), Mr. Nyquvest has an interest in UI common shares which were issued on closing of this transaction as follows:

- 1). Mr. Nyquvest holds a 25% ownership interest in a private company (1165246 Alberta Ltd.) which received 10,000,000 of the Belize Consideration Shares.
- 2). Mr. Nyquvest holds a 51% ownership interest in a private company which received 887,500 of the Belize Consideration Shares.

3). Mr. Nyquvest holds a 49% ownership interest in a private company which received 662,500 of the Belize Consideration Shares.

Following these the issuance of the Belize Consideration Shares, and a limited number of subsequent dispositions, Mr. Nyquvest currently holds UI common shares as follows:

Shares held personally	1,400,000
Shares held by a private company in which he holds a 51% interest	1,187,500
Shares held by a private company in which he holds a 50% interest	600,000
Shares held by a private company in which he holds a 49% interest	1,062,500
Shares held by a private company in which he holds a 25% interest	10,000,000

Other than as described in this Filing Statement, no promoter of the Resulting Issuer has received or will receive anything of value, including money, property, contracts, options or rights of any kind from the Resulting Issuer in respect of acting as a promoter of the Resulting Issuer.

### **Corporate Cease Trade Orders or Bankruptcies**

Except as noted below, none of the directors, officers, Insiders and promoters of the Resulting Issuer, or a shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within 10 years before the date of the Filing Statement has been, a director, officer, Insider or promoter of any other issuer that: (a) was the subject of a cease trade order or similar order or an order that denied that issuer access to any exemptions under applicable securities legislation that was in effect for a period of more than 30 consecutive days, and that was issued while such person was acting in such capacity or that was issued after such person ceased to act in such capacity and which resulted from an event that occurred while such person as acting in such capacity; or (b) while such person was acting in such capacity or within a year from such person ceasing to act in such capacity, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

### **Individual Bankruptcies**

None of the directors, officers, Insiders and promoters of the Resulting Issuer, or a shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has, within the 10 years before the date of the Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

### **Penalties or Sanctions**

None of the directors, officers, Insiders and promoters of Resulting Issuer or a shareholder holding sufficient securities of Resulting Issuer to affect materially the control of Resulting Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority.

None of the directors, officers, Insiders and promoters of Resulting Issuer or a shareholder holding sufficient securities of Resulting Issuer to affect materially the control of Resulting Issuer has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **Interests of Proposed Management and Others in Material Transactions**

Except as otherwise noted herein regarding UI (see *Part III – Information Concerning UI – General Description of the Business of UI – General Description and History*), none of the proposed directors or

executive officers of the Resulting Issuer, or persons companies that beneficially own, or control or direct, directly or indirectly, more than 10% of the outstanding Common Shares, or any Associate or Affiliate of any of the foregoing, has any material interest, direct or indirect, in any transactions in which the Company has participated within the three years before the date of this Filing Statement, which has materially affected or is reasonably expected to materially affect the Company.

### Conflicts of Interest

To the knowledge of the Company and UI, there are no known existing or potential conflicts of interest between the Resulting Issuer and proposed directors and officers as a result of their outside business interests except that certain of the proposed directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies.

### Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name of Reporting Issuer	Exchange or Market (Jurisdiction)	Position	From	To
Dr. Rami Batal	Canopy Growth Corporation	TSX	V-P Medical Research, V-P Medical Innovation	August 2018	November 2019
Dr. Rami Batal	Antibe Therapeutics	TSX	Chief Commercial Officer	January 2020	March 2021
Greg Leavens	NXT Energy Solutions Inc.	TSX	Chief Financial Officer	July 2011	May 2016
Greg Leavens	Result Energy Inc.	TSXV	Chief Financial Officer	December 2003	November 2009
Marilyn Loewen Mauritz	The Co-operators	TSX	Director	February 2017	January 2021
Marilyn Loewen Mauritz	Central 1 Credit Union	n/a	Chief Transformation & Legal Officer, Corporate Secretary	February 2018	January 2021
Marilyn Loewen Mauritz	Central 1 Credit Union	n/a	Interim Chief Executive Officer	July 2017	January 2018
Marilyn Loewen Mauritz	Central 1 Credit Union	n/a	Senior VP, General Counsel and Corporate Secretary	March 2015	June 2017
Marilyn Loewen Mauritz	Interfor Corp.	TSX	General Counsel and Corporate Secretary	November 2007	February 2015

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

To date, as a CPC, management of PSQ and members of its Board of Directors have not received any salaries or other cash compensation, but have received stock options. Similarly, as a private start-up entity, management of UI have received minimal salaries or other cash compensation, they, along with members of its Board of Directors, have been compensated in the form of UI shares being issued to them as compensation for the value of services rendered.

It is anticipated that the Directors of the Resulting Issuer will be paid fees for their services. However, the amounts of such fees will be determined at the discretion of the Board of the Resulting Issuer following completion of the QT, based on amounts that are comparable to companies of a similar size and stage of development.

### Summary Compensation Table

The total compensation (cash, stock options and other securities), that is anticipated to be paid by the Resulting Issuer for the 12 month period after giving effect to the Proposed QT to its named executive officers is as follows:

Name and Principal Position	Salary(\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-Term Incentive Plans			
Dr. Rami Batal <i>Chief Executive Officer</i> <sup>(1)</sup>	200,000	2,000,000	3,000,000	n/a	n/a	n/a	n/a	200,000
Greg Leavens <i>Chief Financial Officer</i> <sup>(2)</sup>	175,000	n/a	n/a	n/a	n/a	n/a	n/a	170,000

**Notes:**

- (1) Subject to TSXV approval, compensation to include the grant of 2,000,000 performance based shares, granted at a deemed value of \$0.25 per share and the grant of 3,000,000 options, exercisable at a price to be set based on the Company's IPO price and exercisable for a term of 8 years.
- (2) Estimated annual equivalent, currently paid as a consultant on an hourly basis.

However, the actual award amounts, if any, will be determined by the Board of Directors of the Resulting Issuer.

### Compensation of Directors

It is anticipated that the Directors of the Resulting Issuer will be paid quarterly retainer fees for their services. However, the amounts of such fees will be determined at the discretion of the Resulting Issuer Board following completion of the Qualifying Transaction.

The Resulting Issuer will also grant stock options to Directors in recognition of their service on the Board of Directors of the Resulting Issuer. The actual timing, amounts, terms (including exercise price and vesting terms) of these future option-based awards will similarly be considered and determined in the discretion of the Resulting Issuer Board following completion of the Qualifying Transaction.

The following stock options (with an exercise price of \$0.25 per common share, and a term of 5 years expiring May 28, 2026) have been issued to the proposed Directors and Officers of the Resulting Issuer under the UI Stock Option Plan:

Dr. Rami Batal	3,000,000
Ian Campbell	400,000
Marilyn Loewen Mauritz	200,000
Dr. Alberto Solá Agulló	1,150,000
Robert Turner	400,000
	<u>5,150,000</u>

There are currently a total of 6,650,000 UI Stock Options outstanding, which includes 1,500,000 Options which were issued in May 2021 to Shayne Nyquvest (the former Chairman of the UI Board of Directors).

It is expected that the UI Stock Option Plan and the PSQ Stock Option Plan will be combined following completion of the Proposed QT, utilizing the terms of PSQ's 2021 Stock Option Plan (subject to TSXV approval) as was approved at PSQ's Annual and Special Meeting of Shareholders held on June 16, 2021.

### **Insurance Coverage for Directors and Officers and Indemnification**

The Resulting Issuer is in process of seeking to obtain a directors' and officers' liability insurance policy, which will cover corporate indemnification of Directors and officers and individual directors and officers of the Resulting Issuer in certain circumstances. In addition, the Resulting Issuer will enter into indemnification agreements with its directors and officers for liabilities and costs in respect of any action or suit against them in connection with the execution of their duties, subject to customary limitations prescribed by applicable law.

### **INDEBTEDNESS OF DIRECTORS, OFFICERS AND PROMOTERS**

None of the proposed directors, officers and promoters of the Resulting Issuer nor any of their respective Associates or Affiliates will be indebted to the Resulting Issuer following the completion of the Proposed QT.

### **INVESTOR RELATIONS ARRANGEMENTS**

No written or oral agreement or understanding has been reached with any person or company to provide any promotional or investor relations services for Resulting Issuer or its securities, either now or in the future. Any such agreement or understanding that may be entered into following the Closing will be at the determination of the Resulting Issuer Board and subject to any necessary TSXV approval.

The agreements with each of WPI and JLS are considered to be an investor relations arrangement and each such agreement and the issuance by the Resulting Issuer of any of the securities provided for by such agreement by the Resulting Issuer is subject to the approval of the TSXV.

### **SECURITY BASED COMPENSATION**

#### **Options to Purchase Securities**

PSQ currently has in place a 10% rolling Stock Option Plan (the "**Plan**"). The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis, and such number shall increase or decrease as the number of issued and outstanding Common Shares changes.

Subject to Exchange Policies, the aggregate number of Common Shares reserved for issuance to any one Optionee under Options granted in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares determined at the date of grant, or 2% of the issued and outstanding Common Shares determined at the date of grant in the case of an Optionee who is a Consultant. In addition, no more than an aggregate of 2% of the issued and outstanding Common Shares determined at the date of grant may be granted to Employees conducting Investor Relations Activities. The aggregate number of options granted to all persons retained to provide Investor Relations Activities must not exceed 2% of the issued and outstanding Common Shares of the Corporation in any 12 month period, calculated at the date of grant

Upon the completion of the Proposed QT (unless exercised), an aggregate of 1,150,000 Common Shares are anticipated to be reserved for issuance pursuant to the following convertible securities which were issued by PSQ:

<b>Name</b>	<b>Type of Option</b>	<b>Common Shares Issuable</b>	<b>Exercise Price Per Common Share</b>	<b>Expiration Date</b>
Shabir Premji	PSQ Stock Options	550,000	\$0.10	June 19, 2027
Jack Pastuszko <sup>(1)</sup>	PSQ Stock Options	350,000	\$0.10	June 19, 2027
Jack Pastuszko <sup>(1)</sup>	PSQ Stock Options	50,000	\$0.20	October 6, 2030
Nashirudeen Meghji <sup>(2)</sup>	PSQ Stock Options	150,000	\$0.20	October 6, 2030
Daniel Kenney	PSQ Stock Options	50,000	\$0.10	June 19, 2027
<b>TOTAL</b>		<b>1,150,000</b>		

**Notes:**

- (1) Mr. Pastuszko ceased to be a director of PSQ on June 16, 2021.  
(2) Mr. Meghji ceased to be a director of PSQ on June 16, 2021.

All outstanding UI Options will be exchanged for equivalent Resulting Issuer Options. See "*Part I - Details of the Proposed QT - The Amalgamation*". As such, after giving effect to the Proposed QT, the Resulting Issuer will have:

1. a total of 3,773,000 broker options to purchase common shares of the Resulting issuer at a price of \$0.10 per share for a period of 2 years following closing of the QT.
2. a total of 6,650,000 stock options held by Directors, former Directors, and Officers of UI, which will have an exercise price of \$0.25 per common share, a term of 5 years, and vesting 1/3 per year over a 3 year period.

Following completion of the Proposed QT, and subject to TSXV approval, the Resulting Issuer intends to adopt a 20% fixed stock option plan. The number of common shares reserved for issuance under such plan will be reduced by the 3,750,000 performance shares that are referred to under "*Part III – Information Concerning UI – “Description of the Securities - Options and Warrants to Purchase Securities of UI”*".

**ESCROWED SECURITIES**

**CPC Escrowed Shares**

An aggregate of 8,000,000 PSQ Common Shares are currently held in escrow as CPC Escrow Shares with the Escrow Agent under the provisions of the CPC Escrow Agreement. Following completion of the Proposed QT all such 8,000,000 Common Shares will continue to be held in escrow with the Escrow Agent.

The following table sets forth the relevant particulars of the Common Shares held in escrow under the CPC Escrow Agreement as of the date of this Filing Statement, and of the Resulting Issuer Shares that will be held in escrow upon Closing under the CPC Escrow Agreement:

		Prior to Giving Effect to the Qualifying Transaction	After Giving Effect to the Qualifying Transaction

Name	Designation of class	Number of securities held in escrow <sup>(1)</sup>	Percentage of class <sup>(2)</sup>	Number of securities to be held in escrow	Percentage of class <sup>(2)</sup>
Premji Family Trust <sup>(3)</sup>	Common Shares	4,700,000	39.89%	4,700,000	2.5%
Faisal Premji	Common Shares	1,000,000	8.27%	1,000,000	0.5%
Greg Hu	Common Shares	600,000	4.96%	600,000	0.3%
Fatehali Dharssi	Common Shares	500,000	4.14%	500,000	0.3%
Anil Nizar Kanji	Common Shares	500,000	4.14%	500,000	0.3%
Jack Pastuszko	Common Shares	300,000	2.48%	300,000	0.2%
Hakeem Mitha	Common Shares	200,000	1.65%	200,000	0.1%
Timothy Mahoney	Common Shares	100,000	0.83%	100,000	0.1%
Daniel Kenney	Common Shares	100,000	0.83%	100,000	0.1%

**Notes:**

- (1) Assuming the shareholders who are a party to the CPC Escrow Agreement do not acquire any Common Shares pursuant to the Financing or exercise their Options prior to the Final Exchange Bulletin.
- (2) Approximate figures. Figures have been rounded to nearest decimal place.
- (3) The trustees are Shabir Premji and his wife and the beneficiaries are their children.

The Resulting Issuer Shares subject to the CPC Escrow Agreement will be released from escrow following the issuance of the Final Exchange Bulletin on the following terms: 25% shall be released from escrow on the issuance of the Final Exchange Bulletin, and an additional 25% shall be released on the dates that are 6 months, 12 months and 18 months following the Final Exchange Bulletin.

In addition, a total of 30,000,000 UI common shares will become subject to escrow provisions of the Resulting Issuer. The escrow and performance milestone conditions which will apply on these 30,000,000 common shares are described in "*Part III – Information Concerning the Target Company – Development of the Business – ClearSky License Agreement*".

**Resulting Issuer Escrowed Shares**

Subject to certain exemptions permitted by the Exchange, all securities of the Resulting Issuer held by Principals of the Resulting Issuer (being directors, senior officers, shareholders owning more than 20% of the Resulting Issuer Shares and shareholders owning more than 10% of the Resulting Issuer Shares and having the right to elect or appoint one or more directors or senior officers of the Resulting Issuer or its material subsidiaries) will be subject to escrow. The Resulting Issuer Shares subject to escrow will be held in escrow by the Escrow Agent pursuant to the Surplus Security Escrow Agreement.

The following table sets forth the relevant particulars of the securities of the Resulting Issuer which are expected to be held by Principals and Non-Principals of the Resulting Issuer and that will be held in escrow upon Closing under the Surplus Security Escrow Agreement:

Name and Municipality of Residence of Securityholder	Designation of Class	Before Giving Effect to the Proposed QT and the Financing <sup>(1)</sup>		After Giving Effect to the Proposed QT and the Financing <sup>(2)</sup>	
		Number of Securities to be held in Escrow	Percentage of Class	Number of Securities to be held in Escrow	Percentage of Class
Dr. Alberto Solá <i>Cancun, Mexico</i>	Common shares	10,400,000	7.9 %	10,400,000	5.5 %
Ian Campbell (3) <i>Vancouver, BC</i>	Common shares	290,000	0.2 %	402,500	0.2 %
Robert Turner (3) <i>The Blue Mountains, ONT</i>	Common shares	290,000	0.2 %	402,500	0.2 %
Greg Leavens <i>Calgary, AB</i>	Common shares	71,600	0.0 %	71,600	0.0 %
Shayne Nyquvest <i>Vancouver, BC</i>	Common shares	3,887,500	3.0 %	3,887,500	2.0 %
Tom Vidrine <i>Belize</i>	Common shares	10,250,000	7.8 %	10,250,000	5.4 %
Non-Principals <i>Various</i>	Common shares	18,250,000	13.9 %	18,250,000	9.6 %
<b>Total</b>		<b>43,439,100</b>	<b>33.0%</b>	<b>39,766,600</b>	<b>20.9 %</b>

**Notes:**

- (1) Based on the total of 131,386,568 UI common shares which are currently outstanding.
- (2) Based on the pro forma total of 189,488,723 common shares of the Resulting Issuer which are expected to be outstanding on closing of the proposed QT and the Financing.
- (3) On closing of the Proposed QT, a total of 112,500 (15%) common shares will vest for each of Ian Campbell and Robert Turner pursuant to the terms of the 750,000 Director's performance shares which were issued in August, 2020 to each of Ian Campbell and Robert Turner.

Under the terms of the Surplus Security Escrow Agreement, 5% of the escrowed shares will be released from escrow on the issuance of the Final Exchange Bulletin, an additional 5% will be released on the date which is 6 months following the initial release, an additional 10% will be released on each of the dates which are 12 months and 18 months following the initial release, an additional 15% will be released on each of the dates which are 24 months and 30 months following the initial release, and an additional 40% of the escrowed shares will be released from escrow on the date which is 36 months following the initial release.

**General**

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Resulting Issuer Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a Proposed Qualifying Transaction.

Where securities which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company pursuant to the applicable escrow agreement, has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any Control Person of the holding company not to transfer the shares of that company.

The escrow agreements described above provide, *inter alia*, that all voting rights attached to escrowed securities shall be exercised by the registered holder of such securities.

**AUDITOR(S), TRANSFER AGENT(S), AND REGISTRAR(S)**

The auditors of the Resulting Issuer are expected to be Deloitte LLP, located in Calgary, Alberta.

The registrar and transfer agent of the Resulting Issuer is expected to be Odyssey Trust Company, located in Calgary, Alberta.

## **PART V - GENERAL MATTERS**

### **SPONSORSHIP AND AGENT RELATIONSHIP**

#### **Sponsor**

Pursuant to the Sponsorship Agreement, the Company has engaged the INFOR Financial Inc. of Suite 2350, 200 Bay Street, Toronto, Ontario, M5J 2J2) Toronto, Ontario to act as sponsor with respect to the Proposed QT for minimum consideration of \$60,000, and reimbursement of an expected minimum of \$15,000 in legal fees and disbursements, and reasonable out-of-pocket expenses.

#### **EXPERTS**

##### **Interests of Experts**

Except as disclosed herein, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds more than a 1% beneficial interest, direct or indirect, in any property of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer and no such person is expected to be elected, appointed or employed as a Director, senior officer or employee of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer and no such person is a promoter of the Resulting Issuer or an associate or affiliate of the Company or the Resulting Issuer.

Deloitte LLP are the auditors of PSQ, and are independent of PSQ within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Alberta.

Deloitte LLP are the auditors of the Kelburn Clinic and are independent of the Kelburn Clinic within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Alberta.

Dale Matheson Carr-Hilton Labonte LLP are the auditors of UI, and are independent of UI, PSQ and the Kelburn Clinic within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

The Sponsor has advised that neither it nor any members of its pro group currently hold, directly or indirectly, any securities of the Company or UI or any Associate or Affiliate of the Company or UI. Moreover, none of the foregoing Persons nor any of their respective directors, officers or employees is, or expects to be, elected, appointed or employed as a director, officer or employee of the Resulting Issuer or its Associates or Affiliates.

##### **Reports and Opinions**

The following professional persons have prepared reports or provided opinions that are either included in or referred to in this Filing Statement:

1. Deloitte LLP, Chartered Professional Accountants, have provided an auditor's report on the financial statements of PSQ for the fiscal years ended March 31, 2021 and 2020, copies of which are attached hereto as part of Schedule "C"; and
2. Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants have provided an auditor's report on the consolidated financial statements of UI for the fiscal years ended July 31, 2020 and 2019 and the initial fiscal period from incorporation to July 31, 2018, copies of which is attached hereto as part of Schedule "D".

3. Deloitte LLP, Chartered Professional Accountants, have provided an auditor's report on the financial statements of the Kelburn Clinic for the fiscal years ended November 30, 2020, 2019 and 2018, a copy of which is attached hereto as Schedule "E".
4. Deloitte LLP, Chartered Professional Accountants, have provided an auditor's report on the financial statements of 5743061 Manitoba Ltd. (which owns the Kelburn Property) for the fiscal years ended November 30, 2020 and 2019, a copy of which is attached hereto as Schedule "F".

### **OTHER MATERIAL FACTS**

There are no material facts about the Company, the Resulting Issuer, the Proposed QT and the Financing that are not disclosed under the preceding items and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Company and the Resulting Issuer, assuming completion of the Proposed QT and the Financing.

### **BOARD APPROVAL**

The Board of Directors of each of PSQ and UI have approved this Filing Statement.

### **FINANCIAL STATEMENT REQUIREMENTS**

Financial statements for each of PSQ, UI, the Kelburn Clinic and 5743061 Manitoba Ltd., as well as pro forma financial statements, may be found attached hereto at Schedules "B" through "F", respectively.

### **RISK FACTORS**

**AN INVESTMENT IN SECURITIES OF THE RESULTING ISSUER IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.**

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of PSQ and UI consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of PSQ, UI or the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Resulting Issuer's Business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), Business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

#### ***Risk Factors Relating to PSQ***

*The value of PSQ will be adversely affected if the Proposed QT is not completed and completion of the Proposed QT is not guaranteed.*

The completion of the Proposed QT contemplated by the Definitive Agreement is subject to certain conditions, including (a) obtaining all necessary regulatory approvals, including TSXV approval of the Proposed QT, the name change, and other transactions comprising part of the Proposed QT; (b) the approval by the UI Shareholders of the Proposed QT; and (c) other customary conditions. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained. If the Proposed QT contemplated by the Definitive Agreement is not completed for these reasons or for any other reasons, PSQ will have incurred significant costs associated with the failed implementation of the Proposed QT.

Furthermore, Proposed QT only has limited funds with which to identify and evaluate potential Proposed QT and there can be no assurance that PSQ will be able to identify a suitable Qualifying Transaction in future. Even if a proposed Qualifying Transaction is identified in the future, there can be no assurance that PSQ will be able to successfully complete such other Qualifying Transaction, the completion of which is subject to a number of conditions, including acceptance by the TSXV and, in the case of a Non-Arm's Length Qualifying Transaction, approval of the majority of the minority shareholders.

*PSQ has a limited operating history and history of losses.*

PSQ has not commenced commercial operations and has no assets other than cash. PSQ has no history of earnings and will not generate earnings or pay dividends until at least after the completion of a Proposed QT. Until completion of a Proposed QT, PSQ is not permitted to carry on any business other than the identification and evaluation of potential transactions.

*The success of the completion of the Proposed QT depends on the efforts of management of PSQ and UI.*

The ability of PSQ to successfully complete a Proposed QT is dependent on the performance of its current directors and officers, who only devote a portion of their time to the business and affairs of PSQ and are, or will be, engaged in other projects or businesses.

### ***Risks Related to the Business of the Resulting Issuer***

UI's current Business will be the Resulting Issuer's Business upon completion of the Proposed QT. Certain risk factors associated with the principal business of the Resulting Issuer are discussed below. Due to the nature of UI's Business and the present stage of development, the Resulting Issuer may be subject to significant risks. This section does not describe all risks applicable to the Resulting Issuer or its Business and is intended only as a summary of certain material risks. Readers should carefully consider all such risks set out in the discussion below. UI's actual operating results may be very different from those expected as at the date of this Filing Statement.

### ***Inability to Complete the Proposed QT***

Closing of the Financing and the Proposed QT are contingent upon each other, as the Financing must close in conjunction with the completion of the Proposed QT. There can be no assurance that the Financing and the Proposed QT will close, or if the Proposed QT is not completed, that another QT will be completed.

Completion of the Proposed QT is subject to numerous conditions to closing, including, but not limited to, the receipt of all necessary regulatory approvals, including from the TSXV, and the receipt of UI shareholder approval. There can be no assurance that the requisite corporate and regulatory approvals will be obtained. See "*The Proposed QT*".

### ***Going Concern and Negative Cash Flow Risk***

The ability of the Resulting Issuer to continue as a going concern is dependent upon its ability to implement UI's business plan, which it is in the early stages of developing. UI has not yet generated revenues, has incurred negative cash flows from operations, and has previously had working capital deficiencies.

The ability of the Company to continue as a going concern for the foreseeable future is dependent on either raising sufficient funds pursuant to the Financing or obtaining an alternative source of financing. The Company believes that the net proceeds from the Financing will be sufficient to allow it to operate for the next 12 months with a reasonable reserve for contingencies after covering any negative operating cash flow during that period, and that any proceeds raised beyond the Financing will allow the Resulting Issuer to accelerate its research and development activities and to fund additional marketing efforts.

While UI has been successful in raising equity financing to date, there can be no assurance that it will be able to do so in the future. Depending on the Company's ability to expand the level of operations for the

planned acquisition of the Kelburn Clinic, it may continue to experience minimal or negative operating cash flow over the next 12 to 18 months.

#### *Development Stage of the Business Risks*

UI does not yet have a history of operations upon which an evaluation of its prospects and future performance can be made. The Resulting Issuer's proposed operations are subject to all business risks associated with new enterprises, and its' prospects must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry and the development of a product offering. There is a possibility that the Resulting Issuer could sustain losses in the future, and if it is unable to generate revenues or profits, investors might not be able to realize returns on their investment or prevent the loss of their investment.

#### *Management Discretion as to the Application and Use of Proceeds*

The net proceeds from this Financing will be used for the purposes described under "*Planned Use of Proceeds*". The Company reserves the right to use the net proceeds of the Financing for general business purposes not presently contemplated and deemed to be in the best interests of the Company and its shareholders. As a result of the foregoing, the success of the Resulting Issuer may be substantially dependent upon the discretion and judgment of the Board of Directors and management team with respect to application and allocation of the net proceeds of the Financing.

#### *Absence of Operating History as a Public Company*

Management and the Board have limited experience operating as a public company. To operate effectively, the Resulting Issuer will be required to continue to implement changes in certain aspects of its business, improve its information systems and develop, manage and train management level and other employees to comply with ongoing public company requirements. Failure to take such actions, or delay in implementation thereof, could adversely affect the Resulting Issuer's business, financial condition, liquidity and results of operations and, more specifically, could result in regulatory penalties, market criticism or the imposition of cease trade orders in respect of the Common Shares.

#### *Regulatory Risks Related to Operations*

Legislative and regulatory changes in Canada and other jurisdictions may lead to the adoption of new laws or regulations concerning various aspects of the addiction treatment industry including the planned future use of ibogaine. The adoption of new laws or changes to existing laws or regulations are currently evolving, and may decrease demand for the Resulting Issuer's services, increase the cost of doing business or otherwise have a material adverse effect on its' business, results of operations, financial condition and profitability.

The market for the Resulting Issuer's intended future addiction treatment services outside of Canada may be subject to current and future laws regulating the services that are materially different than those applicable in Canada. As such, the services intended to be sold by the Resulting Issuer may be subject to local, municipal, state and federal legislation that has the effect of substantially restricting the sale or operation of such services and may prevent the Resulting Issuer from expanding into other jurisdictions.

#### *Research and Development Risks*

The Company intends to apply to undertake clinical trials in Canada to prove the efficacy of the use of ibogaine for opioid use disorder. Longer term, UI plans to introduce ibogaine into the addiction treatment protocols to be used in its facilities. The process of conducting clinical trials can be subject to a range of risks, including such factors as (i) the receipt and timing of regulatory approvals, (ii) unexpected cost overruns and delays, and (iii) complications in obtaining sufficient patient data.

### *Business and Industry Risks*

The market for addiction treatment services, and in particular the use of ibogaine, is expected to continue to evolve as industry research and testing expands. As is typical for new and evolving industries, demand and market acceptance for new services and products can be subject to a high level of uncertainty. If the *Resulting Issuer's treatment services are unsuccessful, its growth prospects will be limited.*

### *Management and Qualified Personnel Risks*

The operation of the Resulting Issuer's business will be significantly dependent on the abilities of its management team, employees, and outside management advisors and consultants, the loss of any of which could have a material adverse effect on the Company.

The Resulting Issuer's success depends, in part, on its ability to attract and retain key technical, management and operating personnel, including consultants and members of its Board of Directors. The Resulting Issuer needs to develop sufficient expertise and add skilled employees or retain consultants in areas such as operations, research and development, and business development and marketing in order to successfully execute its business plan. The Resulting Issuer may be unable to attract and retain qualified personnel or develop the expertise needed in these areas, which may cause it to be unable to execute its business plan, or its business could be adversely affected.

The Resulting Issuer does not currently maintain key man insurance to protect against the loss of any key member of its management group.

### *Competition Risks*

The Company may not have sufficient personnel, expertise, and financial resources to be able to compete successfully against current and future competitors, which may be larger and well established, and the failure to do so could harm the Resulting Issuer's business.

There can be no assurance that the Company's planned future services or that its' planned research and development efforts will result in services that potential customers will utilize for the purposes intended.

Increased future competition may result in price reductions, reduced gross margins and loss of market share, any of which could materially and adversely affect the Resulting Issuer's business.

### *Supplier Risks*

The Company intends to conduct clinical trials and other research into expanding the potential uses of ibogaine. Ibogaine is a natural plant substance, derived from the root bark of a shrub which is indigenous to a limited area in west-central Africa. If the use of ibogaine achieves wider regulatory approval, and future demand for ibogaine expands, it may lead to shortages of supply. The Company is researching alternative sources of supply, including the creation of synthetic compounds.

### *Insurance Risks*

The Company expects to maintain property and casualty insurance on certain of its assets. However, not all risks are covered by insurance and there is no assurance that insurance will be consistently available on an economically feasible basis or at all. The Company may also elect not to insure against certain liabilities due to high premium costs or for other reasons. Furthermore, although the Company expects to maintain insurance against such claims and in such amounts it considers adequate, there is no assurance that such insurance policies will be sufficient to cover each and every potential claim or loss. If the Company were to suffer an uninsured loss, its business, financial condition, and results of operations could be materially adversely affected.

### *Health, Safety and Environmental Risks*

The Company's operations will be subject to various employment and environmental laws which regulate matters such as health, safety, and treatment of waste. Failure to comply with applicable laws, regulations, and licensing requirements may result in enforcement actions. Penalties could include suspension or revocation of necessary licenses or permits, civil liability, or the imposition of fines. The cost of compliance or liability could materially adversely affect future operating results. Furthermore, the operational or financial impact of new or amended laws or regulations cannot be predicted and could have a material adverse impact on the Company's financial condition and operating results.

### *Inability to Protect Intellectual Property Rights*

ClearSky and UI do not currently hold a patent or other form of intellectual property protection on the ibogaine treatment protocol that was developed by ClearSky.

In addition, there can be no guarantee that any future patent applications that may be filed by the Resulting Issuer as a result of research into the use of ibogaine, including the planned clinical trials in Canada, will be granted, or if granted, that the patent protections will be issued in the form requested.

Accordingly, the scope of protection, if any, that may be afforded by applications for intellectual property rights for the Company is uncertain. Further, even if patents are issued from future applications, those patents issued or otherwise acquired by or assigned to the Company may be subject to invalidation proceedings commenced by third parties. The validity of an issued patent may be attacked on a number of grounds, and such invalidation proceedings are inherently unpredictable, and can lead to the subject patent protection being ordered invalid and therefore unenforceable.

The success of the Resulting Issuer will depend, in part, on its ability to maintain proprietary protection over its treatment protocols and operate without infringing the proprietary rights of third parties. Despite precautions, it may be possible for a third party to copy or otherwise obtain and use the Resulting Issuer's intellectual property without authorization. There can be no assurance that any steps taken by the Resulting Issuer will prevent misappropriation of its intellectual property. Litigation could result in substantial costs and diversion of resources and the inability of the Resulting Issuer to protect any technology it may develop, which could have a material adverse effect on the Resulting Issuer's business, results of operations, financial condition and profitability.

### *Infringement of Intellectual Property Rights*

While UI believes that its planned services do not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Resulting Issuer not infringing upon the intellectual property rights of others.

A number of UI's competitors and other third parties may have been issued or filed for patents and proprietary rights for treatments similar to those being developed or utilized by ClearSky. Some of these patents may grant very broad protection to the owners of the patents. UI has not undertaken a review to determine whether any existing third party patents or the issuance of any third party patents would require the Resulting Issuer to alter its treatment services or cease certain activities. The Resulting Issuer may become subject to claims by third parties that its services infringe on their intellectual property rights.

### *Technology Risks*

Rapid technological advances or the adoption of new standards could impair the Resulting Issuer's ability to deliver its planned services. The Resulting Issuer's success will depend in large part on its ability to keep its services current and compatible with evolving technologies and standards. If the Resulting Issuer is unable to keep pace with technological advancements and adapt its services in a timely manner, the Resulting Issuer may lose demand for its services and its revenues would suffer. The occurrence of any defects or failures in delivery of the Resulting Issuer's services could result in a loss of business.

### *Inability to Manage Expansion and the Potential Growth of the Business*

The Resulting Issuer may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operations and financial systems and to expand, train, and manage its employee base. The inability of the Resulting Issuer to deal with potential growth could have a material adverse impact on its business, operating results, financial condition or profitability.

The expansion of operations that the Resulting Issuer plans to undertake will entail operational and financial risks which may negatively impact the profitability of the Resulting Issuer. Consequently, shareholders must assume the risk that (i) such expansion may ultimately involve expenditures of funds beyond the resources available to the Resulting Issuer at that time, and (ii) management of such expanded operations may divert management's attention and resources away from any other operations, all of which factors may have a material adverse effect on the Resulting Issuer's present and prospective business activities.

### *Ability to Meet Potential Future Financing Requirements*

The business objectives of the Resulting Issuer include business development and marketing activities, research and development initiatives, and expansion of its addiction treatment business, all of which may require additional funds beyond those generated by the planned cash flow from operations.

The Resulting Issuer may have to sell additional securities including, but not limited to, Common Shares or some form of convertible security, the effect of which will result in a dilution of the equity interests of any existing shareholders.

The Resulting Issuer may also need to raise capital by incurring long term or short-term indebtedness in order to fund its business objectives. This could result in increased interest expense and a resultant decrease in net income. Securityholders are cautioned that there can be no assurance as to the terms of such financing and whether such financing will be available. Moreover, neither the Resulting Issuer's articles nor its by-laws will limit the amount of indebtedness that the Company may incur. The level of the Resulting Issuer's indebtedness could impair its ability to obtain additional financing on a timely basis in order to take advantage of future business opportunities which might arise.

### *Future Litigation Risk*

The Resulting Issuer may become subject to litigation arising from the nature of its operations, which will involve the treatment of patients, and damages claimed may be material or may be indeterminate. The outcome of such litigation may materially impact the Resulting Issuer's business, results of operations, or financial condition. While the Resulting Issuer will assess the merits of any lawsuit and defend itself accordingly, it may be required to devote significant time and financial resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Resulting Issuer's business.

### *General Economic Conditions and Uncertainty*

The financial success of the Resulting Issuer may be sensitive to adverse changes in general economic conditions in Canada and globally, such as war, terrorist attacks, disease outbreaks, recession, inflation, labour disputes, demographic changes, weather or climate changes, unemployment and interest rates. Such changing conditions could reduce demand in the marketplace for the Resulting Issuer's services. Similar changes in economic conditions affecting the Resulting Issuer's suppliers could jeopardize its ability to obtain products needed from international suppliers.

### *Foreign Exchange Rate Fluctuation Risks*

Currency exchange rates are subject to fluctuation. The Resulting Issuer expects to eventually expand into markets outside of Canada, and sell its services in the currency of each marketplace and, as such, any increase in the value of the Canadian dollar relative to these currencies may effect the Resulting Issuer's

competitive advantage. Exchange rate fluctuations are beyond the Resulting Issuer's control and there can be no assurance that such fluctuations will not have a material adverse effect on the Resulting Issuer's business, operating results, financial condition or profitability.

#### *Unanticipated Obstacles to Execution of the Business Plan*

The execution of the Resulting Issuer's business plan is capital intensive and may become subject to adverse changes in statutory or regulatory requirements. The Resulting Issuer reserves the right to make significant modifications to its business plans as necessary based on future events.

#### *Forward-Looking Statements and Information May Prove Inaccurate*

Investors are cautioned not to place undue reliance on forward-looking statements and information. By their nature, forward-looking statements and information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and information or contribute to the possibility that predictions, forecasts, or projections will prove to be materially inaccurate. Additional information on the risks, assumptions, and uncertainties are found in this Filing Statement under the heading "*Forward-Looking Statements & Forward-Looking Information*".

#### *Taxation Risk*

Potential future changes in taxation legislation or its interpretation, both in Canada and foreign jurisdictions, could affect the net income and cash flows realized by the Resulting Issuer, and its' ability to provide returns to shareholders.

#### *Risks Related to Internal Controls over Financial Reporting*

Following the Proposed QT, the Resulting Issuer will need to strengthen its internal controls over financial reporting ("**ICFR**") in order to ensure that it is able to report financial results accurately and on a timely basis. Accordingly, if the Resulting Issuer fails to design, implement, and maintain effective internal controls, its ability to produce accurate financial statements could be impaired, which could adversely affect its operating results, and investors' views of the Resulting Issuer.

The Resulting Issuer's accounting and financial reporting personnel may not currently have sufficient resources to ensure that it will not have significant deficiencies or material weaknesses in its system of ICFR. The effectiveness of its ICFR may be limited by a variety of factors including faulty human judgment and errors, omissions or mistakes, inappropriate management override of policies and procedures and the possibility that any enhancements to disclosure controls and procedures may still not be adequate to ensure the preparation of timely and accurate financial information.

### **Risks Relating to the Resulting Issuer's Common Shares**

#### *Lack of Liquidity or an Active Trading Market for the Common Shares*

Subject to TSXV approval, the Common Shares shall be listed on the TSXV upon completion of the Proposed QT. However, no assurance can be given regarding the liquidity of such public market.

The extent to which investor interest will develop for the Resulting Issuer's business is unknown. The price for the Units offered in the Financing may not be indicative of the price at which the Common Shares will trade in the public market after the completion of the Financing. If an active market for the Resulting Issuer is not maintained, shareholders may experience difficulty in selling their Common Shares.

#### *Potential Volatility in the Market Price of the Common Shares*

North American stock markets can periodically experience significant price and volume fluctuations which may adversely affect the market price of all listed issuers. In addition, the market price of the Resulting Issuer's Common Shares after completion of the Proposed QT could become subject to significant

fluctuations in response to quarterly variations in operating results, announcements of technological innovations, new services or products by the Resulting Issuer or its competitors, changes in financial estimates by securities analysts, changes in government regulations, or other events or factors, many of which are beyond the Resulting Issuer's control.

#### *No History of Dividends or Plan to Pay Dividends*

PSQ and UI have never paid a dividend, and the Resulting Issuer may never achieve a level of profitability that would permit payment of dividends or other forms of distribution to its shareholders. Given the early stage of development of the Resulting Issuer's business, it intends to retain future earnings, if any, to finance the operation and growth of its business and does not expect to pay any dividends in the foreseeable future.

The Board of the Resulting Issuer will determine a policy for potential future payment of dividends based upon the Resulting Issuer's results of operations, financial condition, capital requirements and other circumstances.

#### *Future Dilution of Shareholders*

The Resulting Issuer will be authorized to issue additional common shares and securities convertible into common shares for the consideration and on the terms and conditions established by its Board of Directors in its sole discretion, whether in connection with acquisitions, or otherwise. The Resulting Issuer will also reserve Common Shares for issuance under its Stock Option Plan and other incentive plans. Any Common Shares that it issues under such plans would dilute the percentage ownership held by holders of Common Shares.

#### *Challenging Global Financial Conditions*

In recent years, global financial conditions have been characterized by increased volatility, with numerous financial institutions having either gone into bankruptcy or having to be rescued by government authorities. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, a widespread health crisis or global pandemic, geopolitical instability, changes to energy prices or sovereign defaults. For example, the recent global coronavirus (COVID-19) pandemic (the "**COVID-19 Pandemic**") has caused volatility in the global financial markets and disrupted the global economy and normal commercial activities. The impact of the COVID-19 Pandemic (which may be short term or may last for an extended period), as well as other epidemics and pandemics that may arise in the future, could negatively affect the worldwide economy, as well as the economies of individual countries, individual companies and the market in general in significant and unforeseen ways. Any sudden or rapid destabilization of global economic conditions could negatively impact the ability of the Resulting Issuer to obtain equity or debt financing or make other suitable arrangements to finance its business. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on the Resulting Issuer and the price of the Resulting Issuer's securities could be adversely affected.

## SCHEDULE "A"

### AUDIT COMMITTEE CHARTER

#### Role and Objective

The Audit Committee (the "**Committee**") is a committee of the Board of Directors of P Squared Renewables Inc. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board of Director approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiaries, shall include:

- To assist Directors in satisfying their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters.
- Provide an open avenue of communication among the Corporation's Board of Directors and the external auditors.
- To enhance the external auditors' independence and review and appraise their performance.
- To review the credibility and objectivity of the Corporation's financial statements and related disclosures.
- To strengthen the role of the outside directors by facilitating in-depth discussions between directors on the Committee, the Corporation's management and external auditors.

#### Composition

The Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent (within the meaning of National Instrument 52-110 *Audit Committees* and regulations and applicable stock exchange rules) unless the Board determines to rely on an exemption in NI 52-110. "Independent" generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

All of the members of the Committee must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

The Board of Directors shall have the power to appoint the Committee Chair, failing which the Committee Chair shall be elected from its members.

The Secretary to the Board shall act as Secretary of the Committee.

#### Meetings

The Committee shall meet at least quarterly. Special meetings shall be convened as required. The Corporation's external auditors may convene a meeting if they consider that it is necessary.

A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board of Directors.

Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board of Directors, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor. The Committee shall report to the Board on all proceedings and deliberations of the Committee at the first subsequent meeting of the Board, and at such other times and in such manner as the Board may require or as the Committee in its discretion may consider advisable.

The Chief Financial Officer of the Corporation shall be available to attend at all meetings of the Committee unless otherwise excused from all or any part of such meeting by the Chair. The Committee will have access to such other officers and employees of the Corporation and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

The auditors of the Corporation are entitled to receive notice of every meeting of the Committee and to attend and be heard thereat.

### **Responsibilities**

The Committee's primary responsibilities are to:

- (A) oversee accounting and financial reporting processes used by the Corporation and the audits of the Corporation's financial statements;
- (B) oversee the work of the external auditors;
- (C) undertake annually a review of this mandate and, where necessary or desirable, recommend changes to the Board of Directors;
- (D) satisfy itself on behalf of the Board with respect to the Corporation's internal control systems, including, where applicable, relating to derivative instruments:
  - (1) identifying, monitoring and mitigating business risks; and
  - (2) ensuring compliance with legal, ethical and regulatory requirements;
- (E) review the Corporation's annual and interim financial statements and the notes thereto prior to their submission to the Board of Directors for approval. The process should include but not be limited to, where applicable:
  - (1) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
  - (2) reviewing significant accruals, reserves or other estimates and reserves, including those made with respect to environmental matters;
  - (3) reviewing the accounting treatment of unusual or non-recurring transactions;
  - (4) ascertaining compliance with covenants under loan agreements;
  - (5) reviewing financial reporting related to asset retirement obligations;
  - (6) reviewing disclosure requirements for commitments and contingencies;
  - (7) reviewing adjustments raised by the external auditors, whether or not included

- in the financial statements;
- (8) reviewing unresolved differences between management and the external auditors;
  - (9) obtain explanations of significant variances with comparative reporting periods; and
  - (10) determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;
- (F) review the financial statements, MD&A, information circular-proxy statements, annual information forms, prospectuses and all other public disclosure containing audited or unaudited financial information before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information. The Committee shall also review the Corporation's policies and procedures for making and updating disclosures on the Corporation's website;
- (G) with respect to the appointment of external auditors by the Board:
- (1) ensure the auditors' ultimately accountability to the Board of Directors and to the Committee as representatives of the shareholders of the Corporation and as such representatives, to evaluate the performance of the auditors;
  - (2) recommend to the Board of Directors the appointment of the auditors;
  - (3) recommend to the Board of Directors the terms of engagement of the auditors, including the compensation of the auditors and a confirmation that the auditors shall report directly to the Committee;
  - (4) obtain on a periodic basis, a formal written statement of auditors setting forth all relationships between the auditors and the Corporation, consistent with Canadian and other applicable auditor independence standards, and to review such statements and actively engage in a dialogue with respect to any relationships or services that may impact the objectivity and independence of the auditors, and to review the statement and dialogue with the Board of Directors and recommend to the Board of Directors appropriate action to ensure the independence of the auditors;
  - (5) provide a line of communication between the auditors and the Board of Directors;
  - (6) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
  - (7) meet with the auditors at least once per quarter without the presence of management to allow a candid discussion regarding any concerns the auditors may have and to resolve any disagreements between management and the external auditors regarding financial reporting;
- (H) review risk management policies and procedures for the Corporation (i.e. hedging, litigation and insurance);
- (I) review the evaluation of internal controls and management information systems by the external auditors together with management's response to any identified weaknesses and obtain reasonable assurance that the accounting systems are reliable and that the system of internal controls is effectively designed and implemented;

- (J) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;
- (K) review the process under which the Chief Executive Officer and the Chief Financial Officer evaluate and report on the effectiveness of the Company's design of internal control over financial reporting and disclosure controls and procedures;
- (L) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial statements and periodically assess the adequacy of those procedures;
- (M) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- (N) review and approve the proposed audit plan and the external auditors' proposed audit scope and approach with the external auditors and management and ensure there are no unjustifiable restriction or limitations have been placed on the audit scope;
- (O) approve in advance all audit and non-audit engagements of the external auditors; provided, however that non-audit engagements may be approved pursuant to a pre-approval policy established by the Committee that (i) is detailed as to the services that may be pre-approved, (ii) does not permit delegation of approval authority to the Corporation's management, and (iii) requires that the delegatee inform the Committee of each service approved and to be performed under the policy. Approval for minor non-audit related services is subject to applicable laws;
- (P) establish a procedure for the:
  - (1) confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, and
  - (2) receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
- (Q) ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business of the Corporation;
- (R) review and assess the adequacy of insurance coverage, including directors' and officers' liability coverage; and
- (S) review any other matters that the Committee feels are important to its mandate or that the Board chooses to delegate to it.

### **Authority**

Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).

Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.

This Charter is a broad policy statement and is intended to be part of the Audit Committee's flexible governance framework. While this Charter should comply with all applicable laws, regulations and listing requirements and the Corporation's articles and by-laws, this Charter does not create any legally binding obligations on the Committee, the Board of Directors or the Corporation.

**SCHEDULE "B"**

**PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER**

# P SQUARED RENEWABLES INC.

## Pro Forma Consolidated Statement of Financial Position (Unaudited)

As at March 31, 2021

	P Squared Renewables Inc.	Universal Ibogaine Inc.	Kelburn Clinic	see note	Pro Forma adjustments	Pro Forma total
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	123,269	563,306	1,128	4 (d) 4 (c)	5,475,000 (875,000)	5,287,703
Funds held in trust	2,048,520	-	-		(2,048,520)	-
Accounts receivable	18,348	94,950	2,862		-	116,160
Prepaid expenses and deposits	7,750	354,815	539	4 (c)	(250,000)	113,104
<b>Total current assets</b>	<b>2,197,887</b>	<b>1,013,071</b>	<b>4,529</b>		<b>2,301,480</b>	<b>5,516,967</b>
<b>Long term assets:</b>						
Capital assets	969	3,097,284	57,698	4 (c)	3,600,000	6,755,951
Loans receivable from related parties	-	-	11,000		-	11,000
Deferred acquisition costs	-	27,929	-	4 (c)	(27,929)	-
Right of use assets	-	-	697,668	4 (c)	(687,800)	9,868
Goodwill	-	-	-	4 (c)	1,966,159	1,966,159
<b>Total non-current assets</b>	<b>969</b>	<b>3,125,213</b>	<b>766,366</b>		<b>4,850,430</b>	<b>8,742,978</b>
<b>Total assets</b>	<b>2,198,856</b>	<b>4,138,284</b>	<b>770,895</b>		<b>7,151,910</b>	<b>14,259,945</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued liabilities	94,793	406,163	133,163		-	634,119
Subscription receipts held in trust	2,048,520	-	-		(2,048,520)	-
Deferred revenue	-	-	26,957		-	26,957
Current portion of lease obligation	-	-	277,373	4 (c)	(268,259)	9,114
<b>Total current liabilities</b>	<b>2,143,313</b>	<b>406,163</b>	<b>437,493</b>		<b>(2,316,779)</b>	<b>670,190</b>
<b>Long term liabilities:</b>						
Loan payable	60,000	40,000	60,000		-	160,000
Mortgage payable	-	-	-	4 (c)	1,600,000	1,600,000
Lease obligation	-	-	739,561	4 (c)	(737,885)	1,676
<b>Total long-term liabilities</b>	<b>60,000</b>	<b>40,000</b>	<b>799,561</b>		<b>862,115</b>	<b>1,761,676</b>
<b>Total liabilities</b>	<b>2,203,313</b>	<b>446,163</b>	<b>1,237,054</b>		<b>(1,454,664)</b>	<b>2,431,866</b>
<b>Shareholders' Equity (Deficiency):</b>						
Share capital	791,004	13,340,870	30	4(d)	8,039,419	22,171,323
Shares to be issued	-	133,171	-		-	133,171
Contributed surplus	119,894	1,285,449	-	4(d)	1,455,106	2,860,449
Accumulated other comprehensive loss	-	6,383	-		-	6,383
Deficit	(915,355)	(11,073,752)	(466,189)		(887,951)	(13,343,247)
	(4,457)	3,692,121	(466,159)		8,606,574	11,828,079
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>2,198,856</b>	<b>4,138,284</b>	<b>770,895</b>		<b>7,151,910</b>	<b>14,259,945</b>

# P SQUARED RENEWABLES INC.

## Pro Forma Consolidated Statement of Loss (Unaudited)

For the 12 month period ended March 31, 2021

	P Squared Renewables Inc.	Universal Ibogaine Inc.	Kelburn Clinic	see note	Pro Forma adjustments	Pro Forma total
<b>Revenues</b>	-	-	715,691		-	715,691
<b>Expenses</b>						
Operating expenses	-	-	329,743		-	329,743
General & administrative expenses	57,708	3,693,122	116,086		-	3,866,916
Business evaluation expenses	213,260	-	-		-	213,260
	270,968	3,693,122	445,829		-	4,409,919
<b>Other expenses (income)</b>						
Interest expense (income)	(25)	15,539	(1,500)	4 (c)	48,363	62,377
Interest on lease obligations	-	-	67,459	4 (c)	(63,028)	4,431
Depreciation expense	305	26,822	229,153	4 (c)	(44,000)	211,740
Impairment of intangible assets	-	2,149,287	-		-	2,149,287
Amortization of intangible assets	-	246,174	-		-	246,174
Finance charges and other	-	1,565	-		-	1,565
Stock based compensation expense	19,400	-	-		-	19,400
	19,680	2,438,847	295,112		(58,665)	2,694,974
Business acquisition costs	-	-	-	4 (c)	52,929	52,929
Listing expense	-	-	-	4 (b)	2,534,910	2,534,910
Total expenses	290,648	6,131,969	740,941		2,529,174	9,692,732
Net loss	290,648	6,131,969	25,250		2,529,174	8,977,041
Net loss per common share	\$0.03					\$0.05

# P SQUARED RENEWABLES INC.

## Notes to the Pro Forma Consolidated Financial Statements (Unaudited)

As at and for the year ended March 31, 2021

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### 1. PRO FORMA TRANSACTIONS

Universal Ibogaine Inc. (“**UI**”) is a privately owned company based in Vancouver, Canada. It is in the initial stages of implementing and financing its business plan, which is to develop a network of addiction treatment clinics. In November 2019, UI entered into an agreement with P Squared Renewables Inc. (“**PSQ**”), whereby PSQ would acquire 100% of the shares of UI and the two parties would merge and allow UI to effectively become a publicly listed company (the “**Resulting Issuer**” or the “**RI**”).

PSQ is a Capital Pool Corporation (“**CPC**”) under the policies of the TSX Venture Exchange Inc. (the “**TSXV**”). Effective October 8, 2020, PSQ, UI and 1266855 B.C. Ltd. (“**Subco**”, a wholly-owned subsidiary of PSQ) entered into an amalgamation agreement (the “**Amalgamation Agreement**”) whereby PSQ will acquire all of the outstanding shares of UI by way of a three-cornered amalgamation (the “**Amalgamation**”) among PSQ, UI and Subco.

Subject to the approval of the TSXV, it is intended that the Amalgamation with UI will constitute PSQ’s Qualifying Transaction (the “**QT**”) to allow it to meet the initial listing requirements of the TSXV.

The expected closing date of the Amalgamation is mid-2021. Highlights of the Amalgamation Agreement and the QT include:

- PSQ is undertaking a non-brokered financing, whereby Subco intends to offer \$6,000,000 of Subscription Receipts (the “**Offering**”), whereby it will issue units at a price of \$0.25 per unit (each a “**Subco Unit**”) consisting of one Subco common share and one warrant to purchase an additional Subco common share. It is intended that each Subco Unit will become exchangeable for similar units of the Resulting Issuer (each a “**RI Unit**”) on closing of the QT, and will consist 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.
- The Resulting Issuer will issue replacement common shares (“**RI Shares**”) to the former shareholders of UI (the “**UI Shares**”) and PSQ (the “**PSQ Shares**”), on the basis of one RI Share for each UI Share and PSQ Share. The share exchanges will be subject to reductions based on a permitted defined maximum number of shares outstanding at closing of the QT for each of UI and PSQ.
- UI has an agreement with two entities which are arms-length to each of UI and PSQ to (i) acquire 100% of the shares of 6887016 Manitoba Ltd., which owns and operates the “**Kelburn Clinic**”, an addiction treatment facility operating near Winnipeg, Manitoba, for consideration of \$1,500,000 and (ii) to separately acquire (subject to receipt of suitable mortgage financing) the land, facility and related buildings utilized by the Kelburn Clinic (the “**Kelburn Property**”) for consideration of \$3,500,000.

Closing of these two acquisitions is intended to occur concurrent with completion of the QT, and will involve the issuance of share Units to be issued by UI (the “**UI Units**”) at a price of \$0.25 per UI Unit. Each UI Unit will consist of one common share and one warrant to purchase one UI common share (each a “**UI Warrant**”). The UI Warrants will have the same terms as, and will be exchanged for, RI Warrants on a 1 for 1 basis on closing of the QT.

- Consideration payable for the purchase of the Kelburn Clinic consists of \$1,000,000 cash (of which deposits totaling \$250,000 have been paid by UI to April 30, 2021 and are held in trust), and \$500,000 payable in the form of the issuance of 2,000,000 UI Units. An additional deposit of \$375,000 was paid on May 31, 2021 leaving a balance to be due at final closing of the acquisition of \$375,000.

- Consideration payable for the purchase of the Kelburn Property will consist of cash of approximately \$1,600,000 (which is to be funded by a mortgage bearing interest at a rate of 3.15% for a fixed term of 5 years) and the estimated balance of \$1,900,000 payable in the form of 7,600,000 UI Units.
- It is expected that following closing of the QT and the Offering, a majority of the shares of the Resulting Issuer will be held by the former shareholders of UI, and accordingly the Amalgamation / merger would be considered a Reverse Takeover Transaction (“**RTO**”) and subject to certain rules of the TSXV governing such transactions.
- Each of UI’s and PSQ’s outstanding warrants, options and any other convertible securities will be exchanged for warrants, options and convertible securities of the Resulting Issuer on substantially the same economic terms and conditions as the existing outstanding warrants and options of UI and PSQ.
- Upon completion of the QT, UI and Subco will amalgamate as “**Amalco**”, and become a wholly-owned subsidiary of the Resulting Issuer.
- It is intended that PSQ will change its name to “Universal Ibogaine Inc.”, and Amalco will be renamed “Clear Sky Recovery Solutions Inc.”, or such other names that are acceptable to the Resulting Issuer and to applicable regulatory authorities.

## 2. BASIS OF PRESENTATION

### (a) Pro Forma Consolidated Statement of Financial Position

The accompanying unaudited pro forma consolidated statement of financial position of PSQ as at March 31, 2021 (the “**Pro Forma Statement of Financial Position**”) has been prepared, for illustrative purposes only, for purposes of inclusion in the TSXV Filing Statement (the “**Filing Statement**”), in conjunction with the proposed Amalgamation of UI, PSQ and Subco, to give effect to the proposed transactions as described herein. This Pro Forma Statement of Financial Position:

- has been prepared assuming that the Amalgamation and the related transactions had been completed on March 31, 2021, and
- has been prepared on a basis consistent with the significant accounting policies of PSQ and UI as detailed in the notes to PSQ’s audited consolidated financial statements for the fiscal year ended March 31, 2021 and UI’s audited consolidated financial statements for the fiscal year ended July 31, 2020.

The Pro Forma Statement of Financial Position is not intended to reflect the financial performance or the financial position which would have actually resulted had the Amalgamation been effected on the date indicated. Furthermore, the Pro Forma Statement of Financial Position is not necessarily indicative of the financial position that may be obtained in the future. Actual amounts recorded on the ultimate consummation of the Amalgamation may differ from those recorded in the Pro Forma Statement of Financial Position, and the differences may be material.

The pro forma adjustments presented herein are preliminary and are based on available financial information and certain estimates and assumptions. Management believes that such assumptions provide a reasonable basis for presenting all the significant effects of the contemplated transactions related to the QT and the Amalgamation, and that the pro forma adjustments give appropriate effect to those assumptions, and are properly applied to the Pro Forma Statement of Financial Position. The actual adjustments to the consolidated financial statements of PSQ will differ from the pro forma adjustments reflected herein.

The Pro Forma Statement of Financial Position and the Pro Forma Consolidated Statements of Loss (as defined / referred to below) have been compiled from the information contained within, and should be read in conjunction with, the following financial statements which are included in the Filing Statement:

- the audited consolidated financial statements of PSQ for the fiscal year ended March 31, 2021;
- the audited consolidated financial statements of UI for the fiscal year ended July 31, 2020;

- the unaudited condensed consolidated interim financial statements of UI for the 9-month period ended April 30, 2021;
- the audited financial statements of 6887016 Manitoba Ltd. (operating as “the Kelburn Clinic”) for the fiscal years ended November 30, 2020, 2019 and 2018, and
- the unaudited condensed interim financial statements of 6887016 Manitoba Ltd. (operating as the Kelburn Clinic) for the 6-month period ended May 31, 2021.

The Pro Forma Statement of Financial Position derives information from the following statements of financial position:

- the audited consolidated statement of financial position of PSQ as at March 31, 2021;
- the unaudited condensed consolidated interim statement of financial position of UI as at the 9-month period ended April 30, 2021; and
- the unaudited condensed interim statement of financial position of 6887016 Manitoba Ltd. (operating as the Kelburn Clinic) as at the 6-month period ended May 31 2021.

#### (b) Pro Forma Consolidated Statement of Loss

The unaudited pro forma consolidated statement of loss (the “**Pro Forma Statement of Loss**”) for the year ended March 31, 2021 was compiled for illustrative purposes only, using PSQ’s audited statement of loss for the year ended March 31, 2021 and from the following statements:

- UI’s unaudited consolidated statement of loss for the 12-month period ended April 30, 2021, which was constructed using UI’s audited consolidated statement of loss for the fiscal year ended July 31, 2020, subtracting UI’s unaudited consolidated statement of loss for the 9-month period ended April 30, 2020 and adding UI’s unaudited consolidated statement of loss for the 9-month period ended April 30, 2021, and;
- The Kelburn Clinic’s unaudited statement of loss for the 12-month period ended May 31, 2021, which was constructed using the audited statement of loss for the fiscal year ended November 30, 2020, subtracting the unaudited statement of loss for the 6-month period ended May 31, 2020 and adding the unaudited statement of loss for the 6-month period ended May 31, 2021.

#### (c) Reverse acquisition for accounting purposes:

A reverse acquisition occurs when the entity that issues securities (the legal acquirer, which in this case is PSQ) is identified as the acquiree for accounting purposes. The entity whose interests are acquired (the legal acquiree or UI) is the acquirer for accounting purposes in a reverse acquisition (a reverse take-over, or “**RTO**”). It has been determined that PSQ is the accounting acquiree and that UI is the accounting acquirer based upon the guidance in IFRS 10, Consolidated Financial Statements, and IFRS 3, Business Combinations (“IFRS 3”). On closing of the QT, the shareholders of UI will hold a majority of the shares of the Resulting Issuer.

The acquisition date fair value of the consideration transferred by the accounting acquirer, UI, for its interest in the accounting acquiree, PSQ, is based on the equity interests that UI would have had to issue to provide the owners of PSQ before the transaction, with the same percentage equity interest in the combined entity that results from the RTO. This Pro Forma Statement of Financial Position has been prepared as a continuation of the financial statements of UI, reflecting the equity instruments of PSQ.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The Pro Forma Statement of Financial Position and the Pro Forma Statements of Loss have been compiled using the significant accounting policies as set out in the financial statements listed in note 2 above, which were prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

#### 4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The Pro Forma Statement of Financial Position incorporates the following pro forma assumptions:

(a) Proceeds of the Offering:

It is assumed that Subco will raise gross proceeds of \$6,000,000 (and an estimated \$5,475,000 net of assumed transaction costs of \$525,000) under the Offering, by issuing a total of 24,000,000 subscription receipts for Subco Units at a price of \$0.25 per Subco Unit.

Transaction costs would include finders' fees, which may be payable on a portion of the Offering at 8% cash and 8% payable in the form of warrants issued to the Agents involved in the Offering (the "Agents' Warrants"). The Agents Warrants will have an exercise price of \$0.25 per share and will be exercisable for a period of 2 years from closing of the QT. No Agents Warrants are currently payable under subscription agreements which have been received to date.

(b) Reverse acquisition of PSQ for accounting purposes:

As of the expected date of closing of the QT, PSQ will not meet the definition of a "business" as such term is defined in IFRS 3 and the transaction will be accounted for pursuant to IFRS 2, Share-based payments. As a result of the RTO of PSQ, the assets and liabilities of UI will be recognized at their carrying value. Kelburn Clinic's assets and liabilities will be recognized at their fair value and the assets acquired from the Kelburn Property will be recognized at their purchased value. The assets and liabilities of PSQ will be recognized at fair value (which is approximated by their carrying value).

The fair value of the assumed consideration paid by UI amounts to \$2,430,453, representing (i) the assumed issuance of 12,085,850 RI common shares to the existing shareholders of PSQ at the date of the RTO after considering the exchange of one RI share for each one PSQ share and assuming a fair value per share post consolidation of \$0.25 per RI share, which is the price of the Subco Units being issued in the Subscription Receipt Offering by Subco, plus (ii) the assumed issuance of 1,150,000 stock options issued to replace the existing PSQ stock options outstanding at the date of the RTO. The fair value of the consideration paid, which exceeds the fair value of PSQ's net assets, is treated as a listing expense of \$2,534,910 as noted below.

Upon closing of the QT and the Amalgamation (assuming the Offering is for a minimum of \$6 million, as noted above), the shareholders of PSQ would hold approximately 6.5% of the common shares of the Resulting Issuer.

The excess of the fair value of the assumed consideration paid by UI over the fair value of PSQ's net assets assumed by UI has been recognized as a listing expense of \$2,534,910 and recorded in deficit as follows:

Fair value of PSQ assets	\$ 2,198,856
Fair value of PSQ liabilities	(2,203,313)
Net liabilities assumed	4,457
Fair value of consideration paid in pro-rata number of RI shares issued at fair value of \$0.20	2,370,000
Fair value of consideration paid in replacement stock options issued	160,453
	2,430,453
Total listing expense recorded	2,534,910

For the purposes of these Pro Forma Statements, it is assumed that the fair value of assets acquired and liabilities assumed are recognized at their carrying value of negative \$4,457 as reflected in PSQ's statement of financial position as at March 31, 2021. The listing expense of \$2,534,910 is reflected in the Pro Forma Statement of Loss for the year ended March 31, 2021.

The actual consideration paid and the net liabilities of PSQ that are ultimately assumed will be dependent on the balances at the date of the closing of the QT. For the purposes of the Pro Forma Statements, the recorded values of PSQ's common shares, capital reserves and deficit have been eliminated to reflect reverse acquisition accounting as indicated in note 4(d) below.

(c) Acquisition of the Kelburn Clinic and the Kelburn Property:

The acquisition of the Kelburn Clinic is considered a business combination under IFRS, while the acquisition of the Kelburn Property is considered an asset acquisition, with related transaction costs incurred included as part of the costs of the assets acquired. The following reflects the estimated purchase price allocation related to these two acquisitions:

	Kelburn Clinic	Kelburn Property	total
Consideration payable by UI:			
Cash	1,000,000	1,600,000	2,600,000
UI share Units	500,000	1,900,000	2,400,000
Estimated transaction costs capitalized	-	100,000	100,000
	1,500,000	3,600,000	5,100,000
Allocation to:			
Land and buildings	-	3,600,000	3,600,000
Right of use assets	697,668	-	697,668
Other capital assets	57,698	-	57,698
Goodwill	1,966,159	-	1,966,159
Other assets	15,529	-	15,529
Lease obligations	(1,016,934)	-	(1,016,934)
Other liabilities	(220,120)	-	(220,120)
	1,500,000	3,600,000	5,100,000

It is also assumed that a mortgage of approximately \$1,600,000 will be entered into by UI at closing of the QT to partially finance the acquisition of the Kelburn Property. The Kelburn building has an estimated remaining useful life of 20 years and the estimated allocation of the purchase to land is \$352,000.

Total cash to close the two acquisitions is estimated as \$875,000 as follows:

	Kelburn Clinic	Kelburn Property	total
Cash	1,000,000	1,600,000	2,600,000
Estimated transaction costs	25,000	100,000	125,000
Less deposits paid	(250,000)	-	(250,000)
Less mortgage financing	-	(1,600,000)	(1,600,000)
Net cash to close	775,000	100,000	875,000

Deferred acquisition costs at April 30, 2021 of \$27,929 represent legal and other costs incurred by UI to April 30, 2021 related to the Kelburn acquisitions and are included in the total of \$52,929 business acquisition costs expensed in the Pro Forma Statement of Loss.

This purchase price allocation has been determined from information available to management of UI as at August 24, 2021 and is subject to change. The purchase price allocation that will be finalized upon the closing of the Amalgamation and the related future completion of the detailed determination of fair values might be materially different from the values set out herein. Although UI does not have a reason to believe so, the ultimate detailed determination of fair values might reveal certain assets and liabilities of the Kelburn Clinic that could have a material impact on the determination of the fair values of its' assets and liabilities and the resulting purchase price allocation.

The land and buildings utilized by the Kelburn Clinic are held under a long-term lease (the "**Lease**") with a related party which has common shareholders. On the closing of the acquisition of both the Kelburn Clinic and the Kelburn Property by UI, on a consolidated basis, this Lease would no longer be recognized as a right-of-use asset and related lease obligation as has been required to be recorded by the Kelburn Clinic under IFRS-16, Leases. Accordingly, a pro forma adjustment to de-recognize the Lease results in a \$318,344 decrease in the recorded deficit of the Kelburn Clinic as follows:

Lease obligation – current portion	\$ 268,259
Lease obligation	737,885
	<u>1,006,144</u>
Right-of-use asset	687,800
Decrease in net liabilities	<u>318,344</u>

Amounts recorded for depreciation on the right-of-use asset and the related interest on lease obligations have been reversed and replaced with the respective amounts that arise for depreciation on capital assets and mortgage interest expense in the Statements of loss, with a net effect as follows:

Increase (decrease) in	
Depreciation on right-of-use asset	(206,400)
Depreciation on capital assets acquired	162,400
	<u>(44,000)</u>
Interest on lease obligations	(63,028)
Mortgage interest	48,363
	<u>(58,665)</u>

(d) Net effect of adjustments on pro forma shareholders' equity balances:

The following reflects the impact of the above noted adjustments on the pro forma shareholders' equity balances as at March 31, 2021:

	see note	share capital	capital reserves	retained earnings (deficit)
Gross proceeds of the Offering	4 (a)	6,000,000	-	-
Share issuance and transaction costs	4 (a)	(420,000)	(105,000)	-
Value attributed to the RI Warrants issuable under the Offering (i)		(1,200,000)	1,200,000	-
Value attributed to the RI Warrants issuable on the Kelburn acquisition (i)		(480,000)	480,000	-
Value of shares issued on RTO	4 (b)	2,530,453	-	-
Listing expenses on RTO	4 (b)	-	-	(2,534,910)
Business acquisition costs expensed	4 (c)	-	-	(52,929)
Elimination of PSQ balances	4 (b)	(791,004)	(119,894)	915,355
Purchase of the Kelburn Clinic and Kelburn Property	4 (c)	2,400,000	-	-
Elimination of Kelburn Clinic Lease	4 (c)	-	-	318,344
Elimination of Kelburn Clinic balances	-	(30)	-	466,189
		8,039,419	1,455,106	(887,951)
Balances as at March 31, 2021 prior to the QT:				
UI		13,340,870	1,285,449	(11,073,752)
PSQ		791,004	119,894	(915,355)
Kelburn Clinic		30	-	(466,189)
Pro forma totals after completion of the QT		22,171,323	2,860,449	(13,343,247)

- (i) The RI Warrants that are to be issued under the terms of the Offering, and the UI Warrants to be issued on closing of the acquisitions of the Kelburn Clinic and the Kelburn Property, have been assigned a fair-value of \$0.05 per warrant, resulting in a reduction of share capital and a corresponding increase in contributed surplus totalling \$1,680,000.

## 5. SHARE CAPITAL

Share capital is comprised of the following in the Pro Forma Statement as at March 31, 2021. The number of common shares below is based on the totals currently outstanding at August 30, 2021, and assuming an effective date of closing of the Amalgamation of March 31, 2021:

	see note	# of common shares	stated capital \$
Resulting Issuer shares to be issued pursuant to:			
Offering of Subco Units	4 (a)	24,000,000	5,580,000
Purchase of the Kelburn Clinic	4 (c)	2,000,000	500,000
Purchase of the Kelburn Property	4 (c)	7,600,000	1,900,000
UI Liquidity Event (see (i))		13,171,434	-
Issue to the shareholders of UI		131,386,568	13,340,870
Issue to the shareholders of PSQ	4 (b)	12,085,850	2,530,453
Value attributed to Unit Warrants issued		-	(1,680,000)
<b>Pro forma total as at March 31, 2021</b>		<b>190,243,852</b>	<b>22,171,323</b>

- (i) Pursuant to the terms of a brokered private placement financing which UI closed in July, 2018 (the “**Mackie Financing**”), UI is obligated to issue additional common shares to the subscribers to the Mackie Financing. The total number of shares increases over time until UI completes a defined “Liquidity event”, which will include the QT. As at August 30, 2021, UI will be obligated to issue an additional 13,171,434 common shares (for no proceeds to UI) under the terms of the Mackie Financing.

The issuance of these additional 13,171,434 common shares by UI would decrease the pro forma net loss per share from \$0.051 to \$0.047 per common share.

**SCHEDULE "C"**  
**FINANCIAL STATEMENTS OF PSQ**



# **P Squared Renewables Inc.**

**(a Capital Pool Corporation)**

## **Consolidated Financial Statements**

**For the year ended March 31, 2021**

## **P Squared Renewables Inc.**

### **Management's Responsibility for Financial Reporting**

The accompanying consolidated financial statements for the year ended March 31, 2021 (the "Financial Statements") have been prepared by management and are the responsibility of the Board of Directors of P Squared Renewables Inc. (the "Corporation").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect management's best estimates and judgments based on currently available information. The Corporation has developed and maintains a system of internal controls in order to ensure, on a reasonable and cost effective basis, the reliability of its financial information.

The Board of Directors of the Corporation is responsible for overseeing management's performance of its responsibilities for financial reporting and internal control. The Audit Committee of the Corporation, which includes non-executive Directors, meets with management as well as the external auditors to ensure that management is properly fulfilling its financial reporting responsibilities to the Board of Directors who approve the Financial Statements. The external auditors have unrestricted access to the Audit Committee to discuss the scope of their audits and the adequacy of the system of internal controls.

The consolidated financial statements have been audited by Deloitte LLP. Their report outlines the scope of their examination and opinion on the Financial Statements.

July 28, 2021

*Signed* "Shabir Premji"  
President & Chief Executive Officer

*Signed* "Jack Pastuszko"  
Chief Financial Officer

## Independent Auditor's Report

To the Shareholders and the Board of Directors of  
P Squared Renewables Inc.

### Opinion

We have audited the consolidated financial statements of P Squared Renewables Inc. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

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

### Material Uncertainty related to Going Concern

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

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

*Deloitte LLP*

Chartered Professional Accountants  
Calgary, Alberta  
July 28, 2021

# P Squared Renewables Inc.

## Consolidated Statement of Financial Position (Unaudited)

As at	March 31, 2021	March 31, 2020
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 123,269	\$ 72,500
Funds held in trust (notes 1 and 10 (iii))	2,048,520	-
Other receivables (note 5)	18,348	10,191
Prepaid expenses and deposits	7,750	7,650
Loan to Universal Iboqaine Inc. (note 10)	-	25,000
	<u>2,197,887</u>	<u>115,341</u>
<b>Non current</b>		
Computer equipment (note 6)	969	1,274
<b>Total assets</b>	<u>\$ 2,198,856</u>	<u>\$ 116,615</u>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 69,793	\$ 21,724
Other liabilities (note 8 (ii))	25,000	-
Subscription receipts held in trust (note 10)	2,048,520	-
	<u>2,143,313</u>	<u>21,724</u>
<b>Long term liabilities</b>		
Loan payable (note 7)	60,000	-
<b>Total liabilities</b>	<u>2,203,313</u>	<u>21,724</u>
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (note 8)	791,004	619,104
Contributed surplus	119,894	100,494
Deficit	(915,355)	(624,707)
	<u>(4,457)</u>	<u>94,891</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 2,198,856</u>	<u>\$ 116,615</u>

### Status of Qualifying Transaction (note 10)

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

# P Squared Renewables Inc.

## Consolidated Statement of Loss and Comprehensive Loss

For the years ended March 31, 2021 and 2020

	2021	2020
<b>Expenses</b>		
General and administrative expenses	\$ 57,708	\$ 58,989
Business evaluation expenses (note 10)	213,260	59,627
Stock based compensation expense (note 9 (iii))	19,400	-
Interest income	(25)	(562)
Depreciation expense	305	-
<b>Net loss and comprehensive loss for the year</b>	<b>\$ 290,648</b>	<b>\$ 118,309</b>
<b>Net loss per common share</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>

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

# P Squared Renewables Inc.

## Consolidated Statement of Changes in Shareholders' Equity

For the years ended March 31, 2021 and 2020

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	Share capital	Contributed surplus	Deficit	Total
Balance, March 31, 2019	\$ 595,513	\$ 108,000	\$ (506,398)	\$ 197,115
Issue of common shares on exercise of stock options	16,085	-	-	16,085
Transfer on exercise of stock options	7,506	(7,506)	-	-
Net loss for the year	-	-	(118,309)	(118,309)
Balance, March 31, 2020	619,104	100,494	(624,707)	94,891
Issue of common shares, net of costs	171,900	-	-	171,900
Stock based compensation expense	-	19,400	-	19,400
Net loss for the year	-	-	(290,648)	(290,648)
Balance, March 31, 2021	791,004	119,894	(915,355)	\$ (4,457)

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

# P Squared Renewables Inc.

## Consolidated Statement of Cash Flows

For the years ended March 31, 2021 and 2020

	2021	2020
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net loss for the year	\$ (290,648)	\$ (118,309)
Items not involving cash		
Depreciation expense	305	255
Stock based compensation expense	19,400	-
	(270,943)	(118,054)
Changes in non-cash operating working capital balances:		
Accounts receivable	(8,157)	(5,813)
Prepaid expenses and deposits	(100)	250
Accounts payable and accrued liabilities	48,069	1,632
Other liabilities	25,000	-
	64,812	(3,931)
Net cash used in Operating activities	(206,131)	(121,985)
<b>Financing activities:</b>		
Proceeds from issue of common shares, net	185,000	-
Share issue costs	(13,100)	-
Subscription receipts held in trust (note 10(iii))	2,048,520	-
Loan proceeds received	60,000	-
Proceeds from exercise of stock options	-	16,085
	2,280,420	16,085
<b>Investing activities:</b>		
Purchase of equipment	-	(1,529)
Loan (to) repaid by Universal Ibogaine Inc. (note 10(ii))	25,000	(25,000)
Net cash provided by (used in) investing activities	25,000	(26,529)
Net increase (decrease) in cash and cash equivalents for the year	2,099,289	(132,429)
Cash and cash equivalents, beginning of the year	72,500	204,929
Cash and cash equivalents, end of the year	\$ 2,171,789	\$ 72,500
<i>Cash and cash equivalents consists of:</i>		
Cash	123,269	72,500
Funds held in trust	2,048,520	-
	2,171,789	72,500

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

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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### 1. NATURE OF OPERATIONS & GOING CONCERN

P Squared Renewables Inc. ("PSQ" or the "Corporation") was incorporated under the Alberta Business Corporations Act on March 10, 2017 and is a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "TSXV") Corporate Finance Manual. The head office of the Corporation is located at Suite 1470, 400 Third Avenue SW, Calgary, Alberta, T2P 4H2.

The Corporation currently has no significant assets other than cash and its activities to date have been primarily for identifying and evaluating potential acquisitions or businesses with a view to completing a "Qualifying Transaction" (the "QT"), as defined in TSXV Policy 2.4 (see also note 10).

PSQ did not complete a QT within the total 24 month time period (which expired June 19, 2019) permissible under the policies of the TSXV. There is currently no assurance that the TSXV will (i) extend this period, (ii) approve the current proposed QT (see note 10), or (iii) that it will not continue to suspend or even de-list PSQ's shares from trading on the TSXV.

These financial statements have been prepared on a going concern basis, which assumes that the Corporation 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.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The ongoing general uncertainty in the business environment and the Corporation's lack of positive cash flow indicate conditions that cause material uncertainties that may cast significant doubt regarding the applicability of the going concern assumption. The Corporation's ability to continue as a going concern is dependent on management's ability to complete the QT and identify additional sources of capital and to raise sufficient resources. Although management has been successful in raising capital in the past, there is no assurance these initiatives will be successful in the future.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Corporation be unable to continue as a going concern. These adjustments could be material.

#### Cash restriction

Pursuant to the terms of the Offering (see note 10(iii)), PSQ has received, and is holding in trust until completion of the Offering, proceeds received under subscription agreements for the Offering totalling \$2,048,250 as at March 31, 2021.

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements For the years ended March 31, 2021 and 2020

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### 2. BASIS OF PRESENTATION

#### Statement of Compliance

These consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were approved by PSQ's Board of Directors on July 28, 2021.

#### Basis of Preparation

These Financial Statements are presented in Canadian dollars, which is the Corporation's functional and reporting currency.

The Financial Statements are prepared on a historical cost basis. The accounting policies have been applied consistently throughout the entire period presented in these Financial Statements.

The Financial Statements include the accounts of PSQ and its wholly owned subsidiary, 1266855 B.C. Ltd., which was incorporated on September 23, 2020.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently throughout the entire period presented in these financial statements.

#### Cash and cash equivalents

Cash is comprised of holdings in business and savings accounts held at a Canadian chartered bank. Cash equivalents is comprised of short-term, interest bearing term deposits held at a Canadian chartered bank.

#### Capital assets

Capital assets are valued at cost, and is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets, which is 5 years in the case of computer equipment.

#### Stock-based compensation expense

PSQ has in place share-based programs which are intended to provide compensation incentives to key members of its Board of Directors, Management, Consultants and employees in the form of grants of Stock Option ("Options"), pursuant to which the holder is able to acquire PSQ common shares.

PSQ records stock-based compensation expense for Options granted using the fair value method, whereby the fair value is calculated at the date of grant using the Black-Scholes pricing model, which incorporates input assumptions related to factors such as:

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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- the estimated fair value of PSQ common shares;
- the estimated volatility in the underlying PSQ common shares which may be acquired; and
- potential future forfeitures by the holders of Options.

Amounts are recorded as expense over the vesting period of the Options, and results in an offsetting increase in contributed surplus. When Options become exercised, the consideration received by PSQ is credited to share capital. In addition, contributed surplus is reduced and share capital is increased by the pro-rata amount of cumulative share-based compensation expense that has been recorded for each security that is exercised in the period.

At each financial position reporting date, the cumulative amount recognized as expense is adjusted to reflect the actual number of Options that are expected to vest. No cumulative expense is recognized for awards that do not ultimately vest.

### Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments related to amendments to taxes payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities for financial reporting purposes and the amounts used for income taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recorded is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

### Loss per share

Basic loss per share is computed by dividing net loss for the year by the weighted average number of PSQ common shares outstanding during the year. PSQ uses the treasury stock method for calculating diluted loss per share. When the Corporation is in a loss position, all potential share issuances related to the exercise of options and other reserved securities are excluded from the calculation, as the effect is anti-dilutive. In the event of a loss position, diluted loss per share is the same as basic loss per share.

### Significant Accounting Judgment, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 further periods if the review affects both current and future periods.

There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

### Provisions and contingencies

The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Corporation assesses its liabilities and contingencies based upon the best information available.

### Stock-based compensation expense

The fair value of stock-based compensation expense is estimated using the Black-Scholes option pricing model and relies on a number of estimated inputs, such as the expected life of the option, the volatility of the underlying share price, and the risk-free rate of return. Changes in the underlying estimated inputs may result in materially different results.

### Deferred taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

## Financial Instruments

- (a) *Non-derivative financial instruments.* Non-derivative financial instruments comprise cash, accounts receivable, loan receivable and accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value, plus, for instruments not classified as “fair value through profit or loss”, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.
  - (i) *Cash.* Cash comprised of cash on hand and cash held in trust are measured similar to other non-derivative financial instruments.

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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- (ii) *Other*. Other non-derivative financial instruments, comprising accounts receivable, loan receivable, and accounts payable and accrued liabilities are measured at amortized cost using the effective interest method, less any impairment losses. The Corporation nets all transaction costs incurred in relation to the acquisition of a financial asset or liability against the related financial asset or liability.
- (b) *Share capital*. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

### Determination of fair values

A number of PSQ's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of financial instrument valuation methods have been defined as follows:

Level 1 fair value measurements are based on unadjusted quoted market prices. Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. Level 3 fair value measurements are based on unobservable information.

The carrying value of cash and cash equivalents, accounts receivable, prepaid expenses and deposits, and accounts payable and accrued liabilities included in the statements of financial position approximate fair value due to the short term nature of those instruments.

### Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognized in net profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit or loss.

## 4. NEW ACCOUNTING STANDARDS

### Amendments to IFRS 3 – “Business Combinations” – Definition of a Business (“IFRS 3”)

PSQ elected to early adopt the amendments to IFRS 3 effective January 1, 2020, which will be applied prospectively to acquisitions that occur on or after April 1, 2019.

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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The amendments introduce an optional concentration test, narrow the definitions of a business and outputs, and clarify that an acquired set of activities and assets must include an input and a substantive process that together significantly contribute to the ability to create outputs. These amendments do not result in changes to the Corporation's accounting policies of applying the acquisition method.

### **New interpretations and amendments not yet adopted:**

A number of interpretations are not yet effective for the year ended March 31, 2021, and have not been applied in preparing these financial statements. The following new interpretations and amendments have been issued, but are not yet effective until fiscal years beginning on or after April 1, 2021, and are not expected to have a material impact on the Corporation:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Clarification of directly attributable costs associated with the measurement and recognition of an asset as property plant and equipment (Amendments to IAS 16);
- Amends certain recognition and measurement principal exceptions applied to assets and liabilities acquired under the acquisition method (Amendments to IFRS 3); and
- Specification of the net fees considered during the assessment of a financial liability as a result of a substantial change in terms and update to the definition of fees (Amendments to IFRS 9).

## **5. OTHER RECEIVABLES**

Other receivables consist of the following:

<u>Year ended March 31</u>	<u>2021</u>	<u>2020</u>
GST balances receivable	14,994	3,579
Balance due from Officers of the Corporation	3,354	3,354
Other	-	3,258
	<u>18,348</u>	<u>10,191</u>

Accounts receivable includes a total of \$3,354 (March 31, 2020 - \$3,354) which has been advanced to two executives of the Corporation. These amounts are non-interest bearing, with no specific terms of repayment.

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

### 6. COMPUTER EQUIPMENT

	Cost	Accumulated depreciation	Net book value
Balance, March 31, 2019	\$ -	\$ -	\$ -
Additions in the year	1,529	(255)	1,274
Balance, March 31, 2020	1,529	(255)	1,274
Additions in the year	-	(305)	(305)
Balance, March 31, 2021	1,529	(560)	969

### 7. LOAN PAYABLE

In September, 2020, PSQ received a \$40,000 Canada Emergency Business Account loan (the “CEBA Loan”) under the Canadian Federal government’s Covid-19 support programs and an additional \$20,000 was received by PSQ on December 21, 2020. A total of \$20,000 of the CEBA Loan will be forgiven if \$40,000 of the \$60,000 balance is repaid by December 31, 2022, and if not repaid, the \$60,000 CEBA Loan will be extended for an additional 3-year term bearing interest at 5% per year, payable monthly.

The CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments will be required until December 31, 2025 when the full amount of the CEBA Loan will become due.

### 8. SHARE CAPITAL

#### Authorized and issued:

PSQ is authorized to issue an unlimited number of common shares and preferred shares without nominal or par value.

A continuity of the common shares issued and outstanding is as follows:

	# of shares issued	stated capital
Total as at March 31, 2019 (i)	11,000,000	\$ 595,513
Issued in the year ended March 31 2020 on exercise of Stock Options	160,850	16,085
Transfer from contributed surplus on exercise of Stock Options	-	7,506
Total as at March 31, 2020	11,160,850	619,104
Issued on private placement of common shares (ii)	925,000	185,000
Share issue costs incurred	-	(13,100)
Total as at March 31, 2021	12,085,850	\$ 791,004

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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- (i) A total of 8,000,000 common shares were issued pursuant to the initial formation of the Corporation in March, 2017 and are subject to a CPC Escrow Agreement, under which 10% of the escrowed common shares will be released from escrow on the acceptance by the TSXV of the Corporation's QT (the "Initial Release"). An additional 15% will then be released on each of the dates that are up to a maximum of 6, 12, 18, 24, 30 and 36 months following the Initial Release.

In June 2017, PSQ also issued a total of 3,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$300,000 by way of an Initial Public Offering (the "IPO") pursuant to the policies of the TSXV governing CPC's.

- (ii) In June, 2020 PSQ received approval from the TSXV to undertake a private placement financing (the "Bridge Financing") of up to 1,000,000 common shares at a price of \$0.20 per share. In January, 2021, the TSXV authorized PSQ to increase the Offering to \$250,000.

To February 4, 2021, a total of 925,000 common shares were issued by PSQ under the Bridge Financing, for proceeds of \$185,000.

An additional \$25,000 was received as a deposit (recorded as other liabilities) in late January 2021 under the Bridge Financing pursuant to a subscription agreement for 125,000 common shares. This subscription was not included in the final total approved by the TSXV for the Bridge Financing and it is intended that it will be applied to the Offering (see note 10).

## 9. STOCK OPTIONS

PSQ has in place an Incentive Stock Option plan under which options to purchase common shares of the Corporation ("Options") may be granted to the Corporation's Directors, officers and consultants in accordance with the policies of the TSXV.

Following closing of the IPO on June 19, 2017 PSQ issued a total of 1,100,000 Options, with an exercise price of \$0.10 per common share, 100% vesting at grant date, and an expiry date of June 19, 2027, to Directors and an officer of the Corporation.

A continuity of the Options currently outstanding is as follows:

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

Issued in June 2017 to Directors and officers	1,100,000
<u>Agents Options issued in June 2017</u>	<u>300,000</u>
Total outstanding as at March 31, 2019	1,400,000
Activity in the year ended March 31, 2020:	
Agents' Options exercised (see (i))	(160,850)
Agents' Options expired (see (i))	(139,150)
<u>    Options expired (see (ii))</u>	<u>(150,000)</u>
Total outstanding as at March 31, 2020	950,000
<u>Options issued in October, 2020 (see (ii))</u>	<u>200,000</u>
<u>Total outstanding at March 31, 2021 (see also (ii))</u>	<u>1,150,000</u>

### (i) Exercise and expiry of Agents Options

In June, 2019 a total of 160,850 of the 300,000 Agents Options (which were issued to the Agents which undertook the IPO in 2017) were exercised, resulting in the issuance of 160,850 common shares for proceeds to PSQ of \$16,085. On June 21, 2019 the remaining 139,150 Agents Options expired without being exercised.

### (ii) Options issued and outstanding

Subsequent to the resignations of two members of the PSQ Board of Directors in 2019, a total of 150,000 Options which they held expired in 2019.

On October 2, 2020, PSQ granted to two members of its Board of Directors a total of 200,000 Options, with immediate vesting and an exercise price of \$0.20 per common share, and an expiry date of October 2, 2030.

The following Options are outstanding as at March 31, 2021:

weighted average Exercise price per share	# of options outstanding	# of options exercisable	average remaining contractual life (in years)
\$ 0.10	950,000	950,000	6.2
\$ 0.20	200,000	200,000	9.5
	<u>1,150,000</u>	<u>1,150,000</u>	<u>6.8</u>

### (iii) Stock based compensation expense ("SBCE")

SBCE of \$19,400 was recorded in October 2020 on the granting of the 200,000 Options. SBCE is calculated based on the fair value attributed to grants of Options to purchase common shares using the Black-Scholes option valuation model, and utilized the following weighted average assumptions for the 9-month period ended December 31, 2020:

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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Expected dividends paid per common share	Nil
Expected life in years	1.5
Expected volatility in the price of common shares	100 %
Risk free interest rate	2.0 %
Weighted average fair market value per share at grant date	\$ 0.065
Intrinsic (or "in-the-money") value per share of options exercised	n/a

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### 10. STATUS OF QUALIFYING TRANSACTION

Business evaluation expenses incurred relate to the Corporation's QT activities.

#### (i) Previous QT activities

In July 2017, PSQ entered into an Agreement to acquire 100% of Borealis GeoPower Inc. ("Borealis"), a privately held company engaged in developing geothermal exploration prospects.

PSQ had intended to complete its QT (subject to TSXV approval) by acquiring Borealis by December 31, 2017.

Pursuant to the Agreement, PSQ advanced Borealis a \$225,000 short-term, secured bridge loan, bearing interest at 6% and repayable on August 1, 2018 ("the Loan"). PSQ announced in November 2017 that the proposed acquisition of Borealis was not proceeding, resulting in PSQ demanding repayment of the Loan. The Loan, plus accrued interest of \$12,788, was repaid to PSQ by Borealis on the due date of August 1, 2018.

In March 2018, PSQ announced that it had signed a Memorandum of Understanding regarding a proposed business combination (the "Transaction") with an arms-length, privately owned business in the clean energy generation sector. PSQ conducted due diligence review and negotiations in connection with this proposed Transaction, which was subsequently cancelled in May 2019.

PSQ did not complete its QT within the 24-month time period (which expired June 19, 2019) required under the policies of the TSXV. There is no assurance that the TSXV will extend this period, or that it will not continue to suspend or to de-list the Corporation's shares from trading.

#### (ii) Current proposed QT with Universal Ibogaine Inc.

On November 1, 2019, PSQ announced an initial agreement to acquire 100% of a privately owned, arms-length party, Universal Ibogaine Inc. ("UI"), which intends to develop a network of addiction treatment centres.

On November 8, 2019, PSQ advanced \$25,000 to UI as a non-interest bearing, unsecured promissory note. On May 8, 2020, the maturity date of this note was extended by PSQ to August 31, 2020, which was again extended to October 31, 2020 or such other date as may be agreed upon (such as the closing of the QT). This loan was repaid to PSQ on December 21, 2020.

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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Effective October 8, 2020, PSQ, UI and a wholly-owned subsidiary of PSQ ("Subco") entered into an amalgamation agreement (the "Amalgamation Agreement") whereby PSQ will acquire all of the outstanding shares of UI by way of a three-cornered amalgamation (the "Amalgamation") among PSQ, UI and a wholly-owned subsidiary of PSQ ("Subco"). The Amalgamation will result in a reverse take-over of PSQ by UI.

The Amalgamation Agreement initially required PSQ to complete a financing to raise minimum proceeds of \$3 million ("the Financing").

Subject to the approval required by the TSXV, it is intended that the Amalgamation with UI and the related Financing will be completed by mid 2021 and will constitute PSQ's QT (the "Proposed QT").

Pursuant to the Amalgamation Agreement, the core terms of the QT are as follows:

- UI and Subco will complete the Amalgamation under the *Business Corporations Act* (British Columbia) to form "Amalco", and PSQ (which will be the "Resulting Issuer", as defined under the policies of the TSXV) will issue common shares ("RI Shares") to the former UI shareholders, on the basis of one RI Share for each UI share. The share exchange will be subject to a maximum total (as defined) of 130,000,000 RI Shares being issued to the shareholders of UI common shares and a maximum of 13,400,000 RI Shares being exchanged for PSQ's outstanding common shares.
- Each of UI's outstanding warrants, options and other convertible securities (if any) will be exchanged for warrants, options and convertible securities of the Resulting Issuer on substantially the same economic terms and conditions as the existing warrants, options and other convertible securities of UI.
- Upon completion of the QT, Amalco will become a wholly-owned subsidiary of the Resulting Issuer.
- PSQ intends to change its name to "Universal Ibogaine Inc.", and Amalco will be renamed "Clear Sky Recovery Solutions Inc.", or such other names that are acceptable to the Resulting Issuer and to applicable regulatory authorities.

### (iii) Subscription Receipt Financing

In connection with financing of the proposed QT, on January 26, 2021 PSQ announced that 1266855 B.C. Ltd. ("Subco"), a wholly owned subsidiary of PSQ, would undertake a non-brokered private placement of subscription receipts (the "Subscription Receipts") at a price of \$0.25 per Subscription Receipt for aggregate gross proceeds of up to \$2,000,000 (the "Offering"). PSQ subsequently announced on February 11, 2021 that it intends to expand the Offering to up to \$6,000,000.

The Offering will replace the proposed Prospectus financing which was a condition of the Amalgamation Agreement (which will be amended to reflect this and other changes), and has the following summary highlights:

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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- Each Subscription Receipt issued will entitle the holder thereof to receive one unit of Subco (the "Units") with each Unit comprised of one common share in the capital of Subco (a "Common Share") and one common share purchase warrant (each, a "Warrant").
- The Units issuable to the Subscribers in exchange for the Subscription Receipts will then subsequently be exchanged for units of the post Amalgamation Resulting Issuer (the "RI Units") on a one for one basis pursuant to the Amalgamation. As such, the RI Units, not the Units issuable in exchange for the initial Subscription Receipts, will be delivered to the Subscribers following the completion of the Offering and the QT.
- Each full Warrant, as exchanged, will entitle the holder thereof to purchase one common share in the capital of the Resulting Issuer for a period of five years from issuance. Each Warrant shall be exercisable at an escalating annual exercise price per Common Share as follows: (a) \$0.50 per share if exercised in the first year from the date of issuance; (b) \$0.75 if exercised in year 2; (c) \$1.00 if exercised in year 3; (d) \$1.25 if exercised in year 4; and (e) \$1.50 if exercised in year 5.
- The gross proceeds from the Offering will be deposited and held in escrow (the "Escrowed Funds") and only released to PSQ upon completion of the QT and the satisfaction of certain conditions (the "Escrow Release Conditions"). The Subscription Receipts will be issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") to be entered into between the Corporation and PSQ's transfer agent. Upon satisfaction of the Escrow Release Conditions, the Escrowed Funds, together with any interest earned thereon, will be released to PSQ.
- If the Escrow Release Conditions have not been satisfied by a defined date (which is in process of being extended from July 31 to August 31, 2021), the Subscription Receipts will be deemed to be cancelled and their holders will be refunded the offering price of the Subscription Receipts and any interest earned thereon

To July 28, 2021, PSQ has received subscription agreements for the Offering for a total of approximately \$5.5 million and is holding in trust preliminary Subscription Receipt proceeds totalling approximately \$5.0 million.

### 11. INCOME TAXES

As PSQ incurred a net loss for income tax purposes for the years ended March 31, 2021 and 2020, no current income tax expense has been recorded in these financial statements.

This provision for income tax expense is different than the amount that is obtained by applying statutory rates to the loss before income taxes due to the following:

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

Year ended March 31	2021	2020
Statutory rate	25.0%	25.0%
Loss for the year before income taxes	(290,648)	(118,309)
	(72,662)	(29,577)
Effect of non-deductible items	99	408
Share issue costs deducted for tax purposes	(5,179)	(4,524)
Unrecognized deductible temporary difference	77,242	33,693
Income tax expense	-	-

A deferred tax asset has not been recognized for the value of non-capital losses of approximately \$982,153 (2020 - \$620,977) which are available for carry-forward (and will expire in the years ended March 31, 2038 to 2041), as well as deductible share issue costs of \$28,579 (2019 - \$46,330). These amounts can be used to reduce future years taxable income for Canadian income tax purposes (subject to the final determination by taxation authorities).

## 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Capital Management

PSQ's objective when managing capital is to maintain its ability to continue as a going concern, to complete its Proposed QT, and ultimately to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of issued common shares, in the definition of capital.

PSQ's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may seek to raise additional funds through the issuance of equity or by securing strategic partners. PSQ is not subject to externally imposed capital requirements other than the cash restriction disclosed in note 1.

## 13. OTHER RELATED PARTY TRANSACTIONS

PSQ management did not receive any form of cash or equity compensation in the fiscal years ended March 31, 2021 and 2020. Stock options (see note 9) were initially issued to all members of the Board of Directors in 2017 and were also issued to two members of the Board of Directors in October 2020.

## 14. FINANCIAL INSTRUMENTS

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, loan receivable, and accounts payable and accrued liabilities, all of which are classified as financial instruments and reported at amortized cost, which approximates their fair value due to their short-term nature.

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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The Corporation is exposed to various financial risks arising from normal-course business exposure. These risks include market risks relating to credit risk as well as liquidity.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. PSQ has no debt or loans with financial institutions. The result of the COVID-19 pandemic could negatively impact PSQ's financial position, and the post year-end financing (see note 12) is expected to provide PSQ with financial flexibility and the ability to meet obligations as they become due.

As discussed in note 10, to complete the QT, the Corporation will also consider additional short-term financing in order to meet its future liabilities. The current challenging economic climate may have significant ongoing adverse impacts on PSQ including, but not exclusively:

- inability to access financing sources;
- increased risk of non-performance by customers and suppliers; and
- interruptions in operations as the Corporation adjusts personnel needs.

The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on PSQ is uncertain.

### Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due causing a financial loss to the Corporation. The Corporation has not experienced any material credit losses in the collection of its trade receivables.

Impairment to a financial asset is only recorded when there is objective evidence of impairment and the loss event has an impact on future cash flow and can be reliably estimated. Evidence of impairment may include default or delinquency by a debtor or indicators that the debtor may enter bankruptcy. Management believes that there is no risk on the recoverability and or applicability of the loan receivable. Therefore, no impairment to the carrying value of these assets has been estimated.

PSQ has deposited its cash and cash equivalents with reputable financial institutions, with which management believes the risk of loss to be remote. The maximum credit exposure associated with PSQ's financial assets is their carrying value.

## **15. TSXV CHANGES TO CPC POLICIES**

The TSXV announced changes to its Capital Pool Company program and certain related policies effective January 1, 2021 (the "New CPC Policy"). Under the New CPC Policy, PSQ is permitted to implement certain changes from the former TSXV Policy 2.4 – *Capital Pool Companies* (as at June 14, 2010) (the "Former Policy"), without obtaining shareholder approval. As a result, PSQ implemented certain amendments to further align its policies with the New

# P Squared Renewables Inc.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

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CPC Policy and has the option to take advantage of all the changes under the New CPC Policy that do not require shareholder approval, including but not limited to:

- increasing the maximum aggregate gross proceeds to the treasury that PSQ can raise from the issuance of shares (IPO, seed shares and private placements) to the new maximum of \$10,000,000, rather than \$5,000,000 which was the limit under the Former Policy;
- removing the restriction which provided that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Corporation and \$210,000 may be used for purposes other than identifying and evaluating assets or businesses and obtaining shareholder approval for a proposed QT, and implementing the restrictions on the permitted use of proceeds and prohibited payments under the New CPC Policy, under which reasonable general and administrative expenses not exceeding \$3,000 per month are permitted;
- removing the restriction on the Corporation issuing new agent's options in connection with a private placement; and
- removing the prior restriction such that now one person has the ability to act as the chief executive officer, chief financial officer and corporate secretary of the Corporation at the same time.

**SCHEDULE "D"**  
**FINANCIAL STATEMENTS OF UI**

# **UNIVERSAL IBOGAIN INC.**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED JULY 31, 2020 AND 2019**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Universal Ibogaine Inc.

### Opinion

We have audited the consolidated financial statements of Universal Ibogaine Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of \$5,570,730 during the year ended July 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information which is separately included in the Company's Management's Discussion and Analysis report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*DMCL*

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

February 23, 2021



An independent firm  
associated with Moore  
Global Network Limited

# UNIVERSAL IBOGAINE INC.

Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)

As at	Note	July 31, 2020	July 31, 2019
<b>ASSETS</b>			
Current assets:			
Cash		\$ 52,581	\$ 9,388
Other receivables		34,282	13,257
Prepays and deposits	6	351,706	29,225
Due from related party	14	-	39,191
Total current assets		438,569	91,061
Equipment	7	114,548	114,099
Intangible assets	8	-	3,128,630
Total assets		\$ 553,117	\$ 3,333,790
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Liabilities			
Current liabilities:			
Trade payables and accrued liabilities	5, 9	\$ 395,458	\$ 285,307
Promissory note payable	10	25,000	-
Clearsky debt payable	11	532,272	591,843
Convertible loan payable	12	50,000	-
Due to related parties	14	42,868	216,626
Total current liabilities		1,045,598	1,093,776
Shareholders' Equity:			
Share capital	13	4,379,305	2,198,492
Shares to be issued	13	2,988,222	2,331,835
Reserves		517,449	516,245
Accumulated other comprehensive loss		1,330	1,499
Deficit		(8,378,787)	(2,808,057)
Total shareholders' equity		(492,481)	2,240,014
Total shareholders' equity and liabilities		\$ 553,117	\$ 3,333,790

Nature of Operations and Going Concern (Note 1)

Commitments (Notes 12, 15 and 21)

Subsequent Events (Note 21)

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

# UNIVERSAL IBOGAIN INC.

Consolidated Statements of Loss and Comprehensive Loss

Years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

	Note	Year ended July 31, 2020	Year ended July 31, 2019
General & administrative expenses:			
Consulting and management fees	14	\$ 1,491,616	\$ 380,984
Salaries and wages		-	93,817
Office and administration		111,070	280,664
Advertising and marketing		314,567	85,203
Professional fees		296,623	251,385
Research and development		21,434	20,045
Supplies		7,817	31,225
Travel and business development		118,658	152,557
		2,361,785	1,295,880
Other expense (income):			
Amortization of intangible assets	8	979,343	401,370
Depreciation	7	24,552	27,167
Interest expense		6,479	40,000
Foreign exchange loss (gain)		19,772	(5,406)
Finance charges on Clearsky debt payable	11	29,512	-
Impairment of intangible assets	8	2,149,287	-
Gain on sale of asset		-	(3,904)
Accretion of convertible debentures	5	-	28,775
Loss on settlement of property	5	-	674,889
		3,208,945	1,162,891
Net loss		(5,570,730)	(2,458,771)
Other comprehensive income (loss):			
Foreign currency translation		(169)	1,499
Comprehensive loss		\$ (5,570,899)	\$ (2,457,272)
Weighted average number of common			
shares outstanding – basic and diluted		34,283,981	18,909,609
Basic and diluted net loss per share		\$ (0.16)	\$ (0.13)

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

# UNIVERSAL IBOGAINE INC.

Consolidated Statements of Cash Flows

Years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

	Year ended July 31, 2020	Year ended July 31, 2019
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss	\$ (5,570,730)	\$ (2,458,771)
Adjustments for non-cash items:		
Amortization	979,343	401,370
Depreciation	24,552	27,167
Impairment of intangible assets	2,149,287	-
Finance charges	29,512	-
Non-cash expenses paid in common shares	439,300	-
Gain on sale of asset	-	(3,904)
Unrealized foreign exchange	(14,310)	(4,755)
Loss on settlement of property	-	674,889
	(1,963,046)	(1,364,004)
Changes in non-cash working capital items:		
Other receivables	(21,025)	(13,257)
Prepays and deposits	(322,481)	(26,885)
Decrease in due from related parties	39,191	38,617
Increase (decrease) in due to related parties	(173,758)	216,626
Trade payables and accrued liabilities	110,151	242,023
Net cash used in operating activities	(2,330,968)	(906,880)
<b>Investing activities</b>		
Purchase of equipment	-	(4,346)
Purchase of property	-	(353,000)
Sale of equipment	-	50,000
Acquisition of intangible assets	-	(607,068)
Net cash used in investing activities	-	(914,414)
<b>Financing activities</b>		
Proceeds from issuance of common shares, net of costs	1,742,717	1,108,907
Cash received for shares to be issued	39,450	3,000
Increase in shares to be issued	591,936	-
Proceeds from promissory note payable	25,000	-
Proceeds from convertible loan payable	50,000	-
Repayment of Clearsky debt payable	(74,942)	-
Net cash provided by financing activities	2,374,161	1,111,907
Net increase (decrease) in cash	43,193	(709,387)
Cash, beginning of the year	9,388	718,775
Cash, end of the year	52,581	9,388

Supplemental disclosures with respect to cash flows (Note 16)

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

# UNIVERSAL IBOGAINE INC.

Consolidated Statements of Shareholders' Equity

Years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Shares to be Issued	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, July 31, 2018	15,355,001	\$ 1,009,514	\$ 4,000	\$ 249,851	\$ -	\$ (349,286)	\$ 914,079
Shares issued for cash, net (Note 13 a))	11,647,680	1,108,907	3,000	-	-	-	1,111,907
Shares related to acquisition of Clearsky license	-	-	2,324,835	-	-	-	2,324,835
Equity portion of Clearsky convertible debt	-	-	-	246,465	-	-	246,465
Peachland Settlement	1,000,000	100,000	-	-	-	-	100,000
Options issued to brokers	-	(19,929)	-	19,929	-	-	-
Comprehensive loss	-	-	-	-	1,499	(2,458,771)	(2,457,272)
Balance, July 31, 2019	28,002,681	2,198,492	2,331,835	516,245	1,499	(2,808,057)	2,240,014
Shares issued for cash, net (Note 13 a))	17,582,606	1,742,717	-	-	-	-	1,742,717
Increase in deposits received on private placement	-	-	39,450	-	-	-	39,450
Shares issued for services (Note 13 a))	4,393,000	439,300	-	-	-	-	439,300
Shares to be issued for services received (Note 21 a))	-	-	616,937	-	-	-	616,937
Fair value of broker warrants issued	-	(1,204)	-	1,204	-	-	-
Comprehensive loss	-	-	-	-	(169)	(5,570,730)	(5,570,899)
Balance, July 31, 2020	49,978,287	4,379,305	2,988,222	517,449	1,330	(8,378,787)	(492,481)

## UNIVERSAL IBOGAINE INC.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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### 1. Nature of operations and going concern

Universal Iboquine Inc. (“UI” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on April 16, 2018. The head office of the Company is located at 303 - 595 Howe Street, Vancouver, BC, V6C 2T5.

The Company is in the initial stages of implementing and financing its business plan, which is to develop a network of addiction treatment clinics (see also Note 8).

In November 2019, UI entered into an agreement with P Squared Renewables Inc. (“PSQ”), whereby PSQ would acquire 100% of the shares of UI and the two parties would merge and allow UI to effectively become a publicly listed company (the “Resulting Issuer” or the “RI”).

Effective October 8, 2020, PSQ, UI and a wholly-owned subsidiary of PSQ (“Subco”) entered into an amalgamation agreement (the “Amalgamation Agreement”) whereby PSQ will acquire all of the outstanding shares of UI by way of a three-cornered amalgamation (the “Amalgamation”) among PSQ, UI and Subco.

PSQ is a Capital Pool Corporation (“CPC”) under the policies of the TSX Venture Exchange Inc. (the “TSXV”). Subject to the approval of the TSXV, it is intended that the Amalgamation with UI will constitute PSQ’s Qualifying Transaction (the “QT”) to allow it to meet the listing requirements of the TSXV. The expected closing date of the Amalgamation is early 2021. The highlights of the Amalgamation Agreement and the QT include:

- PSQ will be required to complete a financing to raise minimum proceeds of \$3,000,000 (“the Financing”), by which it intends to issue units at a price of \$0.25 per unit. It is intended that each unit will consist of one PSQ common share, and one common share purchase warrant (a “Warrant”), with each Warrant entitling the holder to purchase an additional PSQ common share (at an escalating annual exercise price) for a period of 5 years.
- PSQ will issue common shares (“RI Shares”) to the former UI shareholders, on the basis of one RI Share for each UI share. The share exchange will be subject to a maximum total of 130,000,000 common shares (the “UI Shares”) being issued to the UI shareholders and a maximum of 13,400,000 RI Shares being exchanged for PSQ’s outstanding common shares.
- It is expected that following closing of the QT and the Financing, a majority of the shares of the Resulting Issuer will be held by the former shareholders of UI, and accordingly the merger would be considered a Reverse Takeover Transaction (“RTO”) and subject to certain rules of the TSXV governing such transactions.
- Each of UI’s outstanding warrants, options and any other convertible securities will be 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.
- Upon completion of the QT, UI and Subco will amalgamate as “Amalco”, and become a wholly-owned subsidiary of the Resulting Issuer.

## UNIVERSAL IBOGAINE INC.

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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- It is intended that PSQ will change its name to “Universal Ibogaine Inc.”, and Amalco will be renamed “Clear Sky Recovery Solutions Inc.”, or such other names that are acceptable to the Resulting Issuer and to applicable regulatory authorities.

#### Going concern basis of presentation

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. UI has to date incurred net losses and generated negative cash flows from operations during the years ended July 31, 2020 and 2019. These factors form a material uncertainty that may raise 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.

UI’s ability to continue as a going concern is dependent upon its’ ability to raise sufficient financing to acquire or develop a profitable business. UI intends on financing its future development activities and operations from the sale of equity securities. Although UI has been successful in raising capital in the past, there is no assurance these initiatives will continue to be successful in the future (see also Note 21).

In addition, in March 2020, the global COVID-19 outbreak was declared a pandemic by the World Health Organization. The general ongoing uncertainty in the business environment and UI’s lack of positive cash flow 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 consolidated financial statements do not give effect to adjustments that would be necessary if UI were not to continue as a going concern.

## **2. Basis of presentation**

### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Certain comparative figures have been reclassified to conform to the current years presentation.

These consolidated financial statements were approved for issue by the Company’s Board of Directors on February 23, 2021.

### **Basis of measurement**

The consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## UNIVERSAL IBOGAIN INC.

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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These consolidated financial statements have been presented in Canadian dollars, unless otherwise stated, which is UI's functional and reporting currency. The functional currency of UI's two wholly owned subsidiaries, Iboquest Wellness Centers Inc. and Universal Ibogaine Belize Ltd., is the Canadian dollar and the Belize dollar respectively.

#### **Basis of consolidation**

These consolidated 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 consolidated 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 %
Universal Ibogaine Belize Ltd.	Belmopan, Belize	100%
Iboquest Wellness Centers Inc.	B.C., Canada	100%

#### **Use of estimates and judgments**

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

### **3. Significant accounting policies**

#### **Foreign currency transactions**

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

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

Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net loss for the period. Exchange gains and losses on non-monetary assets form part of the overall gain or loss recognized in respect of that financial instrument and are included in profit and loss.

## UNIVERSAL IBOGAINE INC.

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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

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

#### **Equipment**

##### *Recognition and measurement*

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

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

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

##### *Gains and losses*

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

##### *Depreciation and Amortization*

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

Equipment	5 years
Vehicles	10 years

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

#### **Intangible assets**

Intangible assets consist of a license of intellectual property and related trademarks and branding (including name, logos and trademarks). These are recorded at cost less accumulated amortization and accumulated impairment losses. Intangible assets with a finite life are amortized using the straight-line

## UNIVERSAL IBOGAINE INC.

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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method over their estimated useful lives which are reviewed at least annually. Amortization is recognized on a straight-line basis over the life of the asset, as applicable.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The estimated useful lives of the Company's intangible assets are as follows:

Trademarks and branding	5 years
Intellectual property / License	3 years

#### **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.

Impairment losses of continuing operations are recognized in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued, where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

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".

## UNIVERSAL IBOGAINE INC.

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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

#### Financial assets

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

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

#### Impairment of financial assets

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

#### Impairment

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

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

#### Financial liabilities

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

## **UNIVERSAL IBOGAINE INC.**

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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payable and the Clearsky debt payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

#### **Income taxes**

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

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

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

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

#### **Share capital**

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

#### **Share-based payments**

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

## **UNIVERSAL IBOGAIN INC.**

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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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.

#### **IFRS 16 – Leases (“IFRS 16”)**

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

There has been no adjustment to these financial statements as a result of the transition to IFRS 16 as of August 1, 2019 or through July 31, 2020, since UI has no long-term leases which would give rise to recognition of right-of-use assets and lease liabilities.

#### **Future accounting pronouncements**

There are no other IFRS or International Financial Reporting Interpretations Committee 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 consolidated 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

## **UNIVERSAL IBOGAINE INC.**

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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period or in the period of the revision and future periods if the review affects both current and future periods. These consolidated 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 consolidated financial statements include the assessment of the Company's ability to continue as a going concern and the valuation allowance for income tax assets and liabilities.

#### **Share based payments**

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

#### **Going concern**

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

#### **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be uncertain. UI recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, UI records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount recorded as tax liabilities. In addition, UI recognizes deferred tax assets related to the value of income tax losses carried forward only to the extent that it is probable that future taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in fiscal years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

#### **Useful lives of equipment and intangible assets**

Equipment and intangible assets are amortized or depreciated over their useful lives, which are based on management's estimate of the period that the assets will generate revenue, and periodically reviewed

## UNIVERSAL IBOGAINE INC.

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts expensed as depreciation and amortization in the related financial reporting periods.

#### Impairment

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

#### 5. Agreement for rental of Peachland property

In November 2018, UI entered into an agreement (the “Lease”, which was for an intended term of 4 years) allowing it to rent, with an option to later acquire, a property in Peachland, BC, which was intended to be used as a site for an addiction treatment center.

Under this Lease, in November, 2018, UI issued \$750,000 of convertible debentures (the “Debentures”), maturing October 31, 2022, and bearing interest at 8%. The Debentures were initially recorded in 2018 at their discounted, fair value of \$503,536.

In July 2019, UI terminated the Lease (the “Peachland Settlement”), under which UI had \$558,463 in outstanding debt, related primarily to the fair value of the Debentures. The Peachland Settlement extinguished all existing obligations related to the Lease, and required UI to pay the following additional consideration:

- i) \$25,000 by July 15, 2019;
- ii) A total of \$100,000 in installments payable from August through December 2019; and
- iii) 1,000,000 UI common shares at a value of \$100,000.

Accrued liabilities at July 31, 2019 included \$100,000 related to the Peachland Settlement.

In the year ended July 31, 2019 UI recorded (i) a loss related to the Peachland Settlement of \$674,889; (ii) interest expense of \$40,000 on the Debentures, and (iii) accretion expense of \$28,775 related to the ongoing increase in the fair value of the Debentures up to the date of the Peachland Settlement.

#### 6. Prepaids and deposits

As at	July 31, 2020	July 31, 2019
Prepaid expenses	\$ 117,049	\$ 29,225
Deposits	92,421	-
Land transfer taxes paid on purchase of Belize land	142,236	-
	351,706	29,225

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#### Agreement for purchase of Belize property

On January 17, 2020, UI's subsidiary company, Universal Ibogaine Belize Ltd. ("UI Belize"), entered into an agreement with Bracilette Investment Company Ltd. ("Bracilette"), to acquire four blocks of undeveloped land on an island property in Belize. Consideration payable by UI consists of the issuance of 25,000,000 UI common shares, at a value of USD \$1,250,000 (\$1,667,000). Two of the shareholders of Bracilette include a Director and former officer of UI, and a Director of UI Belize.

Prepays and deposits includes \$142,236 which was paid by UI related to land transfer taxes payable to the government of Belize for the purchase of the Belize property. The acquisition formally closed upon Belize government approval of the land transfer, which occurred in October 2020. On October 27, 2020 UI issued the 25,000,000 common shares, including a total of 22,050,000 shares which were issued to related parties as follows:

- a total of 11,550,000 shares issued to entities in which a UI Director holds at least a 50% beneficial interest;
- 250,000 shares issued to one of the Directors of UI Belize, and
- 10,250,000 shares issued to entities which are controlled by the children of a Director of UI Belize.

#### 7. Equipment

	Vehicles	Equipment	Computer Equipment	Total
<b>Cost</b>				
Balance, July 31, 2018	\$ 91,700	\$ 92,763	\$ -	\$ 184,463
Additions	-	-	4,345	4,345
Disposals	(50,000)	-	-	(50,000)
Balance, July 31, 2019	41,700	92,763	4,345	138,808
Additions	25,001	-	-	25,001
Balance, July 31, 2020	66,701	92,763	4,345	163,809
<b>Accumulated Depreciation</b>				
Balance, July 31, 2018	462	984	-	1,446
Depreciation	7,896	18,554	717	27,167
Disposal	(3,904)	-	-	(3,904)
Balance, July 31, 2019	4,454	19,538	717	24,709
Depreciation	4,496	18,603	1,453	24,552
Balance, July 31, 2020	8,950	38,141	2,170	49,261
<b>Net Book Value</b>				
At July 31, 2019	37,246	73,225	3,628	114,099
At July 31, 2020	57,751	54,622	2,175	114,548

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#### 8. Intangible assets

##### a) Acquisition of intangible assets

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

The Clearsky Agreement enabled UI to acquire the exclusive global rights to use the Clearsky Protocol, subject to Clearsky’s right to continue to utilize it at its clinic in Cancun, Mexico. The Clearsky Agreement consisted of an acquisition of intangible assets which were assigned a cost base of \$3,530,000 in 2019, with the original schedule for the total consideration to be paid by UI to Clearsky including:

- a) USD \$200,000 (CAD \$270,520) paid at the date of execution in March 2019;
- b) USD \$250,000 (CAD \$336,548) paid in April 2019;
- c) USD \$450,000 (CAD \$598,097) in the form of a non-interest bearing, demand promissory note (the “Clearsky Note”) which was to be repayable at the earlier of (i) August 30, 2019 or (ii) upon the completion of an initial public offering by UI; and
- d) the issuance of 60,000,000 common shares of the Company.

##### b) Amendments of the Clearsky Agreement

The terms of the original Clearsky Agreement were significantly amended in October 2019 and again on April 23, 2020 (the “April 2020 Clearsky Amendment”) such that the total cash (which is payable in USD) and common share consideration which will ultimately be paid to Clearsky by UI is summarized as follows:

	USD	CAD
Cash (total of amounts paid to July 31, 2020)	\$ 500,000	\$ 661,179
Deferred balance (see Note 11)	400,000	528,944
Total to July 31, 2020	900,000	1,190,123
Common shares to be issued	-	2,324,835
	\$ 900,000	\$ 3,514,958

The April 2020 Clearsky Amendment reduced the number of shares to be issued to Clearsky from 60,000,000 to 30,000,000 common shares, which were to be issued by the earlier of (i) August 31, 2020 and (ii) the date that UI becomes a publicly traded entity. In October, 2020, this date of August 31, 2020 was subsequently extended to January 31, 2021 as described in Note 11.

As at July 31, 2020, UI has not yet issued these common shares, and accordingly \$2,324,835 (July 31, 2019 – \$2,324,835) is recorded as an obligation to issue shares (see Note 13 b)).

Further, Clearsky granted UI a right of first refusal to match any future offer that Clearsky might receive to purchase:

- all or part of the shares of Clearsky, or

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- the assets of Clearsky's addiction treatment facility in Cancun, Mexico

**c) Net book value of intangible assets acquired**

	Intellectual Property	Trademarks and Branding	Total
<b>Cost</b>			
As at July 31, 2018	-	-	-
Additions	\$ 2,030,000	\$ 1,500,000	\$ 3,530,000
Balance, July 31, 2019	2,030,000	1,500,000	3,530,000
Impairment	(2,030,000)	(1,500,000)	(3,530,000)
Balance, July 31, 2020	-	-	-
<b>Accumulated Amortization</b>			
Balance, July 31, 2018	-	-	-
Amortization	278,082	123,288	401,370
Balance, July 31, 2019	278,082	123,288	401,370
Amortization	678,521	300,822	979,343
Impairment	(956,603)	(424,110)	(1,380,713)
Balance, July 31, 2020	-	-	-
<b>Net Book Value</b>			
At July 31, 2019	1,751,918	1,376,712	3,128,630
At July 31, 2020	-	-	-

The definite life intangible assets are subject to an ongoing test of potential impairment. The carrying value and ultimate realization of the assets is dependent upon management's estimates of future earnings and benefits that the Company expects to generate from their use.

Subsequent to July 31, 2019, UI has experienced indications of impairment in the recoverable value of its intangible assets due to various factors including delays in implementing its business plan and related revenue generation from use of the Clearsky Protocol, delays in the planned process of gaining medical approval for the use of ibogaine from Health Canada, and ongoing uncertainty related to the covid-19 pandemic. As a result, the Company has recorded an impairment charge write-down of \$2,149,287 at July 31, 2020.

**9. Trade payables and accrued liabilities**

As at	July 31, 2020	July 31, 2019
Trade payables	\$ 301,508	\$ 140,307
Accrued liabilities	93,950	145,000
	395,458	285,307

As at July 31, 2020, trade payables of \$301,508 (\$140,307 - 2019) includes \$10,000 (\$Nil - 2019) payable to a related party.

## UNIVERSAL IBOGAINE INC.

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#### 10. Promissory note payable

On November 12, 2019, PSQ advanced \$25,000 to UI as a non-interest bearing, unsecured promissory note, which was initially due May 8, 2020. The funds were used by UI in connection with installment payments due under the Clearsky Agreement. The maturity date of this promissory note was extended to October 31, 2020, or such other date (such as closing of the QT) as may be agreed to by UI and PSQ. The promissory note was repaid to PSQ on December 21, 2020.

#### 11. Clearsky debt payable

##### a) History of balances payable

The balance payable under the Clearsky Agreement (see also Note 8) consists of the following:

As at	July 31, 2020	July 31, 2019
Clearsky note payable (see b))	\$ 100,450	\$ 591,843
Clearsky convertible debt (see d))	431,822	-
	<u>532,272</u>	<u>591,843</u>

On March 3, 2019, under the terms of the Clearsky Agreement, UI issued a promissory note payable (the “Clearsky Note Payable”) for USD 450,000 (CAD \$591,843). The initial Clearsky Note Payable was non-interest bearing, unsecured and due on demand.

On October 14, 2019, the Clearsky Agreement was amended such that for the USD 450,000 Clearsky Note Payable (i) USD 300,000 became convertible into UI common shares at Clearsky’s option at a conversion price of \$0.10 per share, and (ii) UI received an option allowing it to elect to settle USD 300,000 of the debt by issuing UI common shares at a fixed price of \$0.10 per share (the “2019 Convertible Debt”).

All USD 450,000 owing to Clearsky was unsecured and non-interest bearing and the 2019 Convertible Debt balance of USD 300,000 was to mature the earlier of (i) April 30, 2020 (subsequently extended to August 31, 2020) and (ii) completion by UI of a public listing (which is intended to be the approval by the TSXV of the proposed merger of UI and PSQ).

Pursuant to the April 2020 Clearsky Amendment, effective April 23, 2020, the terms of repayment of the Clearsky Note Payable were revised, which provided that:

- (i) After payment to Clearsky of USD 50,000 in October 2019, the balance remaining under the Clearsky Note Payable became USD 400,000 (CAD \$528,944);
- (ii) a total of USD 100,000 (CAD \$132,236) of the resultant net USD 400,000 then owing on the Clearsky Note Payable would become payable to Clearsky in cash as follows:
  - USD 25,000 within 15 business days of April 23, 2020 (now paid), and

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- USD 75,000 payable by the earlier (i) August 31, 2020 and (ii) the date of UI becoming a publicly traded entity. This USD 75,000 balance was paid on September 2, 2020; and
- (iii) UI would continue to have an option to elect to repay the remaining USD 300,000 under the 2019 Convertible Debt by issuing common shares at a fixed price of CAD \$0.10 per share, until such time as UI becomes a publicly listed company.

#### b) Clearsky note payable

A continuity of the Clearsky note payable is as follows:

	USD	CAD
Balance, August 1, 2019	450,000	\$ 591,843
Amount repaid in October 2019	(50,000)	(65,523)
	400,000	526,320
Amount reclassified as 2019 Convertible Debt	(300,000)	(396,708)
Amount repaid in May 2020	(25,000)	(34,982)
Foreign exchange adjustments	-	5,820
Balance, July 31, 2020	75,000	100,450

#### c) 2019 Convertible Debt

The 2019 Convertible Debt issued in October 2019 was payable in USD, a currency different from UI's functional currency, and thus the number of UI common shares that could become issued on conversion would vary as a result of ongoing changes in foreign exchange rates, and therefore the conversion feature was treated as a derivative liability and recorded at fair value in October 2019. The value of the derivative liability was calculated first, with the remaining face value of the loan attributed to the debt host component.

The April 2020 Clearsky Amendment subsequently removed the option of Clearsky to be able to elect to convert the balance into UI common shares. As such, UI recognized a loss on extinguishment of this original 2019 Convertible Debt and the debt balance was reclassified as a new "Clearsky convertible debt" since UI continued to retain its option to settle USD 300,000 of the original debt by issuing UI common shares at \$0.10 per share.

A continuity of the original 2019 Convertible Debt balance of USD 300,000 is as follows:

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	Face Value	Carrying value
Balance, August 1, 2019	\$ -	\$ -
Issued October, 2019	396,627	388,382
Accretion	-	161,002
Finance income	-	(164,125)
Foreign exchange adjustments	26,748	26,748
Extinguishment of debt in April 2020	(423,375)	(412,007)
Balance, July 31, 2020	-	-

d) Clearsky convertible debt

A continuity of the USD 300,000 Clearsky convertible debt balance which became recognized in April, 2020 is as follows:

	Face Value	Carrying value
Balance, August 1, 2019	\$ -	\$ -
Recognition in April 2020	423,375	569,340
Finance income	-	(116,541)
Foreign exchange adjustments	(6,430)	(20,977)
Balance, July 31, 2020	416,945	431,822

e) Subsequent repayment of Clearsky convertible debt

Effective October 23, 2020, UI elected to convert the USD 300,000 balance and Clearsky agreed to receive a total of 4,000,000 common shares in settlement, at the price of \$0.10 per share. The remaining consideration owing to Clearsky at October 23, 2020 became solely the 30,000,000 common shares, for which Clearsky agreed to extend the required date of issuance by UI to the earlier of (i) January 31, 2021 and (ii) the date of public listing of the common shares of UI.

f) Derivative asset and derivative liability recognized in October, 2019

UI's option to allow it to satisfy USD 300,000 of the original convertible debt by issuing UI common shares was accounted for as a derivative asset in October 2019 and was valued as noted below, using the Black-Scholes option pricing model as well as the estimated probability of the Public Listing Requirements being met in the current period ended July 31, 2020.

The conversion option on the original 2019 Convertible Debt was accounted for as a derivative liability in October 2019 as the number of UI common shares that could become issued on conversion of the USD 300,000 debt would vary as a result of ongoing changes in foreign exchange rates.

A continuity of the derivative asset and the derivative liability up to the point of their extinguishments effective April 23, 2020 is as follows:

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	Derivative asset	Derivative (liability)
Balance, August 1, 2019	\$ -	\$ -
Recognized on issuance in October, 2019	167,747	(167,747)
Accretion	(161,002)	-
Change in fair value up to extinguishment	-	132,714
Gain (loss) on extinguishment	(6,745)	35,033
Balance, July 31, 2020	-	-

The following weighted average assumptions were used to estimate the fair value of the derivative asset and the derivative liability up to the time of their extinguishment on April 23, 2020:

Weighted average expected dividend yield	0.0%
Weighted average expected volatility	150.0%
Weighted average risk-free interest rate	0.33%
Weighted average expected term	0.02 years
Probability of meeting the Public Listing Requirements (i)	nil

- (i) This probability was used in the valuation of the derivative asset, and was retroactively assigned a negligible value for the period ended April 30, 2020, as the Public Listing Requirements still had not been met at the date of approval of UI's April 30, 2020 financial statements.

g) Finance charges on Clearsky debt payable

The total net non-cash expense recognized in the year ended July 31, 2020 related to the above noted Clearsky convertible debt payable balances consists of:

Accretion expense on carrying value of 2019 Convertible Debt	\$ 161,002
Change in fair value of derivative liability	(132,714)
Gain on extinguishment of 2019 Convertible Debt	(28,200)
Finance income on carrying value of Clearsky convertible debt	(116,541)
<u>Change in fair value of derivative asset</u>	<u>145,965</u>
<u>Net total expense</u>	<u>29,512</u>

## 12. Convertible loan payable and agreement for purchase of clinic

### Convertible loan payable

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

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Proceeds from the Loan were used by UI in May 2020 to make a \$50,000 non-refundable deposit which was held in trust at July 31, 2020 for the benefit of the lender, pending completion of due diligence by UI, for the purchase of an addiction treatment clinic in Manitoba.

Interest expense of \$5,959 was recorded on the Loan in the year ended July 31, 2020 (2019 - \$nil).

#### Agreement for purchase of addiction treatment clinic

In May 2019, UI signed an initial letter of intent (as later amended August 9, 2020) to acquire the operations of a privately-owned addiction treatment facility near Winnipeg, Manitoba - the Kelburn Mental Health & Addiction Recovery Centre (the "Kelburn Clinic"). UI intends to close the funding of this acquisition no later than closing of the PSQ QT.

Consideration payable for the Kelburn Clinic acquisition will consist of \$1 million cash and \$500,000 of equity, payable in the form of 2,000,000 UI Units with a price of \$0.25 per Unit (see Note 21 a) for a description of UI's private placement offering of Units).

The Kelburn Clinic site is operated under a long-term lease of the premises from certain of its related party shareholders. UI intends to initially acquire solely the operations of the Kelburn Clinic, and lease the related land and building (with a two-year option to subsequently acquire those assets).

### 13. Share capital

#### a) Authorized and issued shares

The Company is authorized to issue an unlimited number of common shares with no par value.

UI completed various private placements of common shares in the years ended July 31, 2020 and 2019 as follows:

*Year ended July 31, 2020:*

<u>Date</u>	<u># of shares</u>	<u>\$ / share</u>	<u>\$ proceeds</u>
August 27, 2019	2,000,000	\$ 0.10	\$ 200,000
September 16, 2019	440,000	\$ 0.10	44,000
December 17, 2019	40,000	\$ 0.10	4,000
March 31, 2020	8,727,606	\$ 0.10	872,761
April 21, 2020	220,000	\$ 0.10	22,000
July 8, 2020	6,155,000	\$ 0.10	615,500
	17,582,606		1,758,261
<u>Less share issue costs incurred</u>			<u>(15,544)</u>
<u>Net proceeds</u>			<u>1,742,717</u>

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*Year ended July 31, 2019:*

Date	# of shares	\$ / share	\$ proceeds
January 15, 2019	1,620,000	\$ 0.10	\$ 162,000
February 5, 2019	2,780,000	\$ 0.10	278,000
April 12, 2019	3,862,680	\$ 0.10	386,268
July 8, 2019	3,385,000	\$ 0.10	338,500
	11,647,680		1,164,768
Less share issue costs incurred			(55,861)
Net proceeds			1,108,907

UI also issued common shares in the year ended July 31, 2020 in exchange for settlement of the agreed upon value of consulting and other services received by the Company, as follows:

	# of shares	\$ / share	\$ value
May 21, 2020	1,743,000	\$ 0.10	\$ 174,300
June 16, 2020 (see (i))	2,650,000	\$ 0.10	265,000
	4,393,000		439,300

- (i) The total of 2,650,000 common shares which were issued at a price of \$0.10 for the value of past services received by UI includes 1,000,000 which were issued to one of UI's Directors and 1,650,000 which were issued to former officers and of UI.

**b) Obligation for shares to be issued**

As at	July 31, 2020	July 31, 2019
Funds received for private placements (i)	\$ 46,450	\$ 7,000
Shares to be issued under Clearsky Agreement (ii)	2,324,835	2,324,835
Shares to be issued for consulting services (iii)	616,937	-
	2,988,222	2,331,835

- (i) As at July 31, 2020, UI has received \$46,450 (July 31, 2019 - \$7,000) in share subscriptions for a private placement (at \$0.10 per share) of common shares which had not yet closed.
- (ii) As at July 31, 2020, UI had not yet issued the 30,000,000 common shares which are required to be issued by January 31, 2021 under the revised terms of the Clearsky Agreement (see Note 11) and \$2,324,835 (July 31, 2019 - \$2,324,835) has been recorded as an obligation for shares to be issued.
- (iii) As at July 31, 2020, UI has an obligation to issue common shares and Units as payment for consulting services received valued at \$616,937 which includes \$324,167 to be issued to related parties. This obligation was satisfied by UI issuing common shares and Units in August and November as described in Note 21 a).

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- (iv) As described in Note 6, UI also has an agreement to issue 25,000,000 UI common shares pursuant to the closing of the purchase of an undeveloped land property in Belize. These shares were subsequently issued by UI on October 27, 2020.

c) Warrants related to future Liquidity Event

On July 16, 2018, UI closed a brokered private placement with Mackie Research Capital Corporation (“Mackie”) and issued a total of 14,855,000 units for gross proceeds of \$1,485,500 (the “Mackie Financing”). Each unit consisted of one common share plus one warrant (a “Liquidity Warrant”). Each Liquidity Warrant gave the holder the right to receive an additional 0.05 of one common share, at no cost, if by November 30, 2018, UI had not completed any one of (i) the filing of a final prospectus in relation to an initial public offering by the Company, (ii) the filing of a decision document in relation to a reverse take-over of UI by a publicly listed company, or (iii) a change of control of UI (any one of these three would represent a “Liquidity Event”). Further, each Liquidity Warrant would increase by an additional 0.05 of a common share for each subsequent 60-day period until the future completion of a Liquidity Event.

As at July 31, 2020, UI has an obligation to issue a cumulative total of 8,281,663 common shares (July 31, 2019 - 3,750,888) pursuant to the terms of the Liquidity Warrants.

d) Broker options and warrants

As part of the compensation for the Mackie Financing and for other advisory services received, in July 2018 UI issued to Mackie a total of 3,485,000 options (the “Mackie Options”). Each Mackie Option gives the holder the right to acquire one UI common share at an exercise price of \$0.10 for a period of 24 months from the date of a UI Liquidity Event.

The Mackie Options were issued under two separate agreements with Mackie, in the form of 1,485,000 “Compensation Options” and 1,000,000 “Advisory Options”. The Advisory Options effectively give the holder the right to acquire a total of 2,000,000 UI common shares, since for each Advisory Option that may become exercised, the holder will then receive a warrant to acquire one additional UI common share. These warrants will have the same terms as the Advisory Options, with an exercise price of \$0.10 per common share and an expiry date of 24 months from the date of a UI Liquidity Event.

In February 2019, UI issued an additional 278,000 broker options (with the same terms as the Mackie Options) pursuant to a separate brokered private placement of common shares.

The following is a summary of the outstanding broker options and broker warrants issued:

	Number of shares reserved	Weighted average exercise price
Balance, July 31, 2018	3,485,000	\$ 0.10
Issued in February 2019	278,000	0.10
Balance, July 31, 2019 (i)	3,763,000	0.10
Issued in April 2020 (ii)	22,000	0.10
Balance, July 31, 2020	3,785,000	0.10

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- (i) The 3,763,000 broker options have a term to expiry of 2 years from the date of a UI Liquidity Event.
- (ii) Pursuant to a private placement which closed in April 2020, UI issued 22,000 broker warrants, which have an exercise price of \$0.10 per share and an expiry date of April 21, 2021.

The fair value of the broker options and warrants issued in the year by UI was \$1,204 (July 31, 2019 - \$19,929) which was recorded as share issue costs, and derived using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividend yield	0.0%
Expected volatility	150.0%
Risk-free interest rate	1.82%
Expected term	2.0 years

#### 14. Related party transactions

##### *a) Related party balances*

As at July 31, 2020, due to related parties of \$42,868 (July 31, 2019 - \$216,626) includes (i) \$26,233 (July 31, 2019 - \$216,626) payable to a company controlled by a UI Director and (ii) \$16,635 (July 31, 2019 - \$nil) payable to a Director of the Company's subsidiary, UI Belize. These amounts are unsecured, non-interest bearing and due on demand.

As at July 31, 2019, due from related parties of \$39,191 consisted of advances receivable from a Director of the Company's subsidiary, UI Belize, which had been paid and held in trust for funding of operating expenses incurred by UI Belize. The amount was unsecured, non-interest bearing and due on demand.

##### *b) Key management compensation*

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

Year ended	July 31, 2020	July 31, 2019
Consulting and management fees	\$ 654,694	\$ -
Salaries and wages	-	42,702
	\$ 654,694	\$ 42,702

The above totals include expenses related to UI common shares issued for the value of services received as described in Note 13 a). During the years ended July 31, 2020 and 2019, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

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#### *c) Other transactions*

In March 2019, UI sold to one of its Directors a vehicle (which it had purchased in July 2018 from the same Director) for \$50,000 and recognized a gain on sale of \$3,904. In June 2020, UI re-purchased this vehicle from the Director for \$25,000.

#### **15. Commitment for office premises**

UI previously had in place a lease agreement for office premises for the period March 1, 2020 to December 31, 2020. In July 2020, this lease was extended to April 30, 2021 for a further term of four months and with additional space to accommodate a separate secure space for research purposes. The obligation from July 1, 2020 for the full 10-month term of the extended lease was satisfied by the issue of \$110,000 of UI common shares, with an initial 600,000 common shares issued August 19, 2020 at a value of \$0.10 per share and an additional 200,000 common shares issued November 18, 2020 as Units (see Note 21) at a value of \$0.25 per unit.

#### **16. Supplemental disclosures with respect to cash flows**

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

Year ended	July 31, 2020	July 31, 2019
<i>Non-cash transactions:</i>		
Shares to be issued for acquisition of intangible assets	\$ -	\$ 2,324,835
Shares issued for the value of services received	439,300	-
<i>Additional information:</i>		
Interest paid	-	-
Income tax payments	-	-

#### **17. 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 promissory notes, convertible loan payable, the Clearsky debt payable, and shareholders' equity.

UI's primary source of capital is through the issuance of equity, as well as a limited use of promissory notes and 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. There are no external restrictions, such as covenants, imposed on UI in the management of capital.

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### 18. Financial instruments and risk management

UI 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. UI is exposed to foreign exchange risk primarily through its USD 400,000 total debt payable to Clearsky. A 10% increase in the US dollar would result in an exchange loss of \$53,653 as at July 31, 2020 (July 31, 2019 - \$45,000). As at July 31, 2020, UI held a total of \$1,313 (July 31, 2019 - \$621) in USD cash (stated in Cdn\$ at period end exchange rates).

#### 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, due from related party and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing its cash instruments with financial institutions of high credit worthiness. Other receivables are comprised of amounts due from Canada Revenue Agency for recoverable GST input tax credits. Due from related party at July 31, 2019 consisted of advances made to a Director of the UI Belize subsidiary company, against which UI applies expenses incurred by the subsidiary.

#### 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, 2020, UI had a cash balance of \$52,581 and total liabilities (excluding the balances owing to Clearsky – see Note 11) of \$513,326, all of which are current and due on demand.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Other than the \$50,000 convertible loan, none of UI's financial instruments bear interest, and therefore, management believes that the Company is not exposed to any significant interest rate risk as at July 31, 2020.

### 19. Basis of fair value

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).

## UNIVERSAL IBOGAIN INC.

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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

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

#### 20. Income taxes

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

Year ended	July 31, 2020	July 31, 2019
Loss before income taxes	\$ (5,570,730)	\$ (2,458,771)
Tax recovery based on statutory rate of 27%	(1,504,000)	(663,000)
Permanent differences	891,000	28,000
Share issuance costs	(19,000)	(20,000)
Change in unrecognized deferred income tax	632,000	655,000
Income tax recovery	-	-

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

As at	July 31, 2020	July 31, 2019
Non-capital losses	\$ 1,149,000	\$ 642,000
Share issuance costs	53,000	53,000
Intangible assets	797,000	108,000
Property and equipment	1,000	7,000
Unrecognized deferred tax assets	(2,000,000)	(810,000)
Net deferred income tax assets	-	-

As at July 31, 2020, UI has available estimated non-capital losses for Canadian income tax purposes of \$4,257,000 that may be carried forward to reduce taxable income derived in future years. These losses expire in the years 2038 to 2040.

#### 21. Subsequent events

In addition to the subsequent event transactions previously described herein, the following have occurred subsequent to July 31, 2020:

## UNIVERSAL IBOGAINE INC.

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

#### a) Issue of common shares

UI has issued common shares and “Units” subsequent to July 31, 2020 pursuant to various transactions, which are summarized below. Each Unit issued includes one UI common share and a warrant to purchase one additional UI common share (each a “Unit Warrant”). These Unit Warrants will have a term of 5 years from closing of the Liquidity Event, and an escalating annual exercise price, rising by \$0.25 per year, from \$0.50 if exercised in year 1, to \$1.50 if exercised in year 5.

<u>Common shares issued pursuant to</u>	<u># of common shares</u>	<u>value per share</u>	<u>\$ value</u>
Conversion of USD 300,000 balance payable to Clearsky (see Note 11)	4,000,000	\$ 0.10	400,000
Purchase of Belize property (see Note 6)	25,000,000	\$ 0.066	1,667,000
Conversion of loan payable (see Note 12)	625,000	\$ 0.10	62,500
Clearsky Agreement (see notes 11 e) and 13 b))	30,000,000	\$ 0.077	2,324,835
Private placement of Units (see (i))	10,733,540	\$ 0.25	2,683,385
Common shares issued for services received (see (ii))	3,475,500	\$ 0.10	347,550
Common shares issued for services received (see (ii))	75,000	\$ 0.25	18,750
Units issued for services received (see (ii))	3,410,321	\$ 0.25	852,580
	77,319,361		8,356,600
Less amounts included in obligation to issue shares recorded at July 31, 2020 (see Note 13 b))	(4,119,049)		(616,937)
	73,200,312		7,739,663

#### (i) Private placement of Units

Subsequent to July 31, 2020, UI has been undertaking a private placement financing through the sale of Units at \$0.25, and has had various closings to date as noted below. Each Unit will consist of one common share, and one Unit Warrant (as described above).

<u>Date of issuance</u>	<u># of common shares</u>	<u>value per share</u>	<u>\$ value</u>
August 27, 2020	400,000	\$ 0.25	100,000
October 23, 2020	2,230,300	\$ 0.25	557,575
November 27, 2020	3,641,140	\$ 0.25	910,285
January 13, 2021	3,019,068	\$ 0.25	754,767
February 12, 2021	1,443,032	\$ 0.25	360,758
Total to February 23, 2021	10,733,540		2,683,385

#### (ii) Common shares and Units issued for services received

Subsequent to July 31, 2020, UI has issued common shares and Units in exchange for payment of the value of consulting and other services received by the Company, including a portion related to services recorded to July 31, 2020, as follows:

**UNIVERSAL IBOGAINE INC.**

## Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

	# of common shares	value per share	\$ value
Common shares issued in exchange for services provided:			
August 19, 2020 – shares (see (i))	3,325,500	\$ 0.10	\$ 332,550
November 27, 2020 – shares (see (ii))	150,000	\$ 0.10	15,000
November 27, 2020 – shares (see (ii))	75,000	\$ 0.25	18,750
	3,550,500		366,300
Units issued in exchange for services provided:			
August 19, 2020 – Units (see (iii))	1,100,000	\$ 0.25	275,000
November 18, 2020 – Units (see (iv))	1,997,996	\$ 0.25	499,499
November 27, 2020 (see (v))	100,000	\$ 0.25	25,000
February 12, 2021 (see (vi))	212,325	\$ 0.25	53,081
Total to February 23, 2021	3,410,321		852,580
	6,960,821		1,218,880
Less amounts included in obligation to issue shares recorded at July 31, 2020 (see Note 13 b))	(4,119,049)		(616,937)
	2,841,772		601,943

- (i) On August 19, 2020, UI issued a total of 3,325,500 shares at a price of \$0.10 per share to numerous parties, including a total of 300,000 which were issued to two members of UI's Board of Directors.
- (ii) On November 27, 2020 UI issued to a former officer of the Company 50,000 shares at a price of \$0.10 per share and 75,000 shares at a price of \$0.25 per share.
- (iii) On August 19, 2020, UI issued a total of 1,100,000 Units at a price of \$0.25 per Unit to three individuals, including a total of 800,000 which were issued to two members of UI's Board of Directors.
- (iv) On November 18, 2020, UI issued a total of 1,997,996 Units at a price of \$0.25 per Unit to numerous parties, including a total of 280,000 which were issued to two members of UI's Board of Directors.
- (v) On November 27, 2020 UI issued to a Director of the Company 100,000 Units at a price of \$0.25 in settlement of a balance owing to the Director.
- (vi) On February 12, 2021 UI issued a total of 212,325 Units at a price of \$0.25 per Unit to several parties, including a total of 40,000 which were issued to an Officer of the Company.

**b) Issue of performance based common shares**

On August 19, 2020 UI approved the issuance of a total of 2,250,000 performance based common shares to three members of the UI Board of Directors. Subject to any necessary regulatory approval, entitlement to these shares shall vest (i) 10% upon UI achieving a Liquidity Event and (ii) 15% every 6 months thereafter, provided that the individual remains as a UI Director or Officer.

## UNIVERSAL IBOGAINE INC.

### Notes to the Consolidated Financial Statements

For the years ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

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#### c) CEBA Loan Payable

On August 17, 2020, UI received a \$40,000 Canada Emergency Business Account loan (the “CEBA Loan”) under the Canadian Federal government’s Covid-19 support programs. Up to \$10,000 of the CEBA Loan may be forgiven if \$30,000 is repaid by December 31, 2022, and if not repaid, the balance of \$40,000 will be extended for an additional 3-year term bearing interest at 5% per year, payable monthly.

The CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments will be required until December 31, 2025 when the full amount of the CEBA Loan will become due.

#### d) Warrants to acquire common shares

In September and October 2020, UI issued a total of 10,000,000 Warrants (the “Advisor Warrants”) to three separate firms which have been engaged to act as strategic and financial advisors to UI. The Advisor Warrants are exercisable at a price of \$0.25 per common share to December 31, 2024, and the entitlement to exercise is subject to the advisors meeting certain performance based vesting criteria.

The following common shares are reserved for issuance on potential exercise of warrants which have been issued subsequent to July 31, 2020:

	Exercise price	# warrants
Unit Warrants issued:		
Pursuant to private placement (see note 21 a)(i))	escalating	10,733,540
In exchange for services provided (see note 21 a)(ii))	escalating	3,410,321
		14,143,861
Advisor Warrants (expire December 31, 2024)	\$0.25	10,000,000
		24,143,861

# **UNIVERSAL IBOGAINÉ INC.**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JULY 31, 2019  
AND THE PERIOD FROM INCORPORATION  
ON APRIL 16, 2018 TO JULY 31, 2018**

**(EXPRESSED IN CANADIAN DOLLARS)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Directors and Shareholders of Universal Ibogaine Inc.

### Opinion

We have audited the consolidated financial statements of Universal Ibogaine Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended July 31, 2019 and period from incorporation on April 16, 2018 to July 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019 and 2018, and its financial performance and its cash flows for the year ended July 31, 2019 and period from incorporation on April 16, 2018 to July 31, 2018 in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of \$2,458,771 during the year ended July 31. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*DMCL*

**DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC

April 17, 2020



An independent firm  
associated with Moore  
Global Network Limited

**UNIVERSAL IBOGAINE INC.**

## Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

<b>As at</b>	<b>Note</b>	<b>July 31, 2019</b>		<b>July 31, 2018</b>	
<b>ASSETS</b>					
Current assets					
Cash		\$	9,388	\$	718,775
Other receivables			13,257		-
Prepays and deposits			29,225		2,340
Due from related parties	9		39,191		77,808
			91,061		798,923
Equipment	6		114,099		183,016
Intangible assets	7		3,128,630		-
<b>Total assets</b>		\$	3,333,790	\$	981,939
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities</b>					
Current liabilities					
Trade payables and accrued liabilities	8	\$	285,307	\$	67,860
Due to related parties	9		216,626		-
Promissory note payable	10		591,843		-
<b>Total liabilities</b>			1,093,776		67,860
<b>Shareholders' Equity</b>					
Share capital	11		2,198,492		1,009,514
Shares to be issued	11		2,331,835		4,000
Reserves	11		516,245		249,851
Accumulated other comprehensive loss	11		1,499		-
Deficit			(2,808,057)		(349,286)
<b>Total shareholders' equity</b>			2,240,014		914,079
<b>Total shareholders' equity and liabilities</b>		\$	3,333,790	\$	981,939

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 19)

**Approved on behalf of the Board:**"Shane Nyquvest" Director"Alberto Sola Agullo" Director*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)

		<b>Year ended</b>	<b>For the period from</b>
	<b>Note</b>	<b>July 31, 2019</b>	<b>incorporation on</b>
			<b>April 16, 2018 to</b>
			<b>July 31, 2018</b>
<b>Operating expenses</b>			
Advertising and marketing		\$ 85,203	\$ 73,041
Amortization	7	401,370	-
Consulting fees	9	380,984	66,985
Depreciation	6	27,167	1,446
Office and administration		280,664	36,582
Professional fees		251,385	29,987
Research and development		20,045	-
Salaries and wages	9	93,817	29,068
Supplies		31,225	60,119
Travel and business development		152,557	41,487
		<b>1,724,417</b>	<b>338,715</b>
<b>Other items</b>			
Accretion	12	(28,775)	-
Interest expense	12	(40,000)	-
Foreign exchange gain (loss)		5,406	(10,571)
Gain on sale of asset	6, 9	3,904	-
Loss on settlement of property	5	(674,889)	-
<b>Net loss</b>		<b>(2,458,771)</b>	<b>(349,286)</b>
<b>Other comprehensive income</b>			
Foreign currency translation adjustments		1,499	-
<b>Comprehensive loss</b>		<b>\$ (2,457,272)</b>	<b>\$ (349,286)</b>
Weighted average number of common			
shares outstanding		18,909,609	2,172,878
Basic and diluted net loss per share		\$ (0.13)	\$ (0.16)

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

**UNIVERSAL IBOGAINE INC.**

## Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

	<b>Year ended July 31, 2019</b>	<b>For the period from incorporation on April 16, 2018 to July 31, 2018</b>
<b>Operating activities</b>		
Net loss	\$ (2,458,771)	\$ (349,286)
Adjustments for non-cash items:		
Amortization	401,370	-
Depreciation	27,167	1,446
Gain on sale of asset	(3,904)	-
Unrealized foreign exchange	(4,755)	-
Loss on settlement of property	674,889	-
Changes in non-cash working capital items:		
Other receivables	(13,257)	-
Prepays and deposits	(26,885)	(2,340)
Due to related parties	216,626	-
Due from related parties	38,617	(77,808)
Trade payables and accrued liabilities	242,023	67,860
<b>Net cash used in operating activities</b>	<b>(906,880)</b>	<b>(360,128)</b>
<b>Investing activities</b>		
Purchase of equipment	(4,346)	(184,462)
Purchase of property	(353,000)	-
Sale of equipment	50,000	-
Acquisition of license	(607,068)	-
<b>Net cash used in investing activities</b>	<b>(914,414)</b>	<b>(184,462)</b>
<b>Financing activities</b>		
Proceeds from issuance of share capital, net of issuance costs	1,108,907	1,259,365
Shares to be issued	3,000	4,000
<b>Net cash provided by financing activities</b>	<b>1,111,907</b>	<b>1,263,365</b>
<b>Net increase (decrease) in cash</b>	<b>(709,387)</b>	<b>718,775</b>
<b>Cash, beginning</b>	<b>718,775</b>	<b>-</b>
<b>Cash, ending</b>	<b>\$ 9,388</b>	<b>\$ 718,775</b>

Supplemental disclosures with respect to cash flows (Note 13).

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

**UNIVERSAL IBOGAINE INC.**

## Consolidated Statement of Shareholders' Equity

(Expressed in Canadian dollars)

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Shares to be Issued</b>	<b>Reserves</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, April 16, 2018</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued on incorporation	1	1	-	-	-	-	1
Shares issued for cash	14,855,000	1,259,364	4,000	-	-	-	1,263,364
Shares issued to brokers	500,000	-	-	-	-	-	-
Options issued to brokers	-	(249,851)	-	249,851	-	-	-
Comprehensive loss	-	-	-	-	-	(349,286)	(349,286)
<b>Balance, July 31, 2018</b>	<b>15,355,001</b>	<b>\$1,009,514</b>	<b>\$ 4,000</b>	<b>\$ 249,851</b>	<b>\$ -</b>	<b>\$ (349,286)</b>	<b>\$ 914,079</b>
Shares issued for cash	11,647,680	1,108,907	3,000	-	-	-	1,111,907
Shares issued for acquisition of license	-	-	2,324,835	-	-	-	2,324,835
Equity portion of convertible debt	-	-	-	246,465	-	-	246,465
Settlement of Peachland	1,000,000	100,000	-	-	-	-	100,000
Options issued to brokers	-	(19,929)	-	19,929	-	-	-
Comprehensive loss	-	-	-	-	1,499	(2,458,771)	(2,457,272)
<b>Balance, July 31, 2019</b>	<b>28,002,681</b>	<b>\$2,198,492</b>	<b>\$ 2,331,835</b>	<b>\$ 516,245</b>	<b>\$ 1,499</b>	<b>\$ (2,808,057)</b>	<b>\$ 2,240,014</b>

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

# **UNIVERSAL IBOGAINE INC.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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## **1. Nature of Operations and Going Concern**

Universal Ibogaine Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on April 16, 2018. The head office, principal address and registered office of the Company are located at 704 - 595 Howe Street, Vancouver, BC V6C 2T5.

The Company is in the initial stages of implementing and financing its business plan, which is to develop a series of global detoxification clinics for the treatment of addictions to drugs and alcohol (see also Note 7).

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company incurred a net loss of \$2,458,771 and generated negative cash flows from operations of \$906,880 from operations during the year ended July 31, 2019. These factors form a material uncertainty that may raise significant doubt regarding the Company’s ability to continue as a going concern. The financial statements of the Company 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 the Company’s ability to raise sufficient financing to acquire or develop a profitable business. The Company intends on financing its future development activities and operations from the sale of equity securities (see also Note 19). Realization values may be substantially different from carrying values as shown and these consolidated 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the board of directors of the Company on April 17, 2020.

### **Basis of Measurement**

The consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The functional currency of the Company is the Canadian dollar. The functional currency of the Company’s two wholly owned subsidiaries Iboquest Wellness Centers Inc. and Universal Ibogaine Belize Ltd. is the Canadian Dollar and the Belize Dollar respectively.

## UNIVERSAL IBOGAINE INC.

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### 2. Basis of Presentation (Continued)

These consolidated financial statements have been presented in Canadian dollars, unless otherwise stated, which is the Company's reporting currency.

#### Basis of Consolidation

These consolidated 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 consolidated 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	Proportion of ownership
Universal Ibogaine Belize Ltd.	Belmopan, Belize	100%
Iboquest Wellness Centers Inc.	B.C., Canada	100%

#### 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 in Note 4.

### 3. Significant Accounting Policies

#### Foreign currency transactions

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

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

Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net loss for the period. Exchange gains and losses on non-monetary assets form part of the overall gain or loss recognized in respect of that financial instrument and are included in profit and loss.

## UNIVERSAL IBOGAINÉ INC.

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### 3. Significant Accounting Policies (Continued)

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

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

#### Equipment

##### *Recognition and measurement*

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

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

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

##### *Gains and losses*

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

##### *Depreciation and Amortization*

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

Equipment	5 years
Vehicles	10 years

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

## UNIVERSAL IBOGAIN INC.

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### 3. Significant Accounting Policies (Continued)

#### Intangible assets

Intangible assets consist of a license of intellectual property and intellectual property (including name, logos and trademarks). These are recorded at cost less accumulated amortization and accumulated impairment losses. Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives. The useful lives of the intangible assets are reviewed at least annually. Amortization is recognized on a straight-line basis over the life of the asset, as applicable.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The estimated useful lives of the Company's intangible assets are as follows:

	<u>Useful life</u>
Trademarks	5 years
License	3 years

#### 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 re-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.

Impairment losses of continuing operations are recognized in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued, where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

## UNIVERSAL IBOGAIN INC.

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### 3. Significant Accounting Policies (Continued)

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor

exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

#### **Financial instruments**

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

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

#### *Financial assets*

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

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

#### *Impairment of financial assets*

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

#### *Impairment*

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and

## UNIVERSAL IBOGAIN INC.

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### 3. Significant Accounting Policies (Continued)

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) fair value through profit or loss; 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, due to related parties and note payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

#### **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.

## **UNIVERSAL IBOGAINE INC.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### **3. Significant Accounting Policies (Continued)**

#### **Share capital**

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

#### **Share-based payments**

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

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

#### **Loss per share**

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

#### **New accounting standards issued but not yet effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company does not currently have any leasing arrangements. The full extent of the impact of adoption of this standard is expected to be immaterial.

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor

## **UNIVERSAL IBOGAIN INC.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

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### **3. Significant Accounting Policies (Continued)**

continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not expect the adoption of IFRS 16 will impact its 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 further periods if the review affects both current and future periods. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

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

#### **Share based payments**

The Company 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. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

#### **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.

#### **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant

## **UNIVERSAL IBOGAIN INC.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### **4. Critical Accounting Estimates and Judgements (Continued)**

jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

#### **Useful lives of equipment and intangible assets**

Property and equipment and intangible assets are amortized or depreciated over their useful lives. Useful lives are based on management's estimate of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

#### **Impairment**

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

### **5. Agreement for property rental and option to purchase**

On November 1, 2018, the Company entered into an agreement (the "Peachland Agreement") allowing it to rent, with an option to purchase, a property in Peachland, BC (the "Property") which was intended to be used as a site for an addiction treatment center. The Peachland Agreement allowed the Company to acquire the Property for consideration payable (the "Purchase Option") as follows:

- i) \$250,000 paid on November 1, 2018;
- ii) \$750,000 in the form of convertible promissory notes issued on November 1, 2018 (see Note 12);
- iii) \$250,000 on or before June 1, 2019;
- iv) \$250,000 on or before December 1, 2019;
- v) \$500,000 on or before June 1, 2020; and
- vi) An amount equal to \$3,000,000 less the amounts paid above and less rental payment credits.

## **UNIVERSAL IBOGAIN INC.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### **5. Agreement for property rental and option to purchase (Continued)**

The Peachland Agreement had an expiry date of November 30, 2022, during which the Company could rent the Property under a lease agreement for \$9,000 per month, 20% of which could be credited against the Purchase Option.

In connection with the Peachland Agreement, the Company paid a cash finders' fee of \$22,000.

In addition, during the year ended July 31, 2019, the Company purchased \$51,544 in equipment for the Peachland Property, which was accounted for as office and administration expense.

On July 19, 2019, the parties entered into an agreement to terminate the Peachland Agreement effective June 26, 2019 ("the Settlement"). As at the date of the Settlement, the Company had paid \$1,029,200 towards the Purchase Option and there was \$27,000 in outstanding rent and \$552,311 in outstanding debt related to the Peachland Agreement. The Settlement extinguished all existing obligations related to the Peachland Agreement including the convertible debt (see Note 12). Under the terms of the Settlement, the Company agreed to pay the following consideration:

- i) \$25,000 on or before July 15, 2019;
- ii) \$20,000 on or before August 15, 2019;
- iii) \$20,000 on or before September 15, 2019;
- iv) \$20,000 on or before October 15, 2019;
- v) \$20,000 on or before November 15, 2019;
- vi) \$20,000 on or before December 15, 2019; and
- vii) to issue 1,000,000 common shares. (see Note 11).

As at July 31, 2019, the \$100,000 of total installments owing under the Settlement is included in accounts payable and accrued liabilities, and these amounts were paid subsequent to July 31, 2019. The Company incurred a loss related to the Settlement of \$674,889.

**UNIVERSAL IBOGAIN INC.**

Notes to the Consolidated Financial Statements

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**6. Equipment**

	Vehicles		Equipment		Total
<b>Cost</b>					
Balance, April 16, 2018	\$	-	\$	-	\$ -
Additions		91,700		92,762	184,462
Balance, July 31, 2018		91,700		92,762	184,462
Additions		-		4,346	4,346
Disposal		(50,000)		-	(50,000)
<b>Balance, July 31, 2019</b>	<b>\$</b>	<b>41,700</b>	<b>\$</b>	<b>97,108</b>	<b>\$ 138,808</b>
<b>Accumulated Depreciation</b>					
Balance, April 16, 2018	\$	-	\$	-	\$ -
Depreciation		462		984	1,446
Balance, July 31, 2018		462		984	1,446
Depreciation		7,896		19,271	27,167
Disposal		(3,904)		-	(3,904)
<b>Balance, July 31, 2019</b>	<b>\$</b>	<b>4,454</b>	<b>\$</b>	<b>20,255</b>	<b>\$ 24,709</b>
<b>Net Book Value</b>					
<b>At July 31, 2018</b>	<b>\$</b>	<b>91,238</b>	<b>\$</b>	<b>91,778</b>	<b>\$ 183,016</b>
<b>At July 31, 2019</b>	<b>\$</b>	<b>37,246</b>	<b>\$</b>	<b>76,853</b>	<b>\$ 114,099</b>

For the year ended July 31, 2019, the title for \$nil (2018 - \$134,463) of the additions was held by a director of the Company's wholly owned subsidiary.

**7. Intangible Assets**Acquisition of intangible assets

On March 3, 2019, the Company entered into a License Agreement (the "Clearsky Agreement") with Clear Sky Recovery Cancun SA de CV ("Clearsky"). Clearsky developed a proprietary protocol which utilizes a natural substance, ibogaine, to detoxify and aid in withdrawal and recovery from addiction to a variety of drugs (the "Clearsky Technology").

The Clearsky Agreement allows the Company to acquire the exclusive global rights to use the Clearsky Technology, subject to Clearsky's right to continue to utilize the technology. The acquisition of the Clearsky Technology consists of intangible assets with two separate and identifiable components, the license and intellectual property relating to the trademarks and branding associated with the treatment and license.

## UNIVERSAL IBOGAINE INC.

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

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### 7. Intangible Assets (Continued)

The intangible assets were acquired for of \$3,530,000 and the total consideration payable by the Company under the Clearsky Agreement includes:

- a) USD \$200,000 (CAD \$270,520) paid at the date of execution in March, 2019;
- b) USD \$250,000 (CAD \$336,548) paid in April, 2019;
- c) USD \$450,000 (CAD \$598,097) in the form of a non-interest bearing, demand promissory note (the “Clearsky Note”) which was to be repayable at the earlier of August 30, 2019 (Note 10) or upon the completion of an initial public offering by the Company; and
- d) the issuance of 60,000,000 restricted shares of the Company.

The fair value of the 60,000,000 restricted shares was calculated using a commonly used option model that estimates the discount related to the lack of marketability due to the escrow restrictions placed on the shares issued.

As at July 31, 2019, the Company had not yet issued the 60,000,000 shares required under the Clearsky Agreement and \$2,324,835 has been recorded as an obligation to issue shares.

The Company is also required to pay Clearsky a “Facility Fee” of USD \$150,000 (to cover design, training and support materials) for each addiction treatment site opened. The Company will be able to sub-license use of the Clearsky Technology to other parties, subject to the payment to Clearsky of the Facility Fee. The Facility Fees payable by the Company to Clearsky will be capped at a total of USD \$1,100,000 for all facilities in which the Company retains a 25% or greater ownership interest.

#### Amendment of the Clearsky Agreement

Subsequent to July 31, 2019, the Clearsky Agreement was amended on October 14, 2019, whereby:

- repayment of the Clearsky Note was restructured, with USD \$50,000 becoming payable on October 14, 2019, and a secured promissory note issued by the Company for the balance of USD \$400,000;
- an additional USD \$50,000 was payable on November 30, 2019, with the remaining USD \$350,000 balance due on January 31, 2020;
- if the remaining USD \$350,000 is unpaid at January 31, 2020, Clearsky could elect to receive an additional USD \$50,000 repayment and defer repayment of the resultant USD \$300,000 balance until the earlier of (i) April 30, 2020 and (ii) 5 days after approval of the proposed Amalgamation of the Company with a third party (see Note 19); and
- Clearsky has the option to convert any portion of the net balance outstanding on the Clearsky note into common shares at a price of \$0.10 per share.

## UNIVERSAL IBOGAIN INC.

### Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

#### 7. Intangible Assets (Continued)

Further, Clearsky granted the Company a right of first refusal to match and acquire any future offer for sale of:

- all or part of the equity of Clearsky, or
- the assets of Clearsky's addiction treatment facility in Cancun, Mexico

#### Net book value of intangible assets

A continuity of the Company's intangible assets is as follows:

	License	Trademarks	Total
<b>Cost</b>			
Balance, April 16, 2018 and July 31, 2018	\$ -	\$ -	\$ -
Additions	2,030,000	1,500,000	3,530,000
<b>Balance, July 31, 2019</b>	<b>\$ 2,030,000</b>	<b>\$ 1,500,000</b>	<b>\$ 3,530,000</b>
<b>Accumulated Amortization</b>			
Balance, April 16, 2018 and July 31, 2018	\$ -	\$ -	\$ -
Amortization	278,082	123,288	401,370
<b>Balance, July 31, 2019</b>	<b>\$ 278,082</b>	<b>\$ 123,288</b>	<b>\$ 401,370</b>
<b>Net Book Value</b>			
<b>At July 31, 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>At July 31, 2019</b>	<b>\$ 1,751,918</b>	<b>\$ 1,376,712</b>	<b>\$ 3,128,630</b>

#### 8. Trade payables and accrued liabilities

	July 31, 2019	July 31, 2018
Trade payables	\$ 140,307	\$ 1,854
Accrued liabilities	145,000	66,006
	<b>\$ 285,307</b>	<b>\$ 67,860</b>

#### 9. Related Party Transactions

##### *a) Key management compensation*

Key management consists of the officers and directors who are responsible for planning, directing, and controlling the activities of the Company. The Company incurred charges with an officer and directors recorded at their exchange amounts as agreed upon by transacting parties as follows:

## UNIVERSAL IBOGAINE INC.

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### 9. Related Party Transactions (continued)

	<b>Year ended July 31, 2019</b>	<b>For the period from incorporation on April 16, 2018 to July 31, 2018</b>
Consulting fees	\$ -	\$ 50,000
Salaries and wages	42,702	-
	\$ 42,702	\$ 50,000

During the year ended July 31, 2019 and 2018, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

#### a) *Other transactions*

On July 18, 2018, the Company purchased a vehicle for \$50,000 from a director of the Company. On March 19, 2019, the Company sold the vehicle for \$50,000 back to the director and recognized a gain on sale of \$3,904.

#### b) *Related party balances*

As at July 31, 2019, due from related parties of \$39,191 (2018 - \$34,808) consists of advances receivable from a director of the Company's wholly owned subsidiary, for advancement for the subsidiary's operating expenses. The amount is unsecured, non-interest bearing and due on demand.

As at July 31, 2019, due to related parties of \$216,626 (2018 – due from related parties of \$43,000) consists of advances payable to an officer and a company controlled by the officer. The amount is unsecured, non-interest bearing and due on demand.

### 10. Promissory Note Payable

On March 3, 2019, under the terms of the Clearsky Agreement, the Company issued a promissory note with a principal balance of USD \$450,000 (CAD \$598,097). The promissory note is non-interest bearing, unsecured and due on demand.

Effective October 14, 2019, the terms of repayment of the Clearsky Note were amended such that it will now be repayable, or convertible into common shares, by no later than April 30, 2020.

As at July 31, 2019, USD \$450,000 (CAD \$591,843) is outstanding.

## UNIVERSAL IBOGAIN INC.

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### 11. Share Capital

#### a) Authorized and issued shares

The Company is authorized to issue an unlimited number of common shares with no par value. The following common shares have been issued:

*During the period from incorporation on April 16, 2018 to July 31, 2018:*

#### Financing Agreement with Mackie Research Capital Corporation

On July 16, 2018, the Company closed a private placement and issued a total of 14,855,000 units for gross proceeds of \$1,485,500. Each unit consisted of one common share plus one warrant (a "Liquidity Warrant"). Each Liquidity Warrant gave the holder the right to receive an additional 0.05 of one common share, at no cost, if by November 30, 2018, the Company had not completed the filing of a final prospectus in relation to an initial public offering of the Company, the filing of a decision document in relation to a reverse take-over, or a change of control ("Liquidity Event"). Further, each Liquidity Warrant would increase by an additional 0.05 of a common share for each subsequent 60-day period until completion of a Liquidity Event. A Liquidity Event would be completed by any of (i) the filing of a final prospectus in relation to an initial public offering by the Company, (ii) the filing of a decision document in relation to a reverse take-over of the Company by a publicly listed company, or (iii) a change of control of the Company.

As at July 31, 2019, each Liquidity Warrant would give the holder the right to receive an additional 0.25 of one common share, at no cost.

As compensation for the private placement, the Company paid a commission of \$148,550 (10% of gross proceeds), \$30,000 as a corporate finance fee and incurred \$46,086 in legal fees and other expenses. As additional compensation for completion of the private placement and for other advisory services received, the Company:

- issued 500,000 common shares (at a value of \$0.10 per share);
- issued 1,485,500 compensation options. Each compensation option is exercisable to acquire one common share at an exercise price of \$0.10 per option for a period of 24 months from the date of a Liquidity Event.; and
- issued 1,000,000 advisory options. Each advisory option is exercisable to acquire one common share and one advisory warrant at an exercise price of \$0.10 per option, exercisable for a period of 24 months from the date of a Liquidity Event for the Company. Each advisory warrant will be exercisable to purchase one common share at \$0.10, exercisable for a period of 24 months from the date of a Liquidity Event.

The fair value of the compensation and advisory options recorded as share issuance costs is \$249,851 and is determined using the Black-Scholes model with a stock price of \$0.10, an exercise price of \$0.10, expected life of 2 years, and a volatility of 150% (based on average volatility of similar companies).

*During the year ended July 31, 2019:*

On January 15, 2019, the Company issued 1,620,000 common shares for proceeds of \$162,000.

## UNIVERSAL IBOGAIN INC.

### Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

#### 11. Share Capital (Continued)

a) Authorized and issued shares (continued)

On February 5, 2019, the Company closed a private placement and issued a total of 2,780,000 common shares for gross proceeds of \$278,000. As compensation, the Company paid a commission of \$22,240 (8% of gross proceeds), \$23,625 as a corporate finance fee and \$9,996 in legal fees and other expenses, and issued 278,000 compensation options. Each compensation option gives the holder the right to acquire one common share of the Company at an exercise price of \$0.10 per option for a period of 24 months from the date of a Liquidity Event. The compensation options were fair valued on the grant date at \$19,929 and recorded to share issuance costs. The fair value was determined using the Black-Scholes model with a stock price of \$0.10, an exercise price of \$0.10, expected life of 2 years, and a volatility of 150% (based on average volatility of similar companies).

On April 15, 2019, the Company issued 3,862,680 common shares for proceeds of \$386,268.

On July 8, 2019, the Company issued 3,235,000 common shares for proceeds of \$323,500.

On July 9, 2019, the Company issued 150,000 common shares for proceeds of \$15,000.

On July 28, 2019, the Company issued 1,000,000 common shares pursuant to the Settlement Agreement at a fair value of \$100,000 (Note 5).

b) Shares to be Issued

As at July 31, 2019, the Company has received \$7,000 (2018 - \$4,000) in share subscriptions for a private placement which had not yet closed, and which is included in shares to be issued.

As at July 31, 2019, the Company has not yet issued the 60,000,000 common shares required under the Clearsky Agreement and \$2,324,835 has been recorded as an obligation to issue shares.

c) Compensation Options

During the year ended July 31, 2019, the Company had 1,763,500 compensation options outstanding. Each compensation option is exercisable to acquire on common share at an exercise price of \$0.10 per option for a period of 24 months from the date of a Liquidity Event.

The following is a summary of the changes in compensation options for the period from incorporation on April 16, 2018 to July 31, 2019:

	Weighted Average Number	Weighted Average Exercise Price
Balance, April 16, 2018	-	\$ -
Issued	1,485,500	0.10
Balance, July 31, 2018	1,485,500	0.10
Issued	278,000	0.10
<b>Balance, July 31, 2019</b>	<b>1,763,500</b>	<b>\$ 0.10</b>

## UNIVERSAL IBOGAINE INC.

### Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

#### 11. Share Capital (Continued)

##### c) Compensation Options (continued)

Total expenses arising from compensation option transactions recognized during the year ended July 31, 2019 were \$19,929 (2018 - \$106,422). The compensation options were valued using the Black-Scholes option pricing model with the following weighted average assumptions.

	July 31, 2019	July 31, 2018
Expected dividend yield	0.0%	0.0%
Expected volatility	150.0%	150.0%
Risk-free interest rate	1.82%	1.92%
Expected term	2.00 years	2.00 years

##### d) Advisory options

During the year ended July 31, 2019, the Company had 1,000,000 advisory options outstanding. Each advisory option is exercisable to acquire one common share and one advisory warrant at an exercise price of \$0.10 per option, exercisable for a period of 24 months from the date of a Liquidity Event for the Company. Each advisory warrant will be exercisable to purchase one common share at \$0.10, exercisable for a period of 24 months from the date of a Liquidity Event.

The following is a summary of changes in advisory options for the period from incorporation April 16, 2018 to July 31, 2019:

	Weighted Average Number	Weighted Average Exercise Price
Balance, April 16, 2018	-	\$ -
Issued	1,000,000	0.10
Balance, July 31, 2018 and 2019	1,000,000	\$ 0.10

Total expenses arising from compensation option transactions recognized during the year ended July 31, 2019 were \$Nil (2018 - \$143,429). The compensation options were valued using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0.0%; expected volatility of 150%; risk-free interest rate of 1.82% and an expected term of 2.00 years.

#### 12. Convertible Debt

On November 1, 2018, the Company issued two separate convertible notes in connection with the Peachland Agreement (see Note 5) for \$250,000 and \$500,000 (“the Debentures”). The Debentures were to mature on October 31, 2022, with interest payable monthly at a rate of 8% per annum, and were convertible at the option of the holder.

## UNIVERSAL IBOGAIN INC.

### Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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#### 12. Convertible Debt (Continued)

The \$250,000 Debenture would be convertible into units of the Company at a price of \$0.25 per share at any time prior to maturity. Each unit would consist of one common share and one warrant, with each warrant allowing the holder to acquire one additional common share at an exercise price which was to increase each year until expiry on November 1, 2023 as follows:

- i) \$0.50 per share if exercised on or before November 1, 2019;
- ii) \$0.75 per share if exercised on or before November 1, 2020;
- iii) \$1.00 per share if exercised on or before November 1, 2021;
- iv) \$1.25 per share if exercised on or before November 1, 2022; and
- v) \$1.50 per share if exercised on or before November 1, 2023.

The \$500,000 Debenture was convertible into 2,000,000 shares of the Company at a deemed price of \$0.25 per share at any time prior to maturity.

The Debentures include both a liability component for the contractual cash flows and an equity component for the conversion feature and the related warrants. The Debentures were discounted on issuance to \$503,536 to approximate their fair value with a discount rate of 20% which reflects the Company's borrowing rate.

The carrying value of the liability component of the Debentures is accreted using the effective interest rate method over the term of the Debentures, such that the carrying amount will equal the total face value of the Debentures at maturity.

On July 19, 2019, the Company entered into the Settlement agreement (see Note 5) and all obligations related to the Debentures were extinguished. Interest of \$40,000 was incurred on the Debentures for the period to Settlement.

A continuity of the Debentures balance for the year ended July 31, 2019 is as follows:

		Face Value	Carrying value
Balance, August 1, 2018	\$	-	\$ -
Issued during the period		750,000	503,536
Accretion		-	28,775
Extinguished upon Settlement		(750,000)	(532,311)
Balance, July 31, 2019	\$	-	\$ -

## UNIVERSAL IBOGAINE INC.

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### 13. Supplemental Disclosure with Respect to Cash Flows

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

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	Year ended July 31, 2019	For the period from incorporation on April 16, 2018 to July 31, 2018
Shares to be issued for intangible assets	\$ 2,324,835	\$ -

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### 14. 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. The Company considers its capital for this purpose to be its promissory notes, convertible notes and shareholders' equity.

The Company's primary source of capital is through the issuance of promissory notes, convertible notes and equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

### 15. Financial Instruments and Risk Management

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

#### 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. The Company is exposed to foreign exchange risk through its promissory note denominated in US Dollars. A 10% increase in the US dollar would result in an exchange loss of \$45,000. As at July 31, 2019, the Company held \$621 (2018 - \$353,741) in cash that was denominated in foreign currency (stated in US dollars at period end exchange rates).

## **UNIVERSAL IBOGAINE INC.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### **15. Financial Instruments and Risk Management (continued)**

#### **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. The Company's cash, due from related party and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. Other receivables are comprised of amounts due from Canada Revenue Agency for recoverable GST input tax credits. Due from related party consists of advances made to a director of the Company's subsidiary against which the Company applies expenses incurred in the subsidiary.

#### **Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2019, the Company had a cash balance of \$9,388 and liabilities of \$1,093,776. All of the Company's outstanding liabilities are current and due on demand.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. None of the Company's financial instruments bear interest. Therefore, as at July 31, 2019, management believes that the Company is not exposed to any significant interest rate risk.

### **16. Basis of Fair Value**

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)

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

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

## UNIVERSAL IBOGAIN INC.

### Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

#### 17. Income Taxes

A reconciliation of the expected income recovery at statutory rates with the reported recovery is as follows:

Period ended		<b>Year ended July 31, 2019</b>		For the period from incorporation on April 16, 2018 to July 31, 2018
Loss before income taxes	\$	(2,458,771)	\$	(349,286)
Tax recovery based on statutory rate of 27%		(663,000)		(94,000)
Permanent differences		28,000		-
Share issuance costs		(20,000)		(61,000)
Change in unrecognized deferred income tax		665,000		155,000
<b>Income tax recovery</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>

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

		<b>July 31, 2019</b>		July 31, 2018
Non-capital losses	\$	642,000	\$	106,000
Share issuance costs		53,000		49,000
Intangible assets		108,000		-
Property and equipment		7,000		-
Unrecognized deferred tax assets		(810,000)		(155,000)
<b>Net deferred income tax assets</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>

As at July 31, 2019, the Company has estimated non-capital losses for Canadian income tax purposes of \$2,340,000 that may be carried forward to reduce taxable income derived in future years. These losses expire in the years 2038 and 2039.

#### 18. Contingency

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal and regulatory actions. The Company establishes legal provisions when it becomes probable that the Company will incur a loss and the amount can be reliably estimated.

## UNIVERSAL IBOGAINE INC.

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### 19. Subsequent Events

In addition to the transactions described in Notes 7 and 10, the following significant transactions have occurred subsequent to July 31, 2019:

#### Private placement financings

On August 27, 2019, the Company issued 2,000,000 common shares for proceeds of \$200,000.

On September 16, 2019, the Company issued 440,000 common shares for proceeds of \$44,000.

On December 18, 2019, the Company issued 40,000 common shares for proceeds of \$4,000.

On March 31, 2019, the Company issued 8,727,606 common shares for proceeds of \$872,761.

#### Proposed acquisition of the Company

On November 1, 2019, the Company entered into an agreement (the "Acquisition Agreement") with P Squared Renewables Inc. ("PSQ"), whereby PSQ would acquire 100% of the shares of the Company. PSQ is a Capital Pool Corporation ("CPC") under the policies of the TSX Venture Exchange Inc. (the "TSXV"). Subject to the approval of the TSXV, it is intended that the acquisition of the Company would constitute PSQ's Qualifying Transaction to allow it to meet the requirements of the TSXV. The highlights of the Acquisition Agreement include:

- PSQ's acquisition of the Company is intended to be completed by April 30, 2020.
- PSQ will issue one common share in exchange for each outstanding common share of the Company and intends to issue a total of approximately 130,000,000 PSQ common shares to effect the acquisition of the Company.
- PSQ will be required to complete a prospectus offering to raise minimum proceeds of \$2,000,000 ("the Financing"), for which it intends to issue unit at a price of \$0.25 per unit. It is intended that each unit will consist of one PSQ common share, and one common share purchase warrant, with each warrant entitling the holder to purchase an additional PSQ common share for a period of 5 years. The exercise price of the warrants will increase by \$0.25 per year, and will be \$0.50 per share if exercised in year 1, \$0.75 in year 2, \$1.00 in year 3, \$1.25 in year 4, and \$1.50 per share in year 5.

#### Promissory note payable to PSQ

On November 12, 2019, PSQ advanced \$25,000 to the Company as a non-interest bearing, unsecured promissory note, due May 8, 2020. The funds are being used by the Company in connection with installment payments due under the Clearsky Agreement.

#### Agreement for potential purchase of property in Belize

On January 17, 2020, the Company's wholly owned subsidiary, Universal Ibogaine Belize Ltd., acquired four blocks of land on an island property in Belize from Bracilette Investment Company Ltd. ("Bracilette"). Consideration payable will consist of the issuance of 25,000,000 common shares of the Company, at a deemed value of USD \$1,250,000 (\$1,632,750). One of the shareholders of Bracilette is a director and officer of the Company.

## **UNIVERSAL IBOGAIN INC.**

Notes to the Consolidated Financial Statements

For the year ended July 31, 2019

(Expressed in Canadian dollars)

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### **19. Subsequent Events (continued)**

#### Covid-19

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

# **UNIVERSAL IBOGAINÉ INC.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE 9-MONTH PERIOD ENDED  
APRIL 30, 2021**

# UNIVERSAL IBOGAINE INC.

## Condensed Consolidated Statements of Financial Position

As at	Note	April 30, 2021	July 31, 2020
		(Unaudited)	
<b>ASSETS</b>			
Current assets:			
Cash		563,306	52,581
GST and other receivables		86,982	34,282
Prepays and deposits	3	354,815	351,706
Due from related parties	13	7,968	-
Total current assets		1,013,071	438,569
Long term assets:			
Deferred acquisition costs	8	27,929	-
Capital assets	4	3,097,284	114,548
		3,125,213	114,548
Total assets		4,138,284	553,117
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Trade payables and accrued liabilities	6	406,163	395,458
Convertible loan payable	8	-	50,000
Promissory note payable	9	-	25,000
Clearsky debt payable	10	-	532,272
Due to related parties	13	-	42,868
Total current liabilities		406,163	1,045,598
Long term liabilities:			
CEBA Loan payable	7	40,000	-
Total liabilities		446,163	1,045,598
Shareholders' Equity (Deficiency):			
Share capital	11	13,340,870	4,379,305
Shares to be issued	12	133,171	2,988,222
Reserves		1,285,449	517,449
Accumulated other comprehensive loss		6,383	1,330
Deficit		(11,073,752)	(8,378,787)
Total shareholders' equity (deficiency)		3,692,121	(492,481)
Total liabilities and shareholders' equity		4,138,284	553,117

Nature of Operations and Going Concern (Note 1)

Commitments (Note 8 and 14)

Subsequent Events (Note 16)

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

# UNIVERSAL IBOGAIN INC.

Condensed Consolidated Statements of Loss and Comprehensive Loss  
For the 3-month and 9-month periods ended April 30, 2021 and 2020  
(Unaudited)

	Note	3 months ended April 30, 2021	3 months ended April 30, 2020	9 months ended April 30, 2021	9 months ended April 30, 2020
<b>General &amp; administrative expenses:</b>					
Consulting and management fees	13	653,464	427,564	1,754,573	820,004
Salaries and wages		77,707	-	128,233	-
Office and administration		101,799	25,410	239,530	63,554
Advertising and marketing		95,882	74,148	186,035	161,786
Professional fees		80,482	76,086	245,582	188,933
Research and development		17,065	10,600	55,691	10,600
Travel and business development		9,814	29,746	70,885	104,315
		1,036,213	643,554	2,680,529	1,349,192
<b>Other expense (income):</b>					
Depreciation	4	6,503	5,960	19,875	18,145
Amortization of intangible assets	5	-	240,822	-	733,169
Interest expense		-	-	9,060	-
Foreign exchange loss (gain)		10,591	29,444	17,323	35,639
Finance charges on Clearsky debt payable	10	-	15,376	(31,822)	(2,419)
		17,094	291,602	14,436	784,534
Net loss for the period		1,053,307	935,156	2,694,965	2,133,726
Other comprehensive (income) loss:					
Foreign currency translation adjustments		(1,029)	944	(5,053)	1,032
Comprehensive loss		1,052,278	936,100	2,689,912	2,134,758
Weighted average number of common shares outstanding					
		127,231,565	33,479,998	105,886,478	31,194,198
Basic and diluted net loss per share					
		0.00	0.03	0.03	0.07

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

# UNIVERSAL IBOGAIN INC.

Condensed Consolidated Statements of Cash Flows  
For the 9-month periods ended April 30, 2021 and 2020  
(Unaudited)

9-month period ended	April 30, 2021	April 30, 2020
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (2,689,912)	\$ (2,133,726)
Adjustments for non-cash items:		
Depreciation	19,785	18,145
Amortization of intangible assets	-	733,169
Finance charges expense (income)	(31,822)	(2,419)
Non-cash expenses paid in common shares	652,949	594,300
Unrealized foreign exchange	3,003	28,486
	(2,050,960)	(762,045)
Changes in non-cash working capital items:		
Other receivables	(52,700)	(17,751)
Prepays and deposits	(148,720)	(344,107)
Decrease (increase) in due from related parties	-	19,427
Increase (decrease) in due to related parties	(50,836)	(157,146)
Trade payables and accrued liabilities	48,205	192,635
	(204,051)	(306,942)
Net cash used in operating activities	(2,255,011)	(1,068,987)
<b>Investing activities</b>		
Increase in deferred acquisition costs	(27,929)	-
<b>Financing activities</b>		
Proceeds from issuance of common shares	2,950,860	1,142,761
Share issue costs	(199,862)	(15,544)
Increase in cash received for shares to be issued	126,067	96,500
Proceeds from CEBA loan payable	40,000	-
Increase in (repayment of) promissory note payable	(25,000)	25,000
Repayment of Clearsky debt payable	(98,400)	(65,522)
Net cash provided by financing activities	2,793,665	1,183,195
Net increase in cash for the period	510,725	114,208
Cash, beginning of the period	52,581	9,388
Cash, end of the period	563,306	123,596

Supplemental disclosures with respect to cash flows (Note 15)

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

# UNIVERSAL IBOGAINE INC.

Condensed Consolidated Statements of Shareholders' Equity

For the 9-month periods ended April 30, 2021 and 2020

(Unaudited)

	Number of Shares	Share Capital	Shares to be Issued	Reserves	Accumulated Other Comprehen. Income	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance, July 31, 2019	28,002,681	2,198,492	2,331,835	516,245	1,499	(2,808,057)	2,240,014
Shares issued for cash, net	11,427,606	1,127,217	-	-	-	-	1,127,217
Increase in deposits received on private placement	-	-	96,500	-	-	-	96,500
Shares to be issued for services received	-	-	594,300	-	-	-	594,300
Comprehensive loss	-	-	-	-	(1,032)	(2,133,726)	(2,134,758)
<b>Balance, April 30, 2020</b>	<b>39,430,287</b>	<b>3,325,709</b>	<b>3,022,635</b>	<b>516,245</b>	<b>467</b>	<b>(4,941,783)</b>	<b>1,923,273</b>
Balance, July 31, 2020	49,978,287	4,379,305	2,988,222	517,449	1,330	(8,378,787)	(492,481)
Shares issued pursuant to:							
Belize property purchase	25,000,000	2,857,000	-	-	-	-	2,857,000
Clearsky debt conversion	4,000,000	400,000	-	-	-	-	400,000
Clearsky Agreement	30,000,000	2,324,835	(2,324,835)	-	-	-	-
Conversion of Loan	625,000	62,500	-	-	-	-	62,500
Shares issued for services	3,891,547	442,896	(9,040)	-	-	-	433,856
Shares issuable for services	-	-	1,300	-	-	-	1,300
Share Units issued:							
For cash	11,989,240	2,997,310	(365,758)	-	-	-	2,631,552
For services received	3,279,544	819,886	(279,218)	-	-	-	540,668
For vehicle purchase	100,000	25,000	-	-	-	-	25,000
Increase in deposits received on private placement	-	-	122,500	-	-	-	122,500
Value attributed to Warrants issued	-	(768,000)	-	768,000	-	-	-
Share issue costs	-	(199,862)	-	-	-	-	(199,862)
Comprehensive loss	-	-	-	-	5,023	(2,694,965)	(2,689,912)
<b>Balance, April 30, 2021</b>	<b>128,863,618</b>	<b>13,340,870</b>	<b>133,171</b>	<b>1,285,449</b>	<b>6,383</b>	<b>(11,073,752)</b>	<b>3,692,121</b>

## UNIVERSAL IBOGAINE INC.

Notes to the Condensed Consolidated Financial Statements

For the 9-month period ended April 30, 2021

(Unaudited)

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### 1. Nature of operations and going concern

Universal Ibogaine Inc. (“UI” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on April 16, 2018. The head office of the Company is located at 303 - 595 Howe Street, Vancouver, BC, V6C 2T5.

The Company is in the initial stages of implementing and financing its business plan, which is to develop a network of addiction treatment clinics (see also Note 8).

In November 2019, UI entered into an agreement with P Squared Renewables Inc. (“PSQ”), whereby PSQ would acquire 100% of the shares of UI and the two parties would merge and allow UI to effectively become a publicly listed company (the “Resulting Issuer” or the “RI”).

Effective October 8, 2020, PSQ, UI and a wholly-owned subsidiary of PSQ (“Subco”) entered into an amalgamation agreement (the “Amalgamation Agreement”) whereby PSQ will acquire all of the outstanding shares of UI by way of a three-cornered amalgamation (the “Amalgamation”) among PSQ, UI and Subco.

PSQ is a Capital Pool Corporation (“CPC”) under the policies of the TSX Venture Exchange Inc. (the “TSXV”). Subject to the approval of the TSXV, it is intended that the Amalgamation with UI will constitute PSQ’s Qualifying Transaction (the “QT”) to allow it to meet the listing requirements of the TSXV. The expected closing date of the Amalgamation is in mid 2021. The highlights of the Amalgamation Agreement and the QT include:

- PSQ is currently undertaking a non-brokered financing, whereby Subco intends to offer \$6,000,000 of Subscription Receipts (the “Offering”), whereby it will issue units at a price of \$0.25 per unit (each a “Subco Unit”) consisting of one Subco common share and one warrant to purchase an additional Subco common share. It is intended that each Subco Unit will become exchangeable for similar units of the Resulting Issuer (each a “RI Unit”) on closing of the QT, and will consist 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.
- The Resulting Issuer will issue replacement common shares (“RI Shares”) to the former shareholders of UI (the “UI Shares”) and PSQ (the “PSQ shares”), on the basis of one RI Share for each UI share and PSQ share. The share exchanges will be subject to reductions based on a permitted defined maximum number of shares outstanding at closing of the QT for each of UI and PSQ
- It is expected that following closing of the QT and the Financing, a majority of the shares of the Resulting Issuer will be held by the former shareholders of UI, and accordingly the Amalgamation / merger would be considered a Reverse Takeover Transaction (“RTO”) and subject to certain rules of the TSXV governing such transactions.
- Each of UI’s outstanding warrants, options and any other convertible securities will be exchanged for warrants, options and convertible securities of the Resulting Issuer on substantially the same

## UNIVERSAL IBOGAINE INC.

### Notes to the Condensed Consolidated Financial Statements

For the 9-month period ended April 30, 2021

(Unaudited)

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economic terms and conditions as the existing outstanding warrants, options and other convertible securities of UI.

- Upon completion of the QT, UI and Subco will amalgamate as “Amalco”, and become a wholly-owned subsidiary of the Resulting Issuer.
- It is intended that PSQ will change its name to “Universal Ibogaine Inc.”, and Amalco will be renamed “Clear Sky Recovery Solutions Inc.”, or such other names that are acceptable to the Resulting Issuer and to applicable regulatory authorities.

#### Going concern basis of presentation

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. UI has to date incurred net losses and generated negative cash flows from operations - factors which form a material uncertainty that may raise 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.

UI’s ability to continue as a going concern is dependent upon its’ ability to raise sufficient financing to acquire or develop a profitable business. UI intends on financing its future development activities and operations from the sale of equity securities. Although UI has been successful in raising capital in the past, there is no assurance these initiatives will continue to be successful in the future (see also Notes 11 and 16).

In addition, in March 2020, the global COVID-19 outbreak was declared a pandemic by the World Health Organization. The general ongoing uncertainty in the business environment and UI’s lack of positive cash flow 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 consolidated financial statements do not give effect to adjustments that would be necessary if UI were not to continue as a going concern.

## **2. Basis of presentation**

### **Statement of compliance**

These condensed unaudited interim consolidated financial statements (the “Financial Statements”) have been prepared in compliance with International Accounting Standard 34 - Interim Financial Reporting, following the same accounting policies and methods of application as those disclosed in the Company’s audited financial statements for the fiscal year ended July 31, 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

These Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended July 31, 2020, as certain disclosures normally required for annual financial statements have been condensed or omitted herein.

These Financial Statements were approved and authorized for issue by UI’s Board of Directors on June 21, 2021.

## UNIVERSAL IBOGAINE INC.

### Notes to the Condensed Consolidated Financial Statements

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(Unaudited)

#### Basis of Preparation

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

These Financial Statements are prepared on a historical cost basis. The accounting policies have been applied consistently throughout the entire period presented in these Financial Statements.

#### Basis of consolidation

These Financial Statements include the financial statements of the Company and its' wholly- owned subsidiaries, which are noted below. 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 %
Universal Ibogaine Belize Ltd.	Belmopan, Belize	100%
Iboquest Wellness Centers Inc.	B.C., Canada	100%

### 3. Prepaids and deposits

As at	April 30, 2021	July 31, 2020
Prepaid expenses	\$ 45,978	\$ 117,049
Deposit for acquisition of clinic (Note 8)	250,000	50,000
Deposits	58,837	42,421
Land transfer taxes paid on purchase of Belize land	-	142,236
	354,815	351,706

#### Agreement for purchase of Belize property

On January 17, 2020, UI's subsidiary company, Universal Ibogaine Belize Ltd. ("UI Belize"), entered into an agreement with Bracilette Investment Company Ltd. ("Bracilette"), to acquire four blocks of undeveloped land on an island property in Belize. Consideration payable by UI consisted of the issuance of 25,000,000 UI common shares, at a deemed value of USD 1,250,000 (Cdn \$1,667,000). Two of the shareholders of Bracilette include a Director and former officer of UI, and a Director of UI Belize.

Prepaids and deposits at July 31, 2020 included \$142,236 which was paid by UI related to land transfer taxes payable to the government of Belize for the purchase of the Belize property. The acquisition formally closed upon Belize government approval of the land transfer, which occurred in October 2020. On October 27, 2020 UI issued the 25,000,000 common shares, including a total of 22,050,000 shares which were issued to related parties as follows:

- a total of 1,550,000 shares issued to entities in which a UI Director holds at least a 50% beneficial interest and 10,000,000 shares issued to an entity in which the Director holds at 25% beneficial interest;
- 250,000 shares issued to one of the Directors of UI Belize, and

## UNIVERSAL IBOGAIN INC.

### Notes to the Condensed Consolidated Financial Statements

For the 9-month period ended April 30, 2021

(Unaudited)

- 10,250,000 shares issued to entities which are controlled by the children of a Director of UI Belize.

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

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

#### 4. Capital assets

	Vehicles	Equipment	Belize Land	Total
<b>Cost</b>				
Balance, July 31, 2020	\$ 66,701	\$ 97,108	\$ -	\$ 163,809
Additions	-	-	3,002,611	3,002,611
Balance, April 30, 2021	66,701	97,108	3,002,611	3,166,420
<b>Accumulated Depreciation</b>				
Balance, July 31, 2020	8,950	40,311	-	49,261
Depreciation	4,971	14,904	-	19,875
Balance, April 30, 2021	13,921	55,215	-	69,136
<b>Net Book Value</b>				
Balance, July 31, 2020	57,751	56,797	-	114,548
Balance, April 30, 2021	52,780	41,893	3,002,611	3,097,284

#### 5. Acquisition of intangible assets

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

The Clearsky Agreement enabled UI to acquire the exclusive global rights to use the Clearsky Protocol, subject to Clearsky’s right to continue to utilize it at its clinic in Cancun, Mexico. The Clearsky Agreement consisted of an acquisition of intangible assets which were assigned a deemed cost base of \$3,530,000 in 2019, based on the total consideration (cash, promissory note, and UI common shares) to be paid by UI to Clearsky as described in Note 10.

A continuity of the net book value assigned to these intangible assets acquired in 2019 is as follows:

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(Unaudited)

	Intellectual Property	Trademarks and Branding	Total
Additions – March 2019	\$ 2,030,000	\$ 1,500,000	\$ 3,530,000
Amortization recorded to July 31, 2020	(956,603)	(424,110)	(1,380,713)
Impairment recorded July 31, 2020, net	(1,073,397)	(1,075,890)	(2,149,287)
Net book value, July 31, 2020	-	-	-

Amortization expense recorded on the intangible assets for the 9-month period ended April 30, 2021 was \$nil (\$733,169 for the 9-month period ended April 30, 2020).

UI experienced indications of impairment in the recoverable value of its intangible assets due to various factors including delays in implementing its business plan and related revenue generation from use of the Clearsky Protocol, delays in the planned process of gaining medical approval for the use of ibogaine from Health Canada, and ongoing uncertainty related to the covid-19 pandemic. As a result, UI recorded an impairment charge write-down of \$2,149,287 as at July 31, 2020.

#### 6. Trade payables and accrued liabilities

As at	April 30, 2021	July 31, 2020
Trade payables	\$ 208,477	\$ 301,508
Accrued liabilities	197,686	93,950
	406,163	395,458

The above totals include \$22,868 (July 31, 2020 - \$10,000) owing to related parties (Directors and Officers of UI).

#### 7. CEBA Loan payable

On August 17, 2020, UI received a \$40,000 Canada Emergency Business Account loan (the “CEBA Loan”) under the Canadian Federal government’s Covid-19 support programs. Up to \$10,000 of the CEBA Loan may be forgiven if \$30,000 is repaid by December 31, 2022, and if not repaid, the balance of \$40,000 will be extended for an additional 3-year term with interest at 5% per year, payable monthly.

The CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments will be required until December 31, 2025 when the full amount of the CEBA Loan will become due.

#### 8. Convertible loan payable and agreement for purchase of clinic

##### Convertible loan payable

In May 2020 UI received a \$50,000 loan from an arms-length party, and issued a promissory note payable (the “Loan”), bearing interest at 15%, and convertible at UI’s option at a price of \$0.10 per

## UNIVERSAL IBOGAIN INC.

### Notes to the Condensed Consolidated Financial Statements

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(Unaudited)

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common share. On November 9, 2020, UI elected to repay the loan, and issued at total of 625,000 common shares in settlement of the loan plus related accrued interest and a conversion bonus.

Proceeds from the Loan were used by UI in May 2020 to make a \$50,000 non-refundable deposit which was held in trust at July 31, 2020 for the benefit of the lender, pending completion of due diligence by UI, for the purchase of an addiction treatment clinic in Manitoba.

#### Agreement for purchase of addiction treatment clinic

UI has an agreement dated effective February 24, 2021 (with two entities which are arms-length to each of UI and PSQ) which will allow UI:

- (i) to acquire 100% of the shares of 6887016 Manitoba Ltd., which owns and operates the Kelburn Mental Health & Addiction Recovery Centre (the “Kelburn Clinic”), an addiction treatment facility operating near Winnipeg, Manitoba, for consideration of \$1,500,000 and
- (ii) to separately acquire (subject to receipt of suitable mortgage financing) the land, facility and related buildings utilized by the Kelburn Clinic (the “Kelburn Property”) for consideration of \$3,500,000.

Closing of these two acquisitions is intended to occur concurrent with completion of the QT, and will involve the issuance by UI of share Units at a price of \$0.25 per Unit (see note 11 a)). The UI Warrants will have the same terms as, and will be exchanged for, RI Warrants on a 1 for 1 basis on closing of the QT.

Consideration payable for the purchase of the Kelburn Clinic consists of \$1,000,000 cash (of which deposits totaling \$250,000 have been paid by UI and are held in trust at April 30, 2021 – see Note 3) and \$500,000 payable in the form of 2,000,000 UI Units. An additional deposit of \$375,000 was paid by UI on May 31, 2021, leaving a balance due at closing of \$375,000.

Consideration payable for the purchase of the Kelburn Property will consist of cash of approximately \$1,600,000 (which is to be fully funded by mortgage financing on the Kelburn Property) and the estimated balance of \$1,900,000 payable in the form of 7,600,000 UI Units.

Deferred acquisition costs of \$27,929 include legal, appraisal and other costs incurred to April 30, 2021 related to the Acquisition.

#### **9. Promissory note payable to PSQ**

On November 12, 2019, PSQ advanced \$25,000 to UI as a non-interest bearing, unsecured promissory note (the “PSQ Note”). The maturity date was initially May 8, 2020 and was extended to October 31, 2020, or such other date (such as closing of the QT) agreed to by UI and PSQ. The PSQ Note was repaid to PSQ on December 21, 2020.

#### **10. Clearsky debt payable**

The balance payable under the Clearsky Agreement consisted of the following:

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As at	April 30, 2021	July 31, 2019
Clearsky note payable (see b))	\$ -	\$ 100,450
Clearsky convertible debt (see c))	-	431,822
	-	532,272

#### a) Amendments to the Clearsky Agreement

The consideration payable by UI under the Clearsky Agreement of March 2019 (see Note 5) initially consisted of the following:

- A total of USD 450,000 (CAD \$607,068) paid in March and April 2019;
- USD 450,000 (CAD \$598,097) in the form of a non-interest bearing, demand promissory note which was to be repayable at the earlier of (i) August 30, 2019 or (ii) upon the completion of an initial public offering by UI; and
- the issuance of 60,000,000 (subsequently reduced to 30,000,000) UI common shares.

The terms of the original 2019 Clearsky Agreement were significantly amended in October 2019 and again on April 23, 2020 such that the total cash (payable in USD) and common share consideration ultimately paid by UI to Clearsky is summarized as follows:

	USD	CAD
Cash (total of amounts paid to July 31, 2020)	500,000	\$ 661,179
<u>Deferred balance (fully repaid by October 2020)</u>	<u>400,000</u>	<u>528,944</u>
Total to July 31, 2020	900,000	1,190,123
Common shares to be issued	-	2,324,835
	900,000	3,514,958

The deferred balance of USD 400,000 was effectively split into two components as noted below (i) a USD 100,000 note payable which was paid in cash and (ii) a USD 300,000 convertible debt which subsequently was repaid by UI via the issuance of common shares.

#### b) Clearsky note payable

A continuity of the Clearsky note payable to its repayment in September 2020 is as follows:

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	USD	CAD
Balance, August 1, 2019	450,000	\$ 591,843
Amount repaid in October 2019	(50,000)	(65,523)
	400,000	526,320
Amount reclassified as convertible debt	(300,000)	(396,708)
Amount repaid in May 2020	(25,000)	(34,982)
Foreign exchange adjustments	-	5,820
Balance, July 31, 2020	75,000	100,450
Amount repaid in September 2020	(75,000)	(100,450)
Balance, April 30, 2021	-	-

c) Clearsky convertible debt and issuance of common shares

A continuity of the USD 300,000 Clearsky convertible debt balance which was recognized in April, 2020 is as follows:

	Face Value	Carrying value
Balance, August 1, 2019	\$ -	\$ -
Recognition in April 2020	423,375	569,340
Finance income	-	(116,541)
Foreign exchange adjustments	(6,430)	(20,977)
Balance, July 31, 2020	416,945	431,822
Finance income	-	(31,822)
Foreign exchange adjustments	(16,945)	-
Amount repaid on conversion to common shares in October 2020	(400,000)	(400,000)
Balance, April 30, 2021	-	-

UI had an option to elect to repay the USD 300,000 of the debt payable to Clearsky by issuing common shares at a fixed price of CAD \$0.10 per share, until such time as UI becomes a publicly listed company.

Effective October 23, 2020, UI elected to convert the USD 300,000 balance and Clearsky agreed to receive a total of 4,000,000 common shares in settlement, at a price of \$0.10 per share. The remaining consideration owing to Clearsky was then solely the 30,000,000 common shares, for which Clearsky agreed in October 2020 to extend the required date of issuance by UI to the earlier of (i) January 31, 2021 and (ii) the date of public listing of the common shares of UI.

As at July 31, 2020, UI had not yet issued these 30,000,000 common shares, and accordingly \$2,324,835 was recorded as an obligation to issue shares (see Note 12). On January 31, 2021, these common shares were issued to Clearsky, and their ultimate release from escrow will be subject to various performance milestones related to future clinical trials and primarily the opening of UI addiction clinics which utilize the Clearsky Protocol.

## UNIVERSAL IBOGAIN INC.

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#### d) Derivative asset and derivative liability recognized in October, 2019

UI's option to allow it to satisfy USD 300,000 of the original convertible debt by issuing UI common shares was accounted for as a derivative asset in October 2019 and was valued using the Black-Scholes option pricing model as well as the estimated probability of the Public Listing Requirements being met in the period ended July 31, 2020.

A debt conversion option which was originally held by Clearsky (from October 2019 until April 23, 2020) was accounted for as a derivative liability in October 2019 as the number of UI common shares that could become issued on conversion of the USD 300,000 debt would vary as a result of ongoing changes in foreign exchange rates.

The following is a continuity of the derivative asset and the derivative liability up to the point of their extinguishments effective April 23, 2020:

	Derivative asset	Derivative (liability)
Recognized on issuance in October 2019	\$ 167,747	\$ (167,747)
Accretion recorded	(161,002)	-
Change in fair value up to extinguishment	-	132,714
Gain (loss) on extinguishment	(6,745)	35,033
Balance, July 31, 2020	-	-

#### e) Finance charges on Clearsky debt payable

The total net non-cash expense recognized on the convertible portion of the Clearsky debt balances consisted of:

9-month period ended April 30	2021	2020
Accretion expense on carrying value of derivative asset	-	161,002
Change in fair value of derivative asset	-	134,963
Change in fair value of derivative liability	-	(132,714)
Finance income on carrying value of Clearsky convertible debt	(31,822)	(167,856)
Loss on extinguishment of convertible debt	-	2,186
Net total finance expense (income)	(31,822)	(2,419)

## 11. Share capital

### a) Authorized and issued shares

The Company is authorized to issue an unlimited number of common shares with no par value.

UI has issued common shares and common share "Units" subsequent to July 31, 2020 pursuant to various transactions, which are summarized below. Each Unit issued includes one UI common share and a warrant to purchase one additional UI common share (each a "Unit Warrant"). These Unit Warrants will have a term of 5 years from closing of a defined UI Liquidity Event (such as the QT),

**UNIVERSAL IBOGAIN INC.**

## Notes to the Condensed Consolidated Financial Statements

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and an escalating annual exercise price, rising by \$0.25 per year, from \$0.50 if exercised in year 1, to \$1.50 if exercised in year 5.

b) Shares issued in the 9-month period ended April 30, 2021

Common shares issued pursuant to	# of common shares	value per share	\$ value
Purchase of Belize property (see Note 3)	25,000,000		2,857,000
Conversion of loan payable (see Note 8)	625,000	\$ 0.10	62,500
Conversion of USD 300,000 balance payable to Clearsky (see Note 10 c))	4,000,000	\$ 0.10	400,000
Clearsky Agreement (see Note 10 a))	30,000,000	\$ 0.077	2,324,835
Private placement of share Units (see (c))	11,989,240	\$ 0.25	2,997,310
Common shares issued for services received (see (d))	3,891,547		442,896
Share Units issued for services received (see (d))	3,279,544		819,886
Share Units issued for purchase of vehicle (see (e))	100,000	\$ 0.25	25,000
	78,885,331		9,929,427
Less amounts included in obligation to issue shares recorded at July 31, 2020 (see Note 12)	(4,119,049)		(616,937)
	74,766,282		9,312,490

c) Private placement of Units

Subsequent to July 31, 2020, UI has been undertaking a private placement financing through the sale of share Units issued at \$0.25, and has had various closings to date as noted below. Each Unit will consist of one common share, and one Unit Warrant (as described in Note 11 a) above).

Date of issuance	# of common shares	value per share	\$ value
August 27, 2020	400,000	\$ 0.25	100,000
October 23, 2020	2,230,300	\$ 0.25	557,575
November 27, 2020	3,641,140	\$ 0.25	910,285
January 13, 2021	3,019,068	\$ 0.25	754,767
March 3, 2021	1,443,032	\$ 0.25	360,758
<u>March 29, 2021</u>	1,255,700	\$ 0.25	313,925
Total issued to April 30, 2021	11,989,240		2,997,310

d) Common shares and share Units issued for services received

In the 9-month period ended April 30, 2021, UI issued common shares and share Units in exchange for payment of the value of consulting and other services received by the Company, including a portion related to services which were recorded as accrued expenses to July 31, 2020, as follows:

**UNIVERSAL IBOGAIN INC.**

## Notes to the Condensed Consolidated Financial Statements

For the 9-month period ended April 30, 2021

(Unaudited)

	# of common shares	value per share	\$ value
Common shares issued in exchange for services received:			
August 19, 2020 – shares (see (i))	3,325,500	\$ 0.10	\$ 332,550
November 27, 2020 – shares (see (ii))	225,000	\$ 0.25	56,250
March 22, 2021 (see (vi))	75,000	\$ 0.10	7,500
April 15, 2021 (see (vii))	132,775	\$ 0.10	13,278
April 15, 2021 (see (vii))	133,272	\$ 0.25	33,318
	<u>3,891,547</u>		<u>442,896</u>
Share Units issued in exchange for services received:			
August 19, 2020 – Units (see (iii))	1,100,000	\$ 0.25	275,000
November 18, 2020 – Units (see (iv))	1,997,996	\$ 0.25	499,499
March 3, 2021 – Units (see (v))	147,416	\$ 0.25	36,854
April 15, 2021 (see (vii))	34,132	\$ 0.25	8,553
	<u>3,279,544</u>		<u>819,886</u>
<b>Total to April 30, 2021</b>	<b>7,171,091</b>		<b>1,262,782</b>

- (i) On August 19, 2020, UI issued a total of 3,325,500 shares at \$0.10 per share to numerous parties, including a total of 300,000 which were issued to two members of UI's Board of Directors.
- (ii) On November 27, 2020 UI issued a total of 225,000 common shares in settlement of balances owing, including a total of 125,000 shares issued to a former officer of the Company pursuant to a consulting contract.
- (iii) On August 19, 2020, UI issued a total of 1,100,000 share Units at \$0.25 per Unit to three individuals, including a total of 800,000 share Units which were issued to two members of UI's Board of Directors.
- (iv) On November 18, 2020, UI issued a total of 1,997,996 share Units at \$0.25 per Unit to numerous parties, including a total of 280,000 share Units which were issued to two members of UI's Board of Directors.
- (v) On March 3, 2021 UI issued a total of 147,416 share Units at \$0.25 per Unit to numerous parties, including a total of 40,000 share Units which were issued to an Officer of the Company.
- (vi) Effective March 22, 2021 UI issued 75,000 common shares at \$0.10 per share pursuant to the resignation of a Director and Officer of the Company.
- (vii) On April 15, 2021 UI issued a total of 266,047 common shares (132,775 at \$0.10 per share and 133,272 at \$0.25 per share) in settlement of balances owing for past services received

## UNIVERSAL IBOGAIN INC.

### Notes to the Condensed Consolidated Financial Statements

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totalling \$46,596. In addition, UI issued 34,132 share Units at a price of \$0.25 per Unit in settlement of \$8,553 owing for services received.

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

f) Valuation of Warrants included in share Units issued

The 15,38,784 total Unit Warrants that have been issued in the 9-month period ended April 30, 2021 have been assigned a fair-value of \$0.05 per warrant issued, resulting in a reduction of share capital and a corresponding increase in reserves / contributed surplus of \$768,000

## 12. Obligation for shares to be issued and additional shares reserved

a) Obligation for shares to be issued

<u>As at</u>	<u>April 30, 2021</u>	<u>July 31, 2020</u>
Funds received for private placements (i)	\$ 122,500	\$ 46,450
Other	10,671	-
Shares to be issued under Clearsky Agreement (see Note 10 c))	-	2,324,835
<u>Shares to be issued for consulting services (iii)</u>	<u>-</u>	<u>616,937</u>
	<u>133,171</u>	<u>2,988,222</u>

(i) As at April 30, 2021, UI had received a total of \$122,500 in share subscriptions for a private placement of common share Units issued at \$0.25 per share Unit which had not yet closed at April 30, 2021 (July 31, 2020 - \$46,450 for common shares issued at \$0.10 per share).

(ii) UI recorded an obligation to issue common shares and Units as payment for the value of consulting services received as follows:

- As at July 31, 2020 - a total of \$616,937 (which included \$324,167 to be issued to related parties). This obligation was satisfied by UI issuing common shares and Units in August and November 2020 as described in Note 11 b)(ii).
- As at April 30, 2021 - a total of \$10,671. This obligation was satisfied by UI issuing Units in June, 2021 as described in Note 16.

b) Warrants related to future Liquidity Event

In July 2018, UI closed a brokered private placement and issued a total of 14,855,000 units for gross proceeds of \$1,485,500 (the “Mackie Financing”). Each unit consisted of one common share plus one warrant (a “Liquidity Warrant”). Each Liquidity Warrant gave the holder the right to receive an additional 0.05 of one common share, at no cost, if by November 30, 2018, UI had not completed any

## UNIVERSAL IBOGAIN INC.

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one of (i) the filing of a final prospectus in relation to an initial public offering by the Company, (ii) the filing of a decision document in relation to a reverse take-over of UI by a publicly listed company, or (iii) a change of control of UI (any one of these three would represent a “Liquidity Event”). Further, each Liquidity Warrant would increase by an additional 0.05 of a common share for each subsequent 60-day period until the future completion of a Liquidity Event.

As at April 30, 2021 UI has an obligation to issue a cumulative total of 11,487,868 common shares (July 31, 2020 - 8,281,663) pursuant to the terms of the Liquidity Warrants.

c) Broker options and warrants

The following is a summary of the outstanding broker options and broker warrants which were issued pursuant to previous brokered private placements of common shares:

	Number of shares reserved	Weighted average exercise price
Issued in July 2018	3,485,000	\$ 0.10
Issued in February 2019	278,000	0.10
Balance, July 31, 2019 (i)	3,763,000	0.10
Issued in April 2020 (ii)	22,000	0.10
Balance, July 31, 2020	3,785,000	0.10
Expired April 21, 2021	(22,000)	(0.10)
Balance, April 30, 2021	3,763,000	0.10

- (i) The 3,763,000 broker options have a term to expiry of 2 years from the date of a UI Liquidity Event.
- (ii) The 22,000 broker warrants had an exercise price of \$0.10 per share and an expiry date of April 21, 2021.

d) Warrants to purchase common shares

In September and October 2020, UI issued a total of 10,000,000 Warrants (the “Advisor Warrants”) to three separate firms which have been engaged to act as strategic and financial advisors to UI. The Advisor Warrants are exercisable at a price of \$0.25 per common share to December 31, 2024, and the entitlement to exercise is subject to the advisors meeting certain performance based vesting criteria, as well as approval of issuance of the Advisor Warrants by the TSXV as part of the QT approval.

The following common shares are reserved for issuance on potential exercise of warrants which have been issued to June 18, 2021:

## UNIVERSAL IBOGAIN INC.

### Notes to the Condensed Consolidated Financial Statements

For the 9-month period ended April 30, 2021

(Unaudited)

	Exercise price	# warrants
Unit Warrants issued:		
Pursuant to private placement (see Note 11 b)(i))	escalating	11,989,240
In exchange for services provided (see Note 11 b)(ii))	escalating	3,279,544
In exchange for vehicle purchase (see Note 11 e))	escalating	100,000
		15,368,784
Advisor Warrants (expire December 31, 2024)	\$0.25	10,000,000
Total as at April 30, 2021		25,368,784
Additional Unit Warrants issued subsequent to April 30, 2021:		
Pursuant to private placement (see Note 16)	escalating	1,378,700
In exchange for services received (see Note 16)	escalating	600,250
In exchange for services received	escalating	250,000
Total as at June 18, 2021		27,597,734

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

On August 19, 2020 UI approved the issuance of a total of 2,250,000 Performance Shares to three members of the UI Board of Directors. Subject to any necessary regulatory approval, entitlement to these shares shall vest (i) 10% upon UI achieving a Liquidity Event and (ii) 15% every 6 months thereafter, provided that the individual remains as a UI Director or Officer.

A member of the UI Board of Directors resigned effective March 22, 2021, which resulted in the issuance of a total of 75,000 common shares as compensation for services received and the cancellation of the remaining 675,000 Performance Shares.

Effective March 1, 2021, UI granted a total of 2,000,000 Performance Shares to an executive of the Company. Entitlement to receive these shares, as well as an additional 3,000,000 stock options (subject to TSXV approval of the QT) shall vest on the occurrence of future events, including a portion tied to UI undertaking clinical trials and a portion tied to the future opening of clinics for the treatment of opioid use disorder.

### 13. Related party transactions

a) *Related party balances*

The net balances due from and due to related parties include amounts which are unsecured, non-interest bearing and due on demand as follows:

As at	April 30, 2021	July 31, 2020
Balance due from (payable to):		
Company controlled by a UI Director	\$ (821)	\$ (26,233)
Director of the Company’s subsidiary, UI Belize	8,789	(16,635)
Net balance due from (due to) related parties	7,968	(42,868)

**UNIVERSAL IBOGAIN INC.**

## Notes to the Condensed Consolidated Financial Statements

For the 9-month period ended April 30, 2021

(Unaudited)

*b) Key management compensation*

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

<u>9-month period ended April 30</u>	<u>2021</u>	<u>2020</u>
Consulting and management fees	623,653	315,000
Salaries and wages	-	-
	<u>623,653</u>	<u>315,000</u>

The above totals include expenses related to share based payments of UI common shares and share Units issued for the value of services received as described in Note 11 b). Key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits in the above noted periods.

**14. Commitment for office premises**

In July 2020, UI extended a lease agreement for office premises to April 30, 2021. The obligation from July 1, 2020 for the full 10-month term of the extended lease was satisfied by the issue of \$110,000 of UI common shares, with an initial 600,000 common shares issued August 19, 2020 at a value of \$0.10 per share and an additional 200,000 common shares issued November 18, 2020 as share Units at a value of \$0.25 per Unit (see Note 11b)). The lease is currently being extended on a short-term, month to month basis.

**15. Supplemental disclosures with respect to cash flows**

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>9-month period ended April 30</u>	<u>2021</u>	<u>2020</u>
<i>Non-cash transactions:</i>		
Shares issued for the value of services received	\$ 652,949	\$ 594,300
<i>Additional information:</i>		
Interest paid	-	-
Income tax payments	-	-

## UNIVERSAL IBOGAIN INC.

### Notes to the Condensed Consolidated Financial Statements

For the 9-month period ended April 30, 2021

(Unaudited)

#### 16. Additional Subsequent Events

##### Additional closings of private placement financing:

As described in Note 11, UI has been undertaking a private placement financing through the sale of share Units issued at \$0.25. UI has also issued share Units in settlement of amounts payable for the value of services received. Each Unit consists of one common share, and one Unit Warrant.

	# of common shares	value per Unit	\$ value
Share Units issued pursuant to private placement:			
June 11, 2021	1,378,700	\$ 0.25	\$ 344,675
Share Units issued in exchange for services received:			
May 3, 2021	250,000	\$ 0.25	62,500
June 11, 2021 (i)	600,250	\$ 0.25	150,063
<b>Totals, May 1 to June 18, 2021</b>	<b>2,228,950</b>		<b>557,238</b>

- (i) On June 11, 2021 UI issued a total of 600,250 share Units at \$0.25 per Unit to several parties (including a total of 31,600 which were issued to an Officer of the Company) as partial or full payment in exchange for the value of services rendered to April 30, 2021.

##### Promissory notes payable:

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

The Promissory Notes bear interest at 10%, are due August 31, 2021, and may be converted at the option of the Lenders at any time on or before the due date into UI common shares (or shares of the “Resulting Issuer” which will arise following the planned amalgamation of UI and P Squared Renewables Inc.) at a price of \$0.25 per common share.

#### 17. Legal claim

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

**SCHEDULE "E"**  
**FINANCIAL STATEMENTS OF THE KELBURN CLINIC**

# **6887016 MANITOBA LTD.**

**Operating as “Kelburn Mental Health & Addiction Recovery Centre”**

**Financial statements for the years ended  
November 30, 2020, 2019 and 2018**

## Independent Auditor's Report

To the Shareholders of 6887016 Manitoba Ltd. (Operating as "Kelburn Mental Health & Addiction Recovery Centre")

### Opinion

We have audited the financial statements of 6887016 Manitoba Ltd. (Operating as "Kelburn Mental Health & Addiction Recovery Centre") (the "Company"), which comprise the statements of financial position as at November 30, 2020, 2019 and 2018, and the statements of loss and comprehensive loss, changes in shareholder's equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

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

### Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$20,180 for the year ended November 30, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by \$487,759. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

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

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

The Management's Discussion and Analysis is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a

material misstatement of this other information, we are required to report that fact to those charged with governance.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

*/s/ Deloitte LLP*

Chartered Professional Accountants  
Calgary, Alberta  
May 10, 2021

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Statements of Financial Position

As at November 30	2020	2019	2018
	\$	\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	11,465	5,409	34,239
Accounts receivable	19,985	28,977	58,589
Prepaid expenses and deposits	1,465	1,528	1,513
Income taxes recoverable	488	1,643	1,643
<b>Total current assets</b>	<b>33,403</b>	<b>37,557</b>	<b>95,984</b>
<b>Non-current assets</b>			
Loan receivable from related parties (note 6)	11,000	-	-
Capital assets (note 4)	62,122	56,537	72,817
Right of use assets (note 5)	805,116	1,020,014	1,202,802
<b>Total non-current assets</b>	<b>878,238</b>	<b>1,076,551</b>	<b>1,275,619</b>
<b>Total assets</b>	<b>911,641</b>	<b>1,114,108</b>	<b>1,371,603</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	110,312	75,746	82,646
Government remittances payable	20,128	19,244	3,312
Deferred revenue	60,813	35,293	47,357
Loans payable to related parties (note 6)	66,400	72,404	75,295
Current portion of lease obligation (note 7)	263,509	236,964	194,307
<b>Total current liabilities</b>	<b>521,162</b>	<b>439,651</b>	<b>402,917</b>
<b>Long-term liabilities</b>			
Lease obligation (note 7)	881,984	1,145,782	1,359,243
<b>Total liabilities</b>	<b>1,403,146</b>	<b>1,585,433</b>	<b>1,762,160</b>
<b>Shareholders' Equity (Deficiency)</b>			
Share capital (note 8)	30	30	30
Deficit	(491,535)	(471,355)	(390,587)
<b>Total shareholders equity (deficiency)</b>	<b>(491,505)</b>	<b>(471,325)</b>	<b>(390,557)</b>
<b>Total liabilities and shareholders' equity</b>	<b>911,641</b>	<b>1,114,108</b>	<b>1,371,603</b>

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

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Statements of Loss and Comprehensive Loss

Year ended November 30	2020	2019	2018
	\$	\$	\$
<b>Revenues</b>	685,319	637,921	711,073
<b>Expenses</b>			
Operating expenses (note 8)	215,028	268,740	300,241
Overhead expenses	68,914	61,973	59,858
General and administrative expenses	78,803	52,792	38,328
Advertising & promotion expenses	40,154	23,891	15,660
	402,899	407,396	414,087
Net income before the undernoted	282,420	230,525	296,986
<b>Other expense (income)</b>			
Depreciation expense – right of use asset (note 5)	214,898	208,967	206,001
Depreciation expense – capital assets (note 4)	14,664	16,280	14,120
	229,562	225,247	220,121
Other income	(1,500)	(137)	(99)
Interest on lease obligation	74,538	86,183	95,949
	302,600	311,293	315,971
Net loss and comprehensive loss for the period	(20,180)	(80,768)	(18,985)

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

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Statements of Cash Flows

Year ended November 30	2020	2019	2018
	\$	\$	\$
<b>Cash provided by (used in):</b>			
<b>Operating activities:</b>			
Net loss for the year	(20,180)	(80,768)	(18,985)
Items not involving cash:			
Interest on lease obligation	74,538	86,183	95,949
Depreciation expense	229,562	225,247	220,121
	283,920	230,662	297,085
Changes in non-cash operating working capital balances:			
Accounts receivable	8,992	29,612	(52,675)
Prepaid expenses and deposits	63	(15)	(30)
Income taxes recoverable	1,155	-	-
Accounts payable and accrued liabilities	11,778	33,702	(17,871)
Government remittances payable	884	15,932	2,329
Deferred revenue	25,520	(12,064)	(282)
	48,392	67,167	(68,529)
Net cash from Operating activities	332,312	297,829	228,556
<b>Financing activities:</b>			
Increase (decrease) in loans payable to related parties	(17,004)	(2,891)	26,389
Interest portion of payments on lease obligation	(69,154)	(98,540)	(80,240)
Principal payments on lease obligation	(219,849)	(225,228)	(142,210)
Net cash (used in) Financing activities	(306,007)	(326,659)	(196,061)
<b>Investing activities:</b>			
Purchase of capital assets	(20,249)	-	(31,097)
Net increase (decrease) in cash	6,056	(28,830)	1,398
Cash, beginning of the year	5,409	34,239	32,841
Cash, end of the year	11,465	5,409	34,239
<b>Supplementary cash flow information:</b>			
Income taxes paid	-	-	-

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

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Statements of Changes in Shareholders' Equity (Deficiency)

For the years ended November 30, 2020, 2019 and 2018

	Share capital	Deficit	Total shareholders' equity (deficiency)
Balance, December 1, 2017	\$ 30	\$ (371,602)	\$ (371,572)
Net loss and comprehensive loss	-	(18,985)	(18,985)
<u>Balance, November 30, 2018</u>	<u>30</u>	<u>(390,587)</u>	<u>(390,557)</u>
Net loss and comprehensive loss	-	(80,768)	(80,768)
<u>Balance, November 30, 2019</u>	<u>30</u>	<u>(471,355)</u>	<u>(471,325)</u>
Net loss and comprehensive loss	-	(20,180)	(20,180)
<u>Balance, November 30, 2020</u>	<u>30</u>	<u>(491,535)</u>	<u>(491,505)</u>

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

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

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### 1. Nature of Operations & Going Concern

6887016 Manitoba Ltd. (the "Company") was incorporated under the Manitoba Business Corporations Act on March 18, 2014. It operates an addiction treatment centre near Winnipeg, Manitoba. The business has a single cash generating unit and single operating segment.

These financial statements 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.

At November 30, 2020 the Company had current liabilities that exceeded its current assets by \$487,759 and incurred a net loss of for the year then ended of \$20,180. The Company has not historically generated sufficient cash flow or earnings to repay the working capital deficit. The Company's ability to continue as a going concern is dependent on its' ability to identify additional sources of capital and to raise sufficient resources if needed. Although management has been successful in raising capital in the past, there is no assurance these initiatives will be successful in the future. This material uncertainty may cast significant doubt with respect to the ability of the Company to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

### 2. Basis of presentation

#### Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were approved by the shareholders of the Company on May 10, 2021.

#### Basis of Preparation

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

The financial statements are prepared on a historical cost basis. The accounting policies have been applied consistently throughout the entire periods presented in these financial statements.

Certain prior year amounts in these financial statements have been reclassified to conform to the current year's presentation.

### 3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently throughout the entire period presented in these financial statements.

#### a) Cash and cash equivalents

Cash is comprised of holdings in business and savings accounts held at a Canadian credit union. Cash equivalents is comprised of short-term, interest bearing term deposits held at a Canadian chartered bank.

b) Capital assets

Capital assets are recorded at cost, and are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. Depreciation is recognized in profit or loss and is calculated on a declining balance as follows:

Computer equipment	55 %
Furniture and equipment	20 %

Leasehold improvements are depreciated on a straight-line basis over a period of 4 years.

c) Leases

At inception of a contract, the Company assess whether a contract is or contains a lease, and will recognize a right-of-use (“ROU”) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the future lease payments owing at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is recorded in the statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company will remeasure the lease liability and make a corresponding adjustment to the related ROU asset whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Company did not make any such adjustments during the fiscal years presented.

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and any applicable periodic impairment losses (as measured based on IAS 36).

ROU assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company expects to exercise a purchase option under the lease, then the related ROU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. ROU assets related to property are being depreciated on a straight-line basis over the term of the lease (which is 10 years for the building / facility and 3 years for a vehicle lease).

The Company elected to apply the practical expedients in IFRS 16 related to short term leases, as well as leases where the underlying asset is of low value. Lease payments related to these leases are expensed on a straight line basis over the lease term and included in the statement of loss and comprehensive loss,

unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

As a practical expedient, IFRS 16 permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components (such as related operating expenses payable) as a single arrangement. The Company has used this practical expedient.

d) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments related to amendments to taxes payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities for financial reporting purposes and the amounts used for income taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recorded is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

e) Significant accounting judgment, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenues and expenses. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 further periods if the review affects both current and future periods.

There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

Provisions and contingencies

The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available.

Deferred taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

f) Financial Instruments

The classification and measurement of financial assets and liabilities under IFRS 9 are as follows:

- i. *Non-derivative financial instruments.* Non-derivative financial instruments comprise cash, accounts receivable, accounts payable and accrued liabilities, government remittances payable and loans payable to related parties. Non-derivative financial instruments are recognized initially at fair value, plus for instruments not classified as “fair value through profit or loss”, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses. The Company nets all transaction costs incurred in relation to the acquisition of a financial asset or liability against the related financial asset or liability.
- ii. *Share capital.* Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and any stock options are recognized as a deduction from equity, net of any tax effects.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Company transfers contractual rights to receive the cash flows from the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset have been transferred. The Company derecognizes a financial liability when the obligation specified in the contract is discharged or expires.

g) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods noted below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of financial instrument valuation methods have been defined as follows:

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are based on unobservable information.

The carrying value of cash and cash equivalents, accounts receivable, prepaid expenses and deposits, accounts payable and accrued liabilities and government remittances payable included in the statements of financial position approximate fair value due to the short term nature of those instruments.

h) Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognized in net profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit or loss.

i) Revenues

The Company recognises revenue from the provision of mental health and addiction recovery services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction. The Company recognizes revenue when it transfers services to a customer. Such services are recognized as a performance obligation satisfied over time. Revenue is recognized for the Company's services based on the stage of the completion of the contract. The Company has assessed that the stage of completion, which is determined as the proportion of the total time of the patient's expected stay at the facility, is an appropriate measure of progress towards the satisfaction of this performance obligation under IFRS 15.

**4. Capital assets**

The carrying value of capital assets consists of the following as at November 30, 2020, 2019 and 2018:

	Computer equipment	Leasehold improvements	Furniture & fixtures	total
	\$	\$	\$	\$
<b>Cost base</b>				
Balance, December 1, 2017	1,792	20,439	56,082	78,313
Additions	-	31,094	-	31,094
Balance, November 30, 2018	1,792	51,533	56,082	109,407
Additions in the year	-	-	-	-
Balance, November 30, 2019	1,792	51,533	56,082	109,407
Additions in the year	-	3,493	16,756	20,249
Balance, November 30, 2020	1,792	55,026	72,838	129,656
<b>Accumulated depreciation</b>				
Balance, December 1, 2017	1,660	2,938	18,953	23,551
Additions	72	5,541	7,426	13,039
Balance, November 30, 2018	1,732	8,479	26,379	36,590
Additions in the year	33	10,306	5,941	16,280
Balance, November 30, 2019	1,765	18,785	32,320	52,870
Additions in the year	15	8,221	6,428	14,664
Balance, November 30, 2020	1,780	27,006	38,748	67,534
<b>Net book value</b>				
Balance, November 30, 2018	60	43,054	29,703	72,817
Balance, November 30, 2019	27	32,748	23,762	56,537
Balance, November 30, 2020	12	28,020	34,090	62,122

## 5. Right of use assets

The Company's right of use ("ROU") assets consists primarily of the property / facility (land and buildings) which is utilized by the Company under a long-term lease with a related party (see note 6) and a vehicle lease acquired in 2019. The ROU assets have a carrying value as follows:

Year ended November 30	2020	2019	2018
<b>Cost</b>	\$	\$	\$
Balance, beginning and end of the year	2,087,319	2,061,140	2,061,140
Additions in the year	-	26,179	-
Balance, end of the year	2,087,319	2,087,319	2,061,140
<b>Accumulated depreciation</b>			
Balance, beginning of the year	1,067,305	858,338	652,337
Additions in the year	214,898	208,967	206,001
Balance, end of the year	1,282,203	1,067,305	858,338
Carrying value	805,116	1,020,014	1,202,802

## 6. Related party transactions

The balances included in loans receivable from and payable to related parties are non-interest bearing, with no specified terms of repayment.

The Company has in place a lease with an affiliated entity, which is owned by two of the shareholders who together control the Company. The Lease is for a term from October 1, 2014 to September 30, 2024 at a monthly cost ranging from \$20,000 to \$27,000 and is accounted for as a right-of-use asset (see note 5) and a related lease obligation (see note 7).

In addition to the loans and lease commitment, at November 30, 2020 the Company owed \$31,500 to the affiliated entity in overdue rent (2019 - \$9,000; 2018 - \$49,600) which is included in accounts payable and accrued liabilities.

## 7. Lease obligation

The lease obligations related to the facility and a vehicle that are used by the Company have total undiscounted future payments due as follows:

As at November 30	2020	2019	2018
Total lease payments due in the year ended November 30:	\$	\$	\$
2019	-	-	280,000
2020	-	311,503	302,000
2021	323,503	323,503	314,000
2022	332,335	332,335	326,000
2023	338,000	338,000	338,000
2024	290,000	290,000	290,000
Total undiscounted future lease payments	1,283,838	1,595,341	1,850,000
Less interest component of total	(138,345)	(212,595)	(296,450)
Lease obligation	1,145,493	1,382,746	1,553,550
Current portion	263,509	236,964	194,307
Long-term	881,984	1,145,782	1,359,243
Total lease obligation	1,145,493	1,382,746	1,553,550

## 8. Share capital

### Authorized:

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

### Issued:

As at November 30, 2020, 2019 and 2018, the Company has issued a total of 300 Class A common shares at a stated capital of \$30. No additional common shares were issued in the years ended November 30, 2020, 2019 and 2018.

## 9. Expenses

Payroll related expenses are included solely in the operating expenses category, as follows:

<u>Year ended November 30</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	153,360	205,442	243,854

## 10. Income taxes

As the Company incurred a net loss for income tax purposes for the years ended November 30, 2020, 2019 and 2018, no current income tax expense has been recorded in these financial statements.

A deferred tax asset has not been recognized for the value of non-capital losses of approximately \$29,969 (2019 – \$83,894, 2018 - \$29,594) which are available for carry-forward (and which will expire in the years ended November 30, 2037 to 2041).

These amounts can be used to reduce future years taxable income for Canadian income tax purposes (subject to final determination by taxation authorities).

## 11. Financial risk management objectives and policies

### Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern, and ultimately to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of issued common shares, and loans from related parties in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may seek to raise additional funds through the issuance of equity or by securing strategic partners. The Company is not subject to any externally imposed capital requirements.

## 12. Financial instruments and risks

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, government remittances payable, and loans payable to related parties, all of which are classified as financial instruments and reported at amortized cost, which approximates their fair value due to their short-term nature.

The Company is exposed to various financial risks arising from normal-course business operations. These risks include market risks relating to customer credit risk as well as liquidity.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company has no secured term debt or loans with financial institutions.

The ongoing COVID-19 pandemic could negatively impact the Company's ongoing financial position. The Company will also consider additional short-term financing in order to meet its future liabilities. The current challenging economic climate may have significant ongoing adverse effects on the Company including, but not exclusively:

- inability to access financing sources;
- increased risk of non-performance by customers and suppliers; and
- interruptions in operations as the Company adjusts its personnel requirements.

The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is uncertain.

### Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due causing a financial loss to the Company. The Company has not experienced any material credit losses in the collection of its accounts receivable.

Impairment to a financial asset is only recorded when there is objective evidence that a debtor is in severe financial difficulty and there is no realistic prospect of recovery. Evidence of impairment may include default or delinquency by a debtor or indicators that the debtor may enter bankruptcy. Management believes that there is no risk on the recoverability of the Company's accounts receivable, and therefore no impairment to the carrying value of these assets has been recorded.

The Company has deposited its cash and cash equivalents with reputable financial institutions, with which management believes the risk of loss to be remote. The maximum credit exposure associated with the Company's financial assets is their carrying value.

## **13. Subsequent events**

On January 4, 2021, the Company received a \$60,000 Canada Emergency Business Account loan (the "CEBA Loan") under the Canadian Federal government's Covid-19 support programs. A total of \$20,000 of the CEBA Loan will be forgiven if \$40,000 of the \$60,000 balance is repaid by December 31, 2022, and if not repaid, the \$60,000 CEBA Loan will be extended for an additional 3-year term bearing interest at 5% per year, payable monthly.

The CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments will be required until December 31, 2025 when the full amount of the CEBA Loan will become due.

# **6887016 MANITOBA LTD.**

**Operating as “Kelburn Mental Health & Addiction Recovery Centre”**

**Condensed Interim Financial Statements  
as at and for the three and six month periods  
ended May 31, 2021**

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Unaudited Condensed Statement of Financial Position

As at	May 31, 2021	November 30, 2020
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,128	\$ 11,465
Accounts receivable	2,374	19,985
Prepaid expenses and deposits	539	1,465
Income taxes recoverable	488	488
<b>Total current assets</b>	<b>4,529</b>	<b>33,403</b>
<b>Non-current assets</b>		
Loan receivable from related parties (note 5)	11,000	11,000
Capital assets (note 3)	57,698	62,122
Right of use assets (note 4)	697,668	805,116
<b>Total non-current assets</b>	<b>766,336</b>	<b>867,238</b>
<b>Total assets</b>	<b>\$ 770,895</b>	<b>\$ 911,641</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 133,163	\$ 130,440
Deferred revenue	26,957	60,813
Loans payable to shareholders (note 5)	-	66,400
Current portion of lease obligations (note 6)	277,373	263,509
<b>Total current liabilities</b>	<b>437,493</b>	<b>521,162</b>
<b>Long-term liabilities</b>		
CEBA loan payable (note 7)	60,000	-
Lease obligations (note 6)	739,561	881,984
	799,561	881,984
<b>Total liabilities</b>	<b>1,237,054</b>	<b>1,403,146</b>
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (note 8)	30	30
Deficit	(466,189)	(491,535)
<b>Total shareholders' equity (deficiency)</b>	<b>(466,159)</b>	<b>(491,505)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 770,895</b>	<b>\$ 911,641</b>

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

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Unaudited Condensed Statement of Income (Loss) and Comprehensive Income (Loss)

For the 3-month and 6-month periods ended May 31, 2021 and 2020

	3 months ended May 31		6 months ended May 31	
	2021	2020	2021	2020
<b>Revenues</b>	\$ 178,495	\$ 245,592	\$ 395,539	\$ 365,167
<b>Expenses</b>				
Operating expenses	73,307	50,942	133,880	100,840
Overhead expenses	20,974	28,095	47,003	34,242
General and administrative expenses	14,431	9,325	25,485	23,444
Advertising & promotion expenses	8,595	10,955	17,550	22,462
	117,307	99,317	223,918	180,988
Net income before the undernoted	61,188	146,275	171,621	184,179
Depreciation expense – capital assets	3,455	5,204	6,922	8,870
Depreciation expense – right of use assets	53,724	52,184	107,448	105,909
Interest on lease obligations	15,151	19,071	31,905	38,984
	72,330	76,459	146,275	153,763
Net income (loss) and comprehensive income (loss) for the period	(11,142)	69,816	\$ 25,346	\$ 30,416

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

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Unaudited Condensed Statement of Cash Flows

For the 6-month periods ended May 31, 2021 and 2020

	2021	2020
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net income for the period	\$ 25,346	\$ 30,416
Items not involving cash:		
Depreciation expense	114,370	127,124
Interest on lease obligations	31,905	38,984
	171,621	196,524
Changes in non-cash operating working capital balances:		
Accounts receivable	17,611	535
Prepaid expenses and deposits	926	994
Accounts payable and accrued liabilities	2,723	31,231
Deferred revenue	(33,856)	(17,193)
	(12,596)	15,567
Net cash from Operating activities	127,120	173,107
<b>Financing activities:</b>		
Increase (decrease) in loans payable to related parties	(66,400)	(14,634)
Proceeds from CEBA loan payable	60,000	-
Payments on lease obligations:		
Interest portion of payments	(31,905)	(38,984)
Principal portion of payments	(128,559)	(130,308)
Net cash (used in) Financing activities	(166,864)	(183,926)
<b>Investing activities:</b>		
Purchase of capital assets	(2,498)	(6,848)
Increase (decrease) in cash for the period	(10,337)	21,317
Cash and cash equivalents, beginning of the period	11,465	5,409
Cash and cash equivalents, end of the period	\$ 1,128	\$ 26,726
<b>Supplementary cash flow information:</b>		
Income taxes paid	\$ -	\$ -

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

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Condensed Statement of Changes in Shareholders’ Equity (Deficiency) (Unaudited)

For the 6-month periods ended May 31, 2021 and 2020

	Share capital	Deficit	Total shareholders’ equity (deficiency)
Balance, November 30, 2019	\$ 30	\$ (471,355)	\$ (471,325)
Net income and comprehensive income for the 6-month period ended May 31, 2020	-	30,416	30,416
Balance, May 31, 2020	30	(440,939)	(440,909)
Balance, November 30, 2020	30	(491,535)	(491,505)
Net income and comprehensive income for the 6-month period ended May 31, 2021	-	25,346	25,346
Balance, May 31, 2021	30	(466,189)	(466,159)

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

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Notes to the Condensed Financial Statements (Unaudited)

**For the 6-month period ended May 31, 2021**

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### 1. Nature of operations and going concern

6887016 Manitoba Ltd. (the "Company") operates an addiction treatment centre near Winnipeg, Manitoba. These financial statements 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.

The Company's ability to continue as a going concern is dependent on its' ability to identify additional sources of capital and to raise sufficient resources from its shareholders if needed. Although management has been successful in raising capital in the past, there is no assurance these initiatives will be successful in the future. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

#### Uncertainty due to Covid-19 pandemic

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization, which has created general ongoing uncertainty in the business environment, and restrictions on travel and business operations. These factors, combined with Company's lack of positive cash flow indicate conditions that cause material uncertainties that may cast significant doubt regarding the applicability of the going concern assumption.

### 2. Basis of presentation

#### **Statement of Compliance**

These unaudited condensed interim financial statements (the “Financial Statements”) have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, following the same accounting policies and methods of application as those disclosed in the Company's audited financial statements for the fiscal year ended November 30, 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

These Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2020, as certain disclosures normally required for annual financial statements have been condensed or omitted herein.

#### **Basis of Preparation**

These Financial Statements are presented in Canadian dollars, and are prepared on a historical cost basis.

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Notes to the Condensed Financial Statements (Unaudited)

For the 6-month period ended May 31, 2021

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### 3. Capital assets

	Cost	Accumulated depreciation	Net book value
Balance, November 30, 2020	\$ 129,656	\$ (67,534)	\$ 62,122
Additions in the period	2,498	(6,922)	(4,424)
Balance, May 31, 2021	132,154	(74,456)	57,698

### 4. Right of use assets

The Company’s right-of-use (“ROU”) assets consists primarily of the property / facility (land and building) which is utilized by the Company under a long-term lease with a related party (see note 5) and a vehicle. The ROU assets have a carrying value as follows:

	6-months ended May 31, 2021	Year ended November 30, 2020
<b>Cost</b>		
Balance, beginning and end of the period	\$ 2,087,319	\$ 2,087,319
<b>Accumulated depreciation</b>		
Balance, beginning of the period	1,282,203	1,067,305
Additions in the period	107,448	214,898
Balance, end of the period	1,389,651	1,282,203
Carrying value	697,668	805,116

### 5. Loans from shareholders and other related party transactions

The balances included in loans receivable from related parties as at May 31, 2021 and November 30, 2020 and loans payable to shareholders as at November 30, 2020 are non-interest bearing, with no specified terms of repayment.

The Company has a lease in place for the use of its operating property / facility leased from an affiliated entity which is owned by two of the shareholders who together control the Company. The Lease is for a 10 year term to September 30, 2024 at a monthly cost which increases over time from an initial \$20,000 rising to \$29,000 in 2024, and is accounted for as a ROU asset (see note 4) and a related lease obligation (see note 6).

# 6887016 MANITOBA LTD.

(Operating as “Kelburn Mental Health & Addiction Recovery Centre”)

## Notes to the Condensed Financial Statements (Unaudited)

**For the 6-month period ended May 31, 2021**

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### 6. Lease obligations

The lease obligations related to the facility (see note 4) and a vehicle that are used by the Company have total undiscounted future payments which are due as follows:

As at the period ended	May 31, 2021	November 30, 2020
Total lease payments due in the fiscal year ended November 30:		
2021	\$ 162,751	\$ 323,503
2022	332,335	332,335
2023	338,000	338,000
2024	290,000	290,000
Total undiscounted future lease payments	1,123,086	1,283,838
Less interest component of total	(106,152)	(138,345)
Lease obligations	1,016,934	1,145,493
Current portion	277,373	263,509
Long term	739,561	881,984
Total lease obligations	1,016,934	1,145,493

### 7. CEBA loan payable

In January 2021, the Company received a \$60,000 Canada Emergency Business Account loan (the “CEBA Loan”) under the Canadian Federal government’s Covid-19 support programs. A total of \$20,000 of the CEBA Loan will be forgiven if \$40,000 of the \$60,000 balance is repaid by December 31, 2022, and if not repaid, the \$60,000 CEBA Loan will be extended for an additional 3-year term bearing interest at 5% per year, payable monthly.

### 8. Share capital

#### Authorized:

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

#### Issued:

As at May 31, 2021 and 2020, the Company has issued a total of 300 Class A common shares at a stated capital of \$30.

**SCHEDULE "F"**

**FINANCIAL STATEMENTS OF 5743061 MANITOBA LTD.**

# **5743061 MANITOBA LTD.**

**Financial statements for the years ended  
November 30, 2020 and 2019**



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## Independent Auditor's Report

To the Shareholders of  
5743061 Manitoba Ltd

### Opinion

We have audited the financial statements of 5743061 Manitoba Ltd (the "Company"), which comprise the statements of financial position as at November 30, 2020 and 2019, and the statements of income and comprehensive income, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

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

### Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that as of November 30, 2020, the Company's current liabilities exceeded its current assets by \$105,560. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

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

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

the audit, or otherwise appears to be materially misstated.

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

## Responsibilities of Management for the Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue

as a going concern.

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

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

*Deloitte LLP*

Chartered Professional Accountants  
Calgary, Alberta  
August 30, 2021

# 5743061 MANITOBA LTD.

## Statements of Financial Position

As at November 30	2020	2019
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	11,755	16,983
Accounts receivable from related party (note 4)	31,500	9,000
Total current assets	43,255	25,983
<b>Non-current assets</b>		
Loans to related parties (note 4)	845,653	289,206
Capital assets (note 5)	1,188,204	1,232,134
Total non-current assets	2,033,857	1,521,340
Total assets	2,077,112	1,547,323
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	57,427	16,628
Loan payable to related party (note 4)	31,500	-
Current portion mortgage payable (note 7)	59,888	57,500
Total current liabilities	148,815	74,128
<b>Long-term liabilities</b>		
Loans payable to shareholders (note 4)	1,183,471	886,690
Mortgage payable (note 7)	1,567,354	1,588,791
Total long-term liabilities	2,750,825	2,475,481
Total liabilities	2,899,640	2,549,609
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (note 8)	900	900
Deficit	(823,428)	(1,003,186)
Total shareholders equity (deficiency)	(822,528)	(1,002,286)
Total liabilities and shareholders' equity (deficiency)	2,077,112	1,547,323

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

# 5743061 MANITOBA LTD.

## Statements of Income and Comprehensive Income

Year ended November 30	2020	2019
	\$	\$
<b>Revenues</b>		
Lease charges to related party (note 4)	302,000	280,000
Interest and other income	5,265	937
	307,265	280,937
<b>Expenses</b>		
Accounting and legal fees	11,822	6,262
Office and bank charges	155	308
Repairs and maintenance	4,382	-
Mortgage interest	67,218	58,991
Financing charges	-	7,500
Depreciation expense	43,930	46,070
	127,507	119,131
Net income and comprehensive income for the year	179,758	161,806

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

# 5743061 MANITOBA LTD.

## Statements of Cash Flows

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Year ended November 30	2020	2019
	\$	\$
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net income for the year	179,758	161,807
Items not involving cash:		
Depreciation expense	43,930	46,070
	223,688	207,877
Changes in non-cash operating working capital balances:		
Accounts receivable from related party	(22,500)	40,600
Accounts payable and accrued liabilities	40,799	7,156
	18,299	47,756
<b>Net cash from Operating activities</b>	<b>241,987</b>	<b>255,633</b>
<b>Financing activities:</b>		
Increase (decrease) in loans to related parties	(556,447)	(151,000)
Increase in loan payable to related party	31,500	-
Increase (decrease) in loans from shareholders	296,781	(543,281)
Proceeds from mortgage re-financing, net	-	509,491
Repayment of mortgage payable	(19,049)	(55,498)
<b>Net cash (used in) Financing activities</b>	<b>(247,215)</b>	<b>(240,288)</b>
<b>Investing activities:</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,228)</b>	<b>15,345</b>
Cash and cash equivalents, beginning of the year	16,983	1,638
<b>Cash and cash equivalents, end of the year</b>	<b>11,755</b>	<b>16,983</b>
<b>Supplementary cash flow information:</b>		
Income taxes paid	-	-

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

# 5743061 MANITOBA LTD.

## Statements of Changes in Shareholders' Equity (Deficiency)

For the years ended November 30, 2020 and 2019

	Share capital	Deficit	Total shareholders' (deficiency)
Balance, December 1, 2018	\$ 900	\$ (1,164,993)	\$(1,164,093)
Net income for the year	-	161,807	161,807
Balance, November 30, 2019	900	(1,003,186)	(1,002,286)
Balance, December 1, 2019	\$ 900	\$ (1,003,186)	\$(1,002,286)
Net income for the year	-	179,758	179,758
Balance, November 30, 2020	900	(823,428)	(822,528)

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

# 5743061 MANITOBA LTD.

## Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

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### 1. Nature of Operations and Going Concern

5743061 Manitoba Ltd. (the "Company") was incorporated under the Manitoba Business Corporations Act on August 26, 2008. The Company is privately owned, and owns a property near Winnipeg, Manitoba, which is utilized by a related party (see note 4) under a long-term property lease arrangement.

The head office of the Company is located at #10 – 555 Hervo Street, Winnipeg, Manitoba.

These financial statements 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.

At November 30, 2020 the Company had current liabilities that exceeded its current assets by \$105,560. The Company has historically generated enough cash flows to repay the working capital deficit, however, due to the material uncertainty of the Company's reliance on only customer for its revenues, doubt has been casted on its' ability to generate these cash flows into the future. The Company's ability to continue as a going concern is dependent on its' ability to identify additional sources of capital and to raise sufficient resources if needed. Although management has been successful in raising capital in the past, there is no assurance these initiatives will be successful in the future. This material uncertainty may cast significant doubt with respect to the ability of the Company to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

### 2. Basis of presentation

#### Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were approved by the shareholders of the Company on August 30, 2021.

#### Basis of Preparation

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

The financial statements are prepared on a historical cost basis. The accounting policies have been applied consistently throughout the entire periods presented in these financial statements.

### 3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently throughout the entire period presented in these financial statements.

#### a) Cash and cash equivalents

Cash is comprised of holdings in business and savings accounts held at two Canadian credit unions.

b) Capital assets

Capital assets are initially recorded at cost, and are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. Depreciation is recognized in profit or loss and is calculated on a declining balance as follows:

Buildings	4 %
Furniture and equipment	20 %
Tools & equipment	50 %

c) Leases

The Company recognizes revenues from a long-term lease with a related party on a straight-line basis over the term of the lease.

d) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments related to amendments to taxes payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities for financial reporting purposes and the amounts used for income taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recorded is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

e) Significant accounting judgment, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenues and expenses. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 further periods if the review affects both current and future periods.

There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

f) Provisions and contingencies

The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available.

g) Deferred income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing

temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

#### h) Financial Instruments

The classification and measurement of financial assets and liabilities under IFRS 9 are as follows:

- i. *Non-derivative financial instruments.* Non-derivative financial instruments comprise cash, accounts payable and accrued liabilities and accounts receivable from and loans receivable from and payable to related parties. Non-derivative financial instruments are recognized initially at fair value, plus for instruments not classified as “fair value through profit or loss”, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses. The Company nets all transaction costs incurred in relation to the acquisition of a financial asset or liability against the related financial asset or liability.
- ii. *Share capital.* Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and any stock options are recognized as a deduction from equity, net of any tax effects.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Company transfers contractual rights to receive the cash flows from the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset have been transferred. The Company derecognizes a financial liability when the obligation specified in the contract is discharged or expires.

#### i) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods noted below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of financial instrument valuation methods have been defined as follows:

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are based on unobservable information.

The carrying value of cash and cash equivalents, accounts and loans receivable and payable from (to) related parties and shareholders, , accounts payable and accrued liabilities included in the statements of financial position approximate fair value due to the short term nature of those instruments.

#### j) Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognized in net profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit or loss.

k) Revenues

The Company recognises revenues from a long-term lease of land & building, which is billed on a monthly basis to a related party (see note 4).

#### 4. Related party transactions and balances

The Company has in place a long-term lease with an affiliated entity, 6887016 Manitoba Ltd. (the “Kelburn Clinic”) which is owned by two of the shareholders of the Company, who together control the Kelburn Clinic, which operates an addiction and mental health treatment facility. The Lease is for a term from October 1, 2014 to September 30, 2024 at a monthly cost ranging from \$20,000 to \$27,000.

The lease includes 50 acres of land and various buildings (the “Kelburn Property”) which are utilized by the Kelburn Clinic.

Accounts receivable from related party represent balances invoiced for monthly lease and other charges to the Kelburn Clinic.

The Company also has balances outstanding with entities which are affiliated with the shareholders of the Company. Balances due from and due to related parties consist of the following balances, which are non-interest bearing, and have no specified terms of repayment:

As at November 30	2020	2019
<b>Balances due from related parties:</b>	\$	\$
4098332 Manitoba Ltd.	400,300	288,000
6887016 Manitoba Ltd.	72	1,206
2401363 Manitoba Ltd.	445,281	-
	<u>845,653</u>	<u>289,206</u>
<b>Balances owing to related parties:</b>		
5185603 Manitoba Ltd.	31,500	-

The loans payable to shareholders are non-interest bearing, and have no specified terms of repayment, and are not due within the next 12 months.

#### 5. Capital assets

The carrying value of capital assets consists of the following as at November 30, 2020 and 2019:

	Land	Buildings	Furniture & fixtures	Tools & equipment	total
	\$	\$	\$	\$	\$
<b>Cost base</b>					
Balance, December 1, 2018	163,500	1,587,917	67,629	8,239	1,827,285
Additions in the year	-	-	-	-	-
Balance, November 30, 2019	163,500	1,587,917	67,629	8,239	1,827,285
Additions in the year	-	-	-	-	-
Balance, November 30, 2020	163,500	1,587,917	67,629	8,239	1,827,285

	Land	Buildings	Furniture & fixtures	Tools & equipment	total
<b>Accumulated depreciation</b>					
Balance, December 1, 2018	-	482,472	58,370	8,239	549,081
Additions in the year	-	44,218	1,852	-	46,070
Balance, November 30, 2019	-	526,690	60,222	8,239	595,151
Additions in the year	-	42,449	1,481	-	43,930
Balance, November 30, 2020	-	569,139	61,703	8,239	639,081
<b>Net book value</b>					
Balance, November 30, 2019	163,500	1,061,227	7,407	-	1,232,134
Balance, November 30, 2020	163,500	1,018,778	5,926	-	1,188,204

## 6. Accounts payable and accrued liabilities

The accounts payable and accrued liabilities balance includes the following:

As at November 30	2020	2019
	\$	\$
Accounts payable	2,831	171
Accrued liabilities	3,200	6,393
Accrued interest payable	27,000	-
GST payable	24,396	10,064
	<u>57,427</u>	<u>16,628</u>

## 7. Mortgage payable

The Company has an outstanding mortgage on the Kelburn Property. The mortgage is with a Manitoba Credit Union, bears interest at 4.164%, and matures in February 2039. It is currently repayable in monthly instalments, including interest of \$10,410 per month.

Due to the ongoing effects of the Covid-19 pandemic, for certain periods in 2020 and 2021, the lender allowed a short-term deferral of payments of principal and interest, and currently all periodic payments made are applied to accrued interest owing. Estimated future principal payments are due as follows:

Estimated principal payments are due as follows:

Principal payments due in the year ended November 30:

2021	\$ 59,888
2022	62,430
2023	65,080
2024	67,842
2025	70,722
Thereafter, to 2039	<u>1,301,280</u>
<b>Total mortgage payable</b>	<u>1,627,242</u>
Current portion	59,888
Long-term	<u>1,567,354</u>
<b>Total mortgage payable</b>	<u>1,627,242</u>

## 8. Share capital

### Authorized:

The Company is authorized to issue an unlimited number of common and preferred shares, without nominal or par value, and issuable in series as follows:

Common	Voting	Class A to H
Common	Non-voting	Class A to H
Preference	Non-Voting	Class A to H
Preference	Voting	Class A to H
Preference	Voting	Class I to R

### Issued:

No common or preferred shares were issued in the years ended November 30, 2019 and 2020. The following shares have been issued:

Common	Non-voting – Class A	20 shares
Preference	Voting – Class K	900 shares

## 9. Income taxes

As the Company had excess non-capital losses carried-forward available for income tax purposes for the years ended November 30, 2020 and 2019, no current income tax expense has been recorded in these financial statements.

A deferred tax asset has not been recognized for the value of non-capital losses of approximately \$499,000 (2020 - \$690,000) and undepreciated capital cost allowance pools which exceed the net book value of capital assets by approximately \$297,000 (2020 - \$313,000).

These balances are available for carry-forward, and can be used to reduce future years taxable income for Canadian income tax purposes (subject to the final determination by taxation authorities). The non-capital losses will expire in the years ended November 30, 2040 to 2046.

## 10. Financial risk management objectives and policies

### **Capital Management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern, and ultimately to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of issued common shares, and loans from shareholders and loans from related parties, and the mortgage payable balance in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund ongoing operations and required mortgage repayments. To secure the additional capital necessary to pursue these plans, the Company may seek to raise additional funds through the issuance of equity or by securing strategic partners. The Company is not subject to any externally financial imposed covenants or capital requirements.

## 11. Financial instruments and risks

The Company is exposed to various financial risks arising from normal-course business operations. These risks include market risks relating to customer credit risk as well as liquidity.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company has no secured term debt or loans with financial institutions.

The ongoing COVID-19 pandemic could negatively impact the Company's ongoing financial position. The Company will also consider additional short-term financing in order to meet its future liabilities. The current challenging economic climate may have significant ongoing adverse effects on the Company including, but not exclusively:

- inability to access financing sources;
- increased risk of non-performance by customers and suppliers; and
- interruptions in operations as the Company adjusts its personnel requirements.

The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is uncertain.

### Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due causing a financial loss to the Company. The Company has not experienced any material credit losses in the past collection of its accounts receivable from the related party.

Impairment to a financial asset is only recorded when there is objective evidence that a debtor is in severe financial difficulty and there is no realistic prospect of recovery. Evidence of impairment may include default or delinquency by a debtor or indicators that the debtor may enter bankruptcy. Management believes that there is no risk on the recoverability of the Company's accounts receivable, and therefore no impairment to the carrying value of these assets has been recorded.

The Company has deposited its cash and cash equivalents with reputable financial institutions, with which management believes the risk of loss to be remote. The maximum credit exposure associated with the Company's financial assets is their carrying value.

## **12. Subsequent events**

Effective March 31, 2021, the Company entered into an agreement to sell the capital assets of the Company to an arms-length party (the "Purchaser") which also intends to purchase 100% of the outstanding shares of 6887016 Manitoba Ltd. Consideration payable to the Company of \$3,500,000 will consist of cash and common shares of the Purchaser to be issued as part of the Purchaser's planned public listing on the TSX Venture Exchange.

# **5743061 MANITOBA LTD.**

**Condensed Interim Financial Statements  
as at and for the six month periods  
ended May 31, 2021 and 2020**

# 5743061 MANITOBA LTD.

## Unaudited Condensed Statements of Financial Position

As at	May 31, 2021	November 30, 2020
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	20,646	11,755
Accounts receivable from related party (note 3)	47,588	31,500
<b>Total current assets</b>	<b>68,234</b>	<b>43,255</b>
<b>Non-current assets</b>		
Loans to related parties (note 3)	913,263	845,653
Capital assets (note 4)	1,161,902	1,188,204
<b>Total non-current assets</b>	<b>2,075,165</b>	<b>2,033,857</b>
<b>Total assets</b>	<b>2,143,399</b>	<b>2,077,112</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	33,325	57,427
Loan payable to related party (note 3)	-	31,500
Current portion mortgage payable (note 6)	59,888	59,888
<b>Total current liabilities</b>	<b>93,213</b>	<b>148,815</b>
<b>Long-term liabilities</b>		
Loans payable to shareholders (note 3)	1,183,471	1,183,471
Mortgage payable (note 6)	1,567,354	1,567,354
<b>Total long-term liabilities</b>	<b>2,750,825</b>	<b>2,750,825</b>
<b>Total liabilities</b>	<b>2,844,038</b>	<b>2,899,640</b>
<b>Shareholders' Equity (Deficiency)</b>		
Share capital	900	900
Deficit	(701,539)	(823,428)
<b>Total shareholders equity (deficiency)</b>	<b>(700,639)</b>	<b>(822,528)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>2,143,399</b>	<b>2,077,112</b>

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

# 5743061 MANITOBA LTD.

## Unaudited Condensed Statements of Income and Comprehensive Income

For the 6-month periods ended May 31, 2021 and 2020

	2021	2020
	\$	\$
<b>Revenues</b>		
Lease charges to related party (note 3)	156,000	150,000
Interest and other income	1,205	1,375
	157,205	151,375
<b>Expenses</b>		
Accounting and legal fees	5,454	2,741
Office and bank charges	45	87
Repairs and maintenance	4,502	-
Mortgage interest	31,230	30,398
Financing charges and other interest	1,158	-
Depreciation expense	20,969	21,966
Gain on sale of capital assets	(28,042)	-
	35,316	55,192
Net income and comprehensive income for the period	121,889	96,183

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

# 5743061 MANITOBA LTD.

## Unaudited Condensed Statements of Cash Flows

For the 6-month periods ended May 31, 2021 and 2020

	2021	2020
	\$	\$
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net income for the period	121,889	96,183
Items not involving cash:		
Depreciation expense	20,969	21,966
Gain on sale of capital assets	(28,042)	-
Changes in non-cash operating working capital balances:		
Accounts receivable from related party	(16,088)	(3,250)
Accounts payable and accrued liabilities	(24,102)	15,691
<b>Net cash from Operating activities</b>	<b>74,626</b>	<b>130,590</b>
<b>Financing activities:</b>		
Increase in loans to related parties	(67,610)	(52,000)
Decrease in loans from shareholders	(31,500)	(60,000)
Repayment of mortgage payable	-	(19,049)
<b>Net cash (used in) Financing activities</b>	<b>(99,110)</b>	<b>(131,049)</b>
<b>Investing activities:</b>		
Proceeds from sale of capital assets	33,375	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,891</b>	<b>(459)</b>
Cash and cash equivalents, beginning of the period	11,755	16,983
<b>Cash and cash equivalents, end of the period</b>	<b>20,646</b>	<b>16,524</b>
<b>Supplementary cash flow information:</b>		
Income taxes paid	-	-

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

# 5743061 MANITOBA LTD.

## Unaudited Condensed Statements of Changes in Shareholders' Equity (Deficiency)

For the 6-month periods ended May 31, 2021 and 2020

	Share capital	Deficit	Total shareholders' (deficiency)
Balance, December 1, 2019	\$ 900	\$ (1,003,186)	\$ (1,002,286)
Net income for the period	-	96,183	96,183
<u>Balance, May 31, 2020</u>	<u>900</u>	<u>(907,003)</u>	<u>(906,103)</u>
Balance, December 1, 2020	\$ 900	\$ (823,428)	\$ (824,328)
Net income for the period	-	121,889	121,889
<u>Balance, May 31, 2021</u>	<u>900</u>	<u>(701,539)</u>	<u>(700,639)</u>

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

# 5743061 MANITOBA LTD.

## Notes to the Financial Statements

For the 6-month period ended May 31, 2021

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### 1. Nature of Operations

5743061 Manitoba Ltd. (the "Company") was incorporated under the Manitoba Business Corporations Act on August 26, 2008. The Company is privately owned, and owns a property near Winnipeg, Manitoba, which is utilized by a related party (see note 4) under a long-term property lease arrangement.

The head office of the Company is located at #10 – 555 Hervo Street, Winnipeg, Manitoba.

These financial statements 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.

At May 31, 2021 the Company had current liabilities that exceeded its current assets by \$24,979. The Company has historically generated sufficient cash flows to repay the working capital deficit, ability to continue as a going concern is dependent on its' ability to identify additional sources of capital and to raise sufficient resources if needed. Although management has been successful in raising capital in the past, there is no assurance these initiatives will be successful in the future. This material uncertainty may cast significant doubt with respect to the ability of the Company to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

### 2. Basis of presentation

#### Statement of Compliance

These unaudited condensed interim financial statements (the "Financial Statements") have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting and were approved by the shareholders of the Company on August 30, 2021, following the same accounting policies and methods of application as those disclosed in the Company's audited financial statements for the fiscal year ended November 30, 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

These Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2020, as certain disclosures normally required for annual financial statements have been condensed or omitted herein.

#### Basis of Preparation

These Financial Statements are presented in Canadian dollars, and are prepared on a historical cost basis.

### 3. Related party transactions and balances

The Company has in place a long-term lease with an affiliated entity, 6887016 Manitoba Ltd. (the "Kelburn Clinic") which is owned by two of the shareholders of the Company, who together control the Kelburn Clinic, which operates an addiction and mental health treatment facility. The Lease is for a term from October 1, 2014 to September 30, 2024 at a monthly cost ranging from \$20,000 to \$27,000.

The lease includes 50 acres of land and various buildings (the "Kelburn Property") which are utilized by the Kelburn Clinic.

Accounts receivable from related party represent balances invoiced for monthly lease and other charges to the Kelburn Clinic.

The Company also has balances outstanding with entities which are affiliated with the shareholders of the Company. Balances due from and due to related parties are non-interest bearing, and have no specified terms of repayment, but are not due within the next 12 months.

#### 4. Capital assets

	Land	Buildings	Furniture & fixtures	Tools & equipment	total
<b>Cost base</b>					
Balance, November 30, 2020	163,500	1,587,917	67,629	8,239	1,827,285
Disposals in the period	-	-	(5,333)	-	(5,333)
Balance, May 31, 2021	163,500	1,587,917	62,296	8,239	1,821,952
<b>Accumulated depreciation</b>					
Balance, November 30, 2020	-	569,139	61,703	8,239	639,081
Additions in the period	-	20,376	593	-	20,969
Balance, May 31, 2021	-	589,515	62,296	8,239	660,050
<b>Net book value</b>					
Balance, November 30, 2020	163,500	1,018,778	5,926	-	1,188,204
Balance, May 31, 2021	163,500	998,402	-	-	1,161,902

#### 5. Accounts payable and accrued liabilities

The accounts payable and accrued liabilities balance includes the following:

As at	May 31, 2021	November 30, 2020
Accounts payable	-	2,831
Accrued liabilities	3,200	3,200
Accrued interest payable	27,000	27,000
GST payable	3,125	24,936
	33,325	57,427

#### 6. Mortgage payable

The Company has an outstanding mortgage on the Kelburn Property. The mortgage is with a Manitoba Credit Union, bears interest at 4.164%, and matures in February 2039. It is currently repayable in monthly instalments, including interest of \$10,410 per month.

Due to the ongoing effects of the Covid-19 pandemic, for certain periods in 2020 and 2021, the lender allowed a short-term deferral of payments of principal and interest, and currently all periodic payments made are applied to accrued interest owing. Estimated future principal payments are due as follows:

Principal payments due in the fiscal year ended November 30:

2021	\$ 59,888
2022	62,430
2023	65,080
2024	67,842
2025	70,722
Thereafter, to 2039	1,301,280
<u>Total mortgage payable</u>	<u>1,627,242</u>
Current portion	59,888
<u>Long-term</u>	<u>1,567,354</u>
<u>Total mortgage payable</u>	<u>1,627,242</u>

## **7. Agreement for sale of capital assets**

Effective March 31, 2021, the Company entered into an agreement to sell the capital assets of the Company to an arms-length party (the "Purchaser") which also intends to purchase 100% of the outstanding shares of 6887016 Manitoba Ltd. Consideration payable to the Company of \$3,500,000 will consist of cash and common shares of the Purchaser to be issued as part of the Purchaser's planned public listing on the TSX Venture Exchange.

**SCHEDULE "G"**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY**

# **P Squared Renewables Inc.**

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

**As at and for the year ended March 31, 2021**

The following MD&A presented for P Squared Renewables Inc. ("PSQ" or "the Company") was prepared by management based on information available as at July 28, 2021 and covers the current 3-month quarter ended March 31, 2021 (the "Q4-2021" period) of PSQ's fiscal year-end March 31, 2021 (the "F2021" period) with comparative figures for the 3-month quarter ended March 31, 2020 (the "Q4-2020" period) and the fiscal year ended March 31, 2020 (the "F2020" period).

This MD&A and should be reviewed in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2021 (the "Financial Statements").

### **Forward-looking statements**

This MD&A may contain forward-looking statements, which include words such as "intends", "plans", "anticipates", "expects", and "scheduled". The material factors and assumptions which affect this forward-looking information include assumptions that PSQ will continue to have available the necessary personnel and financial resources to complete its Qualifying Transaction (as described below), and any related equity financing, as intended.

These forward-looking statements are based on current expectations 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, PSQ assumes no obligation to update forward-looking statements should circumstances or the Company's estimates or opinions change.

### **History and development of the business**

PSQ was incorporated in March, 2017 and is listed as a Capital Pool Corporation ("CPC") on the TSX Venture Exchange ("the TSXV"). PSQ's completed two initial equity financings in 2017, and its' activities to date have consisted of searching for suitable businesses to acquire to meet the Qualifying Transaction ("QT") requirements of the TSXV.

Two separate equity financing transactions were completed by PSQ in 2017, raising gross proceeds of \$700,000 (\$609,513 net of cash share issue / transaction costs incurred of \$90,487):

- 8,000,000 common shares were issued on a private placement basis in March, 2017 for proceeds of \$400,000.
- 3,000,000 common shares were issued June 19, 2017 as the Company's Initial Public Offering ("IPO") of PSQ's common shares, for gross proceeds of \$300,000. PSQ's common shares commenced trading on the TSXV in June 2017.

#### Bridge Financing

In June, 2020 PSQ received approval from the TSXV to undertake a private placement financing of up to 1,000,000 common shares at a price of \$0.20 per share (the "Bridge Financing"), which is being used to supplement working capital until completion of the current proposed QT. In January, 2021, the TSXV subsequently authorized PSQ to increase the Bridge Financing offering to \$250,000.

The Bridge Financing had a final closing on February 5, 2021, with a cumulative total of 925,000 common shares issued by PSQ, for proceeds of \$185,000. An additional \$25,000 was received in January, 2021 which was not permitted by the TSXV to be included in the Bridge Financing closing, and has been recorded at March 31, 2021 as liability, and it is intended that these funds will be transferred into the separate Offering (as described below) which is being undertaken as part of the QT.

As described below, PSQ is also currently undertaking a Subscription Receipt Financing in connection with the proposed QT.

As described in note 1 to the Company's Financial Statements, they have been prepared on a going concern basis, which assumes that the assumes that PSQ 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 PSQ's ability to successfully complete the Subscription Receipt Financing and the QT.

## **History of Proposed Qualifying Transactions**

In July 2017, PSQ entered into an Agreement to acquire 100% of Borealis GeoPower Inc. ("Borealis"), a privately held company engaged in developing geothermal exploration prospects. PSQ had intended to complete its QT (subject to the approval by the TSXV) by acquiring Borealis by December 31, 2017.

Pursuant to the Agreement, PSQ advanced Borealis a \$225,000 short-term, secured bridge loan, bearing interest at 6% and repayable on August 1, 2018 ("the Loan").

PSQ incurred extensive time and costs in conducting its due diligence review of Borealis, establishing the Loan, negotiating other terms and conditions, and aiding Borealis in developing forecast models and related materials for use in a financing related to the proposed QT.

PSQ announced in November 2017 that the proposed acquisition of Borealis was not proceeding, resulting in PSQ demanding repayment of the Loan. The Loan, plus accrued interest of \$12,788, was repaid to PSQ by Borealis on the due date of August 1, 2018.

Following termination of the Borealis Agreement in late 2017, PSQ has been actively sourcing and evaluating other potential acquisitions which would allow it to meet the QT requirements. A second opportunity in the renewable energy space was being evaluated in 2018, but ultimately it was not pursued.

## **Outlook and Current Proposed QT**

PSQ was not able to complete a QT within the total 24-month period (which expired June 19, 2019) permissible under the policies of the TSXV and trading in its common shares have remained halted since June 27, 2019. There is currently no assurance that the TSXV will (i) extend this period, (ii) approve the current proposed QT, or (iii) that it will not continue to suspend or even de-list PSQ's shares from trading on the TSXV.

PSQ expanded its review to other business sectors which may prove attractive to our shareholders. In late 2019, PSQ entered into an agreement with Universal Ibogaine Inc. ("UI") which would see PSQ conduct a financing, and undertake a share for share exchange and amalgamation with UI as PSQ's QT.

### Current proposed QT

On November 1, 2019, PSQ announced an initial agreement (the "Agreement") to acquire 100% of UI, a privately owned, arms-length party which intends to develop a network of addiction and mental health treatment centres. Subject to the approval of the TSXV, it is intended that the acquisition of and amalgamation / merger with UI will constitute PSQ's QT. The highlights of the proposed acquisition of UI include:

- An independent entity, Clear Sky Recovery Cancun SA de CV ("ClearSky"), has developed a proprietary treatment method which utilizes a natural substance, ibogaine, to detoxify and aid in withdrawal and recovery from addiction to heroin, opioids and other drugs (the "ClearSky Protocol").

Since its formation in 2003, ClearSky has operated an addiction treatment centre in Cancun, Mexico, at which it has undertaken over 3,500 treatments.

- In March 2019, UI entered into a license agreement (the "ClearSky Agreement") to acquire the exclusive world-wide rights to utilize the ClearSky Protocol (subject to the rights of ClearSky to continue to utilize the ClearSky Protocol at its facility in Cancun).
- The ClearSky Agreement required UI to issue 30 million common shares to ClearSky by January 31, 2021. These shares will be subject to escrow releases based on UI achieving future performance milestones.
- PSQ, UI and 1266855 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of PSQ, signed an Amalgamation Agreement effective October 8, 2020 to undertake the "Amalgamation" of the three parties. The proposed Amalgamation with UI will be a reverse take over ("RTO") of PSQ, as the shareholders of UI will own a majority of the shares of the post amalgamation, combined "Resulting Issuer". The QT and related Amalgamation is currently intended to be completed in August 2021.
- The Amalgamation Agreement requires PSQ to complete a financing to raise minimum proceeds of \$3 million ("the Financing") which would close in conjunction with TSXV approval of the QT.
- UI and Subco will complete the Amalgamation under the *Business Corporations Act* (British Columbia) to form "Amalco", and PSQ (which will be the "Resulting Issuer", as defined under the policies of the TSXV) will issue common shares ("RI Shares") to the former UI shareholders, on the basis of one RI Share for each UI share. The final total will be dependent on the number of additional UI common shares which may become issued prior to closing of the Financing. The share exchange will be subject to a maximum total (as defined) of 130,000,000 RI Shares being issued to the shareholders of UI common shares and a maximum of 13,400,000 RI Shares being exchanged for PSQ's outstanding common shares.
- Each of UI's outstanding warrants, options and any other convertible securities will be exchanged for warrants, options, and convertible securities of the Resulting Issuer on substantially the same economic terms and conditions as UI's existing warrants, options and other convertible securities.
- Upon completion of the QT, Amalco will become a wholly-owned subsidiary of the Resulting Issuer.
- PSQ intends to change its name to "Universal Ibogaine Inc.", and Amalco will be renamed "Clear Sky Recovery Solutions Inc.", or such other names that are acceptable to the Resulting Issuer and to applicable regulatory authorities.

On November 8, 2019, PSQ advanced \$25,000 to UI as a non-interest bearing, unsecured promissory note, for which the maturity date of August 31, 2020 was extended to October 31, 2020 or such other date as may be agreed by the parties. The funds were used by UI in connection with installment payments due under the ClearSky Agreement. This loan was repaid to PSQ on December 21, 2020.

#### Subscription Receipt Financing

In connection with financing of the proposed QT, on January 26, 2021 PSQ announced that its' wholly owned subsidiary Subco would undertake a non-brokered private placement of subscription receipts (the "Subscription Receipts") at a price of \$0.25 per Subscription Receipt for aggregate gross proceeds of up to \$2,000,000 (the "Offering"). PSQ subsequently announced on February 11, 2021 that it would expand the Offering to up to \$6,000,000.

The Offering will replace the proposed Prospectus financing which was a condition of the Amalgamation Agreement (which is being amended to reflect this and other changes), and has the following summary highlights:

- Each Subscription Receipt issued will entitle the holder thereof to receive one unit of Subco (the "Units") with each Unit comprised of one common share in the capital of Subco (a "Common Share") and one common share purchase warrant (each, a "Warrant").
- The Units issuable to the Subscribers in exchange for the Subscription Receipts will then subsequently be exchanged for units of the post Amalgamation Resulting Issuer (the "RI Units") on a one for one basis pursuant to the Amalgamation. As such, the RI Units, not the Units issuable in exchange for the initial Subscription Receipts, will be delivered to the Subscribers following the completion of the Offering and the QT.
- Each full Warrant, as exchanged, will entitle the holder thereof to purchase one common share in the capital of the Resulting Issuer for a period of five years from issuance. Each Warrant shall be exercisable at an escalating annual exercise price per Common Share as follows: (a) \$0.50 per share if exercised in the first year from the date of issuance; (b) \$0.75 if exercised in year 2; (c) \$1.00 if exercised in year 3; (d) \$1.25 if exercised in year 4; and (e) \$1.50 if exercised in year 5.
- The gross proceeds from the Offering will be deposited and held in escrow (the "Escrowed Funds") and released to PSQ upon the satisfaction of certain conditions related to the QT (the "Escrow Release Conditions"). The Subscription Receipts will be issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") entered into between PSQ and a Trustee. Upon satisfaction of the Escrow Release Conditions, the Escrowed Funds, together with any interest earned thereon, will be released to PSQ.
- In the event that the Escrow Release Conditions have not been satisfied by July 31, 2021 (if not otherwise extended) the Subscription Receipts will be deemed to be cancelled and their holders will be refunded the offering price of the Subscription Receipts and any interest earned thereon.

To July 28, 2021, PSQ has received subscription agreements for the Offering for a total of \$5.5 million and is holding in trust preliminary Subscription Receipt proceeds totaling approximately \$5.0 million.

On July 19, 2021, PSQ received from the TSXV conditional approval for the QT, and conditional approval for the listing of the common shares of the Resulting Issuer. PSQ and UI are in process of completing the requirements necessary to obtain final approval for listing from the TSXV.

## Results of Operations

Operating results reflect a net loss for the F2021 and F2020 periods as follows:

	3-months ended March 31,		Year ended March 31,	
	2021	2020	2021	2020
	(unaudited)	(unaudited)		
General & administrative expenses ("G&A")	11,489	\$ 10,148	57,707	\$ 58,989
Business evaluation activities	71,858	25,115	213,260	59,627
Stock based compensation expense	-	-	19,400	-
Amortization expense	77	255	306	255
Interest income	-	(4)	(25)	(562)
<b>Net loss for the period</b>	<b>(83,424)</b>	<b>(35,514)</b>	<b>(290,648)</b>	<b>(118,309)</b>
<b>Net loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>

G&A expenses have been primarily for public company reporting costs and minor amounts related to software and office expenses, while business evaluation activities relate to searching for and evaluation of potential QT target businesses.

Business evaluation expenses of \$71,858 in Q4-F2021 and \$213,260 for F2021 YTD are significantly higher than in Q4-F2020 and for F2020 YTD as they include legal and consulting costs related to conducting due diligence review for the QT with UI, as well as drafting of the Amalgamation Agreement, Subscription Receipt agreements, and the related TSXV Filing Statement and related TSXV submissions for the QT.

Interest income is minor, and has been earned on investments in short-term deposits, which have decreased from F2020 in conjunction with the increased level of expenses.

As all of the 1,400,000 historic stock options that were issued in June 2017 had immediate vesting (rather than future vesting entitlements), 100% of the resultant stock based compensation expense ("SBCE") was recognized in PSQ's initial year end March 31, 2018, rather than being deferred and amortized to expense over future periods. In Q3-F2021, SBCE of \$19,400 was recorded on the 200,000 stock options (which had immediate vesting) which were issued in October 2020 to two members of the PSQ Board of Directors.

Summary information from PSQ's financial statements for each of the trailing 8 fiscal quarters is as follows:

	Q4 ended March 31, 2021	Q3 ended Dec. 31, 2020	Q2 ended Sept. 30, 2020	Q1 ended June 30, 2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues	\$ -	\$ -	\$ -	\$ -
General & administrative expenses	11,489	19,320	19,136	7,762
Business evaluation expenses	71,858	44,286	50,396	46,720
Stock based compensation expense	-	19,400	-	-
Depreciation expense	77	76	77	76
Interest earned	-	-	(25)	-
Net loss and comprehensive loss	83,424	83,082	69,584	54,558
Net loss per share	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.01

	Q4 ended March 31, 2020	Q3 ended Dec. 31, 2019	Q2 ended Sept. 30, 2019	Q1 ended June 30, 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues	\$ -	\$ -	\$ -	\$ -
General & administrative expenses	10,148	13,277	13,075	22,489
Business evaluation expenses	25,115	8,884	18,062	7,566
Stock based compensation expense	-	-	-	-
Depreciation expense	255	-	-	-
Interest earned	(4)	(4)	(317)	(237)
Net loss and comprehensive loss	35,514	22,157	30,820	29,818
Net loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

The fiscal periods are generally not comparable on a quarter to quarter basis, as the total expenses, and the resultant net loss, are generally a function of the level of QT related activity, which has fluctuated each quarter. For example, business evaluation expenses of \$71,858 for Q4-F2021, \$44,286 for Q3-F2021, \$50,396 for Q2-F2021 and \$46,720 for the Q1-F2021 period were much higher than in previous quarters based on activity related to analyzing, negotiating, and preparing for the amalgamation and related financing of the current proposed QT with UI. Activity related to the QT with UI started to expand in spring 2020.

The Q1-F2020 period ended June 30, 2019 had a higher level of G&A expenses primarily due to costs incurred for the annual audit of the year-end financial statements. Also, in the Q1-F2020 period ended June 30, 2019, PSQ incorrectly classified and expensed QT related legal fees totaling \$10,408 as G&A, and this total was

subsequently reclassified and expensed as business evaluation expenses in the Q2-F2020 period ended December 31, 2019.

### **Cash flows**

The Company's cash position (including funds held in trust) has increased significantly in F2021 primarily due to

- Net proceeds of \$171,900 received from the Bridge Financing;
- The receipt of the \$60,000 CEBA Loan;
- Less costs incurred to fund G&A and the expanded business evaluation costs for F2021, which resulted in a net loss for F2021 of \$290,648; and
- The receipt of \$2,048,520 of funds held in trust pending completion of the Offering and the QT.

The total net changes in the Company's cash position in the Q4-F2021, Q4-F2020 and related year ended March 31, 2021 and 2020 periods were as follows:

period ended	Q4-F2021	Q4-F2020	Year ended March 31	
	(unaudited)	(unaudited)	2021	2020
<b>Cash provided by (used in):</b>				
Operating activities:				
Net loss for the period	\$ (83,424)	\$ (35,514)	\$ (290,648)	\$ (118,309)
Non-cash depreciation expense	76	255	305	255
Non-cash SBCE	-	-	19,400	-
Net change in non-cash working capital balances	70,231	10,093	64,812	(3,931)
<b>Cash used in Operating activities</b>	<b>(13,117)</b>	<b>(25,166)</b>	<b>(206,131)</b>	<b>(121,985)</b>
Financing activities:				
Proceeds from issue of common shares, net	94,250	-	171,900	-
Decrease in shares to be issued	(10,000)	-	-	-
Proceeds from CEBA Loan payable	-	-	60,000	-
Subscription receipts held in trust	2,048,520	-	2,048,520	-
Proceeds from exercise of stock options	-	-	-	16,085
<b>Cash from Financing activities</b>	<b>2,132,770</b>	<b>-</b>	<b>2,280,420</b>	<b>16,085</b>
Investing activities:				
Loan repaid by (to) Universal Ibogaine	-	-	25,000	(25,000)
Purchase of capital assets	-	-	-	(1,529)
<b>Cash from (used in) Investing activities</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>(26,529)</b>
Increase (decrease) in cash and cash equivalents for the period	2,119,653	(25,166)	2,099,289	(132,429)
Cash and cash equivalents, start of the period	52,136	97,666	72,500	204,929
<b>Cash and cash equivalents, end of the period</b>	<b>2,171,789</b>	<b>72,500</b>	<b>2,171,789</b>	<b>72,500</b>
<i>Cash and cash equivalents consists of:</i>				
Cash	123,269	72,500	123,269	72,500
Funds held in trust	2,048,520	-	2,048,520	-
	<b>2,171,789</b>	<b>72,500</b>	<b>2,171,789</b>	<b>72,500</b>

### **CEBA Loan payable**

In September, 2020, PSQ received a \$40,000 Canada Emergency Business Account loan (the "CEBA Loan") under the Canadian Federal government's Covid-19 support programs and an additional \$20,000 advance was

received by PSQ on December 21, 2020. A total of \$20,000 of the CEBA Loan will be forgiven if \$40,000 of the \$60,000 balance is repaid by December 31, 2022, and if not repaid, the \$60,000 CEBA Loan will be extended for an additional 3-year term bearing interest at 5% per year, payable monthly.

The CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments will be required until December 31, 2025 when the full amount of the CEBA Loan will become due.

## Liquidity and Capital Resources

PSQ's net working capital position at the end of the most recent and prior quarter ends, was as follows:

	March 31 2021	December 31, 2020
	(unaudited)	(unaudited)
Current assets	2,197,887	\$ 71,699
Current liabilities	(2,143,313)	(18,027)
Net working capital	54,574	53,672

The significant increase in current assets and current liabilities at the current year-end is due to the receipt to March 31, 2021 of \$2,048,520 of funds which are currently held in trust under the terms of the Offering. PSQ intends to close the Offering in the short-term in conjunction with closing of the Amalgamation and the QT.

In addition, in F2021 PSQ raised net proceeds of \$171,900 from the Bridge Financing which, in conjunction with the receipt of the \$60,000 CEBA Loan, partially offset the F2021 loss of \$290,648.

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

## Additional Disclosure - Outstanding Securities

The following table summarizes the number of common shares outstanding, and reserved, as at the current MD&A date, as at the current Quarter end March 31, 2021 and as at the date of the prior quarter ended December 31, 2020:

	as at July 28, 2021	as at March 31, 2021	as at December 31, 2020
Common shares issued and outstanding	12,085,850	11,560,850	11,560,850
Common shares reserved for potential future issue re:			
Incentive stock options (i)	1,150,000	1,150,000	950,000
	13,235,850	12,710,850	12,510,850

- (i) The incentive stock options issued have a 10-year term to expiry and immediate vesting. Of the 1,150,000 current total outstanding, 950,000 (remaining of the 1,100,000 total that were originally issued in June 2017) have an exercise price of \$0.10 per share, and 200,000 were issued in October 2020 with an exercise price of \$0.20 per share.

Subsequent to the resignations of two members of the PSQ Board of Directors in February and May 2019, a total of 50,000 Options which they held expired on May 29, 2019 and a total of 100,000 expired on August 26, 2019.

As described above in the Outlook section, PSQ (and its subsidiary Subco) is in process of undertaking a Subscription Receipt Financing in connection with closing of the proposed QT.

### **Transactions with Related Parties**

Except as noted below, PSQ did not conduct transactions in the F2021 or the F2020 periods with persons and entities who are classified as related parties based on them being Directors or executive officers of the Company.

In October 2020, PSQ issued a total of 200,000 stock options to 2 of its 3 members of the Board of Directors, as compensation for their ongoing service to PSQ. These options had immediate vesting, an exercise price of \$0.20 per common share, and an expiry date of October 2, 2030.

Accounts receivable at March 31, 2021 includes a total of \$3,354 (March 31, 2020 - \$3,354) which has been advanced to two executives of the Corporation. These amounts are non-interest bearing, with no specific terms of repayment.

### **Critical Accounting Estimates**

PSQ's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Due to the fact that the Company has limited operations to date, there have been no significant judgments or estimates made by management in the application of IFRS that have a significant effect on its financial statements, other than estimates (related to share price volatility etc. as disclosed in the notes to the financial statements) involved in the calculation of SBCE.

### **Changes in Accounting Policies including Initial Adoption**

There were no significant changes in accounting policies reflected in the Company's financial statements for the fiscal Quarter and year ended March 31, 2021.

The additional recent accounting pronouncements which may affect the Company's financial statements in the future are disclosed in note 4 to the audited financial statements for PSQ's fiscal year ended March 31, 2021. There are currently no additional recent accounting pronouncements which are expected to significantly affect the Company's financial statements in the future.

### **Risk Factors**

#### *Future Operations*

PSQ is still in the early stages of developing its business plan. Its ability to generate ongoing future cash flows from operations will depend on its ability to complete the proposed QT and the related Offering, and then successfully bring the acquired business into commercial, revenue-generating operations.

PSQ 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.

#### *Completion of the QT*

There exists risk that the Company (i) may not be able to complete the proposed QT and the related required Offering financing, as intended in the required timeframe and (ii) may not be able to obtain the required final approval of the QT by the TSXV.

### Access to Financing Sources

It is expected that any potential business to be acquired by PSQ to complete its QT will likely require significant future equity and debt financings to fund its development.

PSQ expects that it will have sufficient ongoing access to equity and debt financings, on commercial terms, to fund any required future capital and operating expenditures.

### Management, consultants and staff

PSQ's success is currently dependent on the performance of a limited group of senior management and Board of Directors, and consultants. The loss of the services of PSQ's key persons, and those of the QT target, UI, could have an adverse effect on their businesses. There is no assurance that PSQ can maintain the services of qualified personnel that are required to operate and expand our business.

## **Internal and Disclosure Controls over Financial Reporting**

As a "Venture Issuer", 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 is required to file basic certificates, which it has done for the year ended March 31, 2021. 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 March 31, 2021.

## **Additional Information**

Additional information on the Company is available on the SEDAR public company website at [www.sedar.com](http://www.sedar.com) and on PSQ's website at [www.p2renewables.com](http://www.p2renewables.com).

**SCHEDULE "H"**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF UI**

# UNIVERSAL IBOGAINE INC.

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

### As at and for the year ended July 31, 2020

The following MD&A presented for Universal Ibogaine Inc. ("UI" or the "Company") was prepared by management based on information available as at February 23, 2021 solely for purposes of inclusion in a Filing Statement related to the pending amalgamation of UI with P Squared Renewables Inc., as described herein.

This MD&A provides a discussion of financial highlights for UI's fiscal year-end July 31, 2020 ("F2020"), with comparative figures for the prior fiscal year ended July 31, 2019 ("F2019") as well as UI's initial 3.5 month fiscal period from the date of UI's incorporation on April 16, 2018 to July 31, 2018 ("F2018").

This MD&A and should be reviewed in conjunction with the Company's audited financial statements for the fiscal year ended July 31, 2020.

### Forward-looking statements

This MD&A may contain forward-looking statements, which include words such as "intends", "plans", "anticipates", "expects", and "scheduled". The material factors and assumptions which affect this forward-looking information include assumptions that UI 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 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 UI to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by law, UI assumes no obligation to update forward-looking statements should circumstances or the Company's estimates or opinions change.

### History and development of the business

UI was incorporated in April 2018 and is currently a privately held business. UI is the initial stages of implementing and financing its business plan, which is to which is to globally develop, acquire and operate state-of-the art addiction treatment clinics. These plans include undertaking a public listing by way of a reverse-take-over ("RTO") merger (described in further detail below) with P Squared Renewables Inc. ("PSQ"). The merger and a related private placement financing is intended to constitute PSQ's Qualifying Transaction (the "QT") to complete its' process of becoming listed on the TSX Venture Exchange (the "TSXV").

It is intended that UI 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 molecule and can be very effective in significantly reducing/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.

UI 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).

UI plans to submit a Clinical Trial Application to Health Canada by fall 2021, with the intent of demonstrating ibogaine safety and efficacy in clinical trials.

UI's primary goals are 1) to submit a Clinical Trial Application to Health Canada by fall 2021, 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 build a foundation of addiction treatment clinics, initially utilizing a combination of innovative non-psychedelic detox methods and holistic treatments, growing from one initial location in early 2021.

UI's primary business development activities to date have been related to: 1) undertaking private placement financings to fund business development activities, 2) securing the ClearSky licensing agreement for the use of an ibogaine based addiction treatment process, 3) researching the process of undertaking clinical trials in Canada, and 4) negotiating the acquisition of initial addiction treatment clinics.

In mid-2020 UI entered into an agreement to acquire an initial addiction treatment clinic near Winnipeg, Manitoba, and intends to complete this acquisition with the planned closing of the RTO in mid-2021.

### Addiction treatment - psychedelics and ibogaine

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

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

Ibogaine currently has limited legal global recognition for possession and use and is utilized for addiction treatment primarily in countries such as Mexico, the Bahamas, Brazil, South Africa, New Zealand, and Mauritius. Ibogaine is not yet recognized as a registered drug in Canada, which UI intends to address through the commencing of a planned clinical trials application process with Health Canada in 2021.

UI's development to date reflects the following significant transactions:

## **1). ClearSky Licensing Agreement**

In March 2019, UI entered into a License Agreement (the "**ClearSky Agreement**") with Clear Sky Recovery Cancun SA de CV ("**ClearSky**"). ClearSky has developed a proprietary addiction treatment protocol which utilizes a natural substance, ibogaine, to detoxify and aid in withdrawal and recovery from addiction to a variety of drugs (the "**ClearSky Protocol**"). UI has acquired the exclusive global rights to use the ClearSky Protocol, subject to ClearSky's right to continue to utilize it at its clinic in Cancun, Mexico. ClearSky was founded in 2003, and its treatment protocol has successfully disrupted opioid and other addictions for over 3,500 treatments to date without incident. Its founder, physician Dr. Alberto Sola, holds the distinction of treating more patients with ibogaine than anyone else in the world.

As described in the audited F2020 financial statements, the original agreement of March 2019 was subsequently amended twice (in October 2019 and April 2020) such that the terms for the total consideration payable by UI became:

- A total of USD 900,000 cash. Of this total, USD 450,000 was paid in F2019 (in March and April 2019), USD 75,000 in F2020 (in October 2019 and April 2020), and USD 75,000 was paid subsequent to F2020, in September 2020.

- The final balance of USD 300,000 was payable, at UI's option, by issuing UI common shares at a price of Cdn \$0.10 per share. Effective October 26, 2020, UI and ClearSky agreed to the issuance of a total of 4,000,000 UI common shares in settlement of this debt.
- UI was originally to issue a total of 60 million UI common shares to ClearSky. Renegotiating the terms of the ClearSky Agreement in April 2020 served to reduce the total share consideration to 30 million shares, as well as imposing performance-based milestones for the ultimate issuance from escrow of the shares.
- These 30 million common shares were issued to ClearSky on January 31, 2021, and their future releases from escrow will be based on 1) 10% upon closing of the RTO, 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). Proposed RTO / Merger with PSQ

In November 2019 UI entered into an agreement with PSQ, whereby PSQ would acquire 100% of the shares of UI and the two parties would merge and allow UI to effectively become a publicly listed company (the "**Resulting Issuer**" or the "**RI**"). Following a due diligence process in 2020, PSQ, UI and a wholly-owned subsidiary of PSQ ("**Subco**") subsequently entered into an amalgamation agreement (the "**Amalgamation Agreement**") dated October 8, 2020, and pursuant to various conditions, PSQ will acquire all of the outstanding shares of UI by way of a three-cornered amalgamation (the "**Amalgamation**") among PSQ, UI and Subco.

PSQ was formed in 2017 as a Capital Pool Corporation ("**CPC**") under the policies of the TSXV. Subject to the approval of the TSXV, it is intended that the Amalgamation with UI will constitute PSQ's QT, to allow it to meet the listing requirements of the TSXV.

The expected closing date of the Amalgamation and QT is mid-2021. Highlights of the Amalgamation Agreement and the QT include:

- PSQ is undertaking a non-brokered financing, whereby Subco intends to offer \$6,000,000 of Subscription Receipts (the "**Offering**"), whereby it will issue units at a price of \$0.25 per unit (each a "**Subco Unit**") consisting of one Subco common share and one warrant to purchase an additional Subco common share. It is intended that each Subco Unit will become exchangeable for similar units of the Resulting Issuer (each a "**RI Unit**") on closing of the QT, and will consist 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.
- The Resulting Issuer will issue replacement common shares ("**RI Shares**") to the former shareholders of UI (the "**UI Shares**") and PSQ (the "**PSQ Shares**"), on the basis of one RI Share for each UI Share and PSQ Share. The share exchanges will be subject to reductions based on a permitted defined maximum number of shares outstanding at closing of the QT for each of UI and PSQ.
- The proposed QT involves the acquisition by UI of an initial addiction treatment business, the Kelburn Clinic, which is described in detail in section 3 below, and will involve total consideration payable by UI of \$5 million, including an estimated \$2.4 million payable in common shares of the Resulting Issuer.
- It is expected that following closing of the QT and the Offering, a majority of the shares of the Resulting Issuer will be held by the former shareholders of UI, and accordingly the Amalgamation / merger would be considered a Reverse Takeover Transaction ("**RTO**") and subject to certain rules of the TSXV governing such transactions.

- Each of UI's and PSQ's outstanding warrants, options and any other convertible securities will be exchanged on a one for one basis for warrants, options and convertible securities of the Resulting Issuer on substantially the same economic terms and conditions as the existing outstanding warrants and options of UI and PSQ.
- Upon completion of the QT, UI and Subco will amalgamate as "**Amalco**", and become a wholly-owned subsidiary of the Resulting Issuer.
- It is intended that PSQ will change its name to "Universal Ibogaine Inc.", and Amalco will be renamed "Clear Sky Recovery Solutions Inc.", or such other names that are acceptable to the Resulting Issuer and to applicable regulatory authorities.

On November 8, 2019, UI advanced \$25,000 to UI as a non-interest bearing, unsecured promissory note (the "**PSQ Loan**"), for which the funds were used by UI in connection with installment payments due under the ClearSky Agreement. The maturity date of the PSQ Loan was later extended to October 31, 2020 or such other date as agreed by the parties. The PSQ Loan was repaid by UI on December 21, 2020.

### 3). Agreement for purchase of Kelburn Clinic

In May 2019, UI signed an initial letter of intent (as later amended effective August 9, 2020) to acquire the operations of a privately-owned addiction treatment facility which has operated for over 6 years near Winnipeg, Manitoba as "the Kelburn Mental Health & Addiction Recovery Centre" (the "**Kelburn Clinic**").

- UI has an agreement with two entities which are arms-length to both UI and PSQ to (i) acquire 100% of the shares of 6887016 Manitoba Ltd., which operates the Kelburn Clinic, for consideration of \$1,500,000 and (ii) to separately acquire (subject to receipt of suitable mortgage financing) the land, facility and related buildings utilized by the Kelburn Clinic (the "**Kelburn Property**") for consideration of \$3,500,000.

Closing of these two acquisitions is intended to occur concurrent with completion of the QT, and will involve the issuance of share Units to be issued by UI (the "**UI Units**") at a price of \$0.25 per UI Unit. Each UI Unit will consist of one common share and one warrant to purchase one UI common share (each a "**UI Warrant**"). The UI Warrants will have the same terms as, and will be exchanged for, RI Warrants on a 1 for 1 basis on closing of the QT.

- Consideration payable for the purchase of the Kelburn Clinic consists of \$1,000,000 cash (of which deposits totaling \$250,000 have been paid by UI and are currently held in trust), and \$500,000 payable in the form of the issuance of 2,000,000 UI Units.
- Consideration payable for the purchase of the Kelburn Property will consist of cash of approximately \$1,600,000 cash (which is to be funded by mortgage financing that is in process of being obtained) and the estimated balance of \$1,900,000 payable in the form of 7,600,000 UI Units.

The Kelburn Clinic site is operated under a long-term lease of the premises from certain of its shareholders. In the event that UI initially closes on the acquisition of solely the operations of the Kelburn Clinic, it will enter into a long-term lease of the related land and building, with a two-year option to subsequently acquire those assets.

#### Convertible loan payable

In connection with the proposed acquisition of the Kelburn Clinic, in May 2020, UI received a \$50,000 loan from an arms-length party, and issued a promissory note payable (the "**Loan**"), bearing interest at 15%, and convertible at UI's option at a price of \$0.10 per common share.

Proceeds from the Loan were used by UI in May 2020 to make a \$50,000 non-refundable deposit which was held in trust at July 31, 2020 for the benefit of the lender, pending completion of due diligence by UI, for the purchase the Kelburn Clinic.

On November 9, 2020, UI elected to repay the Loan, and issued at total of 625,000 common shares in settlement of the Loan plus related accrued interest and a conversion bonus.

#### 4). Purchase of Belize island property

When UI was initially formed in 2018, it was intended that it would acquire an undeveloped 20-acre island property in Belize that could be used for the development of a future addiction treatment site. In January 2019, UI drafted an agreement to acquire four separate blocks of raw land (“**Bracilette Cay**”) on an island property which is about 6 miles north-west of the town of San Pedro, Belize. The purchase transaction had not yet formally closed at the end of F2019 and F2020, as it was pending acceptance by the relevant government authorities in Belize.

It was determined in late 2019 that the Belize property was not a preferred short-term site for a treatment operation. However, as the value of neighboring Belize island properties had increased, UI decided to continue with the purchase commitment. 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 is also reviewing the concept of having a joint venture partner finance and develop a potential addiction treatment facility or other future project on this site.

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

Prepays and deposits at July 31, 2020 includes \$142,236 which was paid by UI related to land transfer taxes payable to the government of Belize for the purchase of the Belize property. The acquisition formally closed in October 2020 upon Belize government approval of the land transfer, following which UI issued the shares on October 27, 2020 to Bracilette, whose shareholders include two parties related to UI. A total of 22,050,000 shares were issued to related parties as follows:

- a total of 11,550,000 shares issued to entities in which a UI Director holds at least a 50% beneficial interest;
- 250,000 shares issued to one of the Directors of UI Belize, and
- 10,250,000 shares issued to entities which are controlled by the children of a Director of UI Belize.

The undeveloped Belize property is not currently a focus of UI and there are no plans to expend funds on the Belize property (other than minor ongoing maintenance capital) in 2021.

#### 5). 2018 agreement related to Peachland property

In November 2018, UI entered into an agreement (the “**Lease**”, which was for an intended term of 4 years) allowing it to rent, with an option to later acquire, a property in Peachland, BC, which was intended to be used as a site for an addiction treatment center. Under the Lease, in addition to \$250,000 paid in November 2018, UI issued \$750,000 of convertible debentures (the “**Debentures**”), maturing October 31, 2022, and bearing interest at 8%. The Debentures were initially recorded in 2018 at their discounted, fair value of \$503,536 (which would increase over time via “accretion” expense to be recorded).

In July 2019, UI later decided to terminate the Lease (the “**Peachland Settlement**”), under which UI had \$558,463 in outstanding debt, related primarily to the fair value of the Debentures. The Peachland Settlement extinguished all existing obligations related to the Lease (which would have required payments

of up to \$3 million, net of credits for rental payments, to exercise the option), and required UI to pay the following additional consideration:

- \$25,000 by July 15, 2019;
- A total of \$100,000 in installments payable in F2020 (from August through December 2019); and
- 1,000,000 UI common shares at a deemed value of \$100,000.

Accrued liabilities at July 31, 2019 included the \$100,000 payable in F2020 under the Peachland Settlement. In F2019 UI recorded (i) a loss related to the Peachland Settlement of \$674,889; (ii) interest expense of \$40,000 on the Debentures, and (iii) accretion expense of \$28,775 related to the ongoing increase in the fair value of the Debentures up to the date of the Peachland Settlement.

## 6). Events subsequent to July 31, 2020 year-end

There have been numerous significant developments that have occurred subsequent to UI's July 31, 2020 fiscal year-end, including primarily:

- settlement of USD 300,000 final cash consideration owing under ClearSky Licensing Agreement (described above)
- closing of the purchase of the Belize property (described above)
- a private placement financing of share Units issued at \$0.25 per Unit
- issuance of common shares in settlement of various debts and for the value of services received
- issue of share purchase warrants to advisors involved in financing and strategic matters

### Private placement financing of Units issued at \$0.25

Subsequent to July 31, 2020, UI commenced undertaking a private placement financing to raise at least \$2 million through the sale of "Units" at \$0.25, and has had various closings to date as noted below. Each Unit issued includes one UI common share and a warrant to purchase one additional UI common share (each a "Unit Warrant"). These Unit Warrants will have a term of 5 years from closing of the Liquidity Event, and an escalating annual exercise price, rising by \$0.25 per year, from \$0.50 if exercised in year 1, to \$1.50 if exercised in year 5.

The following closings have occurred to February 23, 2021 under this private placement financing of share Units:

<u>Closing date</u>	<u># of common share Units</u>	<u>value per share</u>	<u>\$ value</u>
August 27, 2020	400,000	\$ 0.25	100,000
October 23, 2020	2,230,300	\$ 0.25	557,575
November 27, 2020	3,641,140	\$ 0.25	910,285
January 13, 2021	3,019,068	\$ 0.25	754,767
<u>Total Units issued to February 23, 2021</u>	<u>9,290,508</u>		<u>2,322,627</u>

In addition, in the 6 month period from August 1, 2020 to January 31, 2021, UI issued a total of 3,197,996 share Units (valued at \$0.25 per share Unit, or \$799,499) in settlement of various accounts payable and for the value of services provided by consultants, Officers and members of the Board of Directors.

The resultant increase since from July 31, 2020 to February 23, 2021 in the number of common shares outstanding is summarized as follows:

<u>Common shares issued pursuant to:</u>	<u># of common shares</u>	<u>value per share</u>	<u>\$ value</u>
Purchase of Belize property	25,000,000	\$ 0.066	1,667,000
Conversion of \$50,000 Loan payable	625,000	\$ 0.10	62,500
Conversion of USD 300,000 balance payable to ClearSky	4,000,000	\$ 0.10	400,000
ClearSky Agreement	30,000,000	\$ 0.077	2,324,835
Private placement of share Units	9,290,508	\$ 0.25	2,322,627
Common shares issued for services received	3,475,500	\$ 0.10	347,550
Common shares issued for services received	75,000	\$ 0.25	18,750
Share Units issued for services received	3,197,996	\$ 0.25	799,499
Total shares issued to date in fiscal year 2021	75,664,004		7,942,761
Shares outstanding as at July 31, 2020	49,978,287		
Shares outstanding as at January 31 and February 23, 2021	125,642,291		

### Advisory Warrants

Subsequent to July 31, 2020, UI has issued a total of 10,000,000 Warrants (the “Advisor Warrants”) to three separate firms which have been engaged to act as strategic and financial advisors to UI. The Advisor Warrants are exercisable at a price of \$0.25 per common share to December 31, 2024, and the entitlement to exercise is subject to the advisors meeting certain performance-based vesting criteria.

### CEBA Loan

On August 17, 2020, UI received a \$40,000 Canada Emergency Business Account loan (the “**CEBA Loan**”) under the Canadian Federal government’s Covid-19 support programs. Up to \$10,000 of the CEBA Loan may be forgiven if \$30,000 is repaid by December 31, 2022, and if not repaid, the balance of \$40,000 will be extended for an additional 3-year term bearing interest at 5% per year, payable monthly. The CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments will be required until December 31, 2025 when the full amount of the CEBA Loan will become due.

## **Results of Operations**

### **Fiscal years ended July 31, 2020, 2019 and 2018**

Operating results reflect a net loss for each of the 3 fiscal year ends which have occurred since UI’s incorporation in April 2018 as follows:

	Year ended July 31, 2020	Year ended July 31, 2019	April 16 to July 31, 2018
General & administrative expenses ("G&A")	2,361,786	1,295,880	337,269
Amortization of intangible assets	979,343	401,370	-
Impairment of intangible assets	2,149,287	-	-
Depreciation expense	24,552	27,167	1,446
Interest expense	6,479	40,000	-
Foreign exchange loss (gain)	19,772	(5,406)	10,571
Financing expenses and other	29,512	(3,904)	-
Accretion of convertible debentures	-	28,775	-
Loss on Peachland Settlement	-	674,889	-
Net loss for the period	5,570,730	2,458,771	349,286
Other comprehensive loss (income)	169	(1,499)	-
Comprehensive loss for the period	5,570,899	2,457,272	349,286
Net loss per common share	\$ 0.16	\$ 0.13	\$ 0.16

The fiscal periods are generally not comparable on year over year basis, due to such factors as 1) F2020 reflects a much higher level of consulting staff and activity than F2019, and 2) F2018 reflected only 3.5 months of start-up activity, from UI's incorporation on April 16, 2018. The following is noted for certain of the above expense categories:

- G&A expenses have been primarily for costs related to consultants, professional fees, and business development, as further detailed below. Expenses in F2020 were \$1,065,905 or 82.3% higher than the total for F2019, due to a much expanded level of activity related to financing efforts, renegotiating and revising the ClearSky Agreement, developing the company's business plans, developing fundraising, media and investor relations programs, and securing the LOI for the Kelburn Clinic.
- Amortization expense relates to the \$3,530,000 cost base of intangible assets that were acquired in March 2019 under the ClearSky Licensing Agreement, for which the two components (intellectual property / license, and trademarks / branding) are being amortized over periods of 3 and 5 years respectively. The expense for F2019 reflects only roughly 5 months of amortization compared to a full year in F2020.
- Effective July 31, 2021, UI recognized an impairment write-down of \$2,149,287 related to the net book value of these intangible assets, based on such factors as ongoing delays in (i) implementing the business plan, including revenue generation from use of the ClearSky Protocol, and (ii) initiating the planned clinical trials process for the use of the ibogaine based ClearSky Protocol for addiction treatment.
- Interest expense in F2020 relates mainly to the \$50,000 convertible Loan received in May 2020, as compared to F2019, which reflected \$40,000 of interest incurred on the \$750,000 debentures (interest at 8%, and outstanding for 8 months in F2019) related to the Peachland Agreement.
- "Accretion" expense of \$28,775 recorded in F2019 related to the Peachland convertible debentures, which were initially recorded at fair value (based on discounted cash flows) and accreted or increased over time, to rise to the amount of their face value at maturity.
- Financing expenses of \$29,512 recorded in F2020 relate to non-cash charges recognized on the ClearSky debt, for which USD 300,000 was denominated in foreign currency, and also had a conversion feature. This gave rise to an embedded "derivative" instrument, necessitating the recording of fair value adjustments which are recorded over the term to maturity of the debt.

- The loss on Peachland Settlement of \$674,889 recorded in F2019 relates to UI's termination of the original November 2018 agreement under which it would lease, with an option to acquire (at significant cost), a potential clinic site in Peachland, BC. UI's loss includes payments made under the lease agreement, plus payments required for a negotiated exit and settlement of the agreement.

G&A expenses include the following primary categories:

	Year ended July 31, 2020	Year ended July 31, 2019	April 16 to July 31, 2018
Consulting & management fees	1,491,616	380,984	66,985
Salaries & wages	-	93,817	29,068
Professional fees	296,623	251,385	29,987
Research & development	21,434	20,045	-
Office, advertising, and business development	552,113	549,649	211,229
	2,361,785	1,295,880	337,269

A portion of the large increase in consulting and management fees for F2020 relates to the value of common shares which were issued to members of the Board of Directors, and UI management, for the value of past services received by UI through July 31, 2020. The following was paid in the form of UI common shares issued to non-arm's length parties (UI directors, officers, and persons who at the time of issue were former directors and officers) the majority of which were recorded / accrued for the value of services provided in F2020:

	\$ / share	# shares	\$ value
Issued from June to November, 2020	\$ 0.10	3,000,000	\$ 300,000
Issued from August to November, 2020	\$ 0.25	1,175,000	293,750
			593,750

### **Cash flows**

A condensed summary of the total net changes in UI's cash position is as follows:

	Year ended July 31, 2020	Year ended July 31, 2019	April 16 to July 31, 2018
<b>Cash provided by (used in):</b>			
<b>Operating activities:</b>			
Net loss for the period	(5,570,730)	(2,458,771)	(349,286)
Adjustments for non-cash items:			
Amortization of intangible assets	979,343	401,370	-
Impairment of intangible assets	2,149,287	-	-
Depreciation	24,552	27,167	1,446
Finance charges	29,512	-	-
Expenses paid in common shares	439,300	-	-
Unrealized foreign exchange	(14,310)	(4,755)	-
Gain on sale of asset and other	-	(3,904)	-
Loss on Peachland Settlement	-	674,889	-
Net change in non-cash working capital balances	(367,922)	457,124	(12,288)
<b>Net cash used in Operating activities</b>	<b>(2,330,968)</b>	<b>(906,880)</b>	<b>(360,128)</b>
<b>Financing activities:</b>			
Proceeds from issue of common shares, net of costs	1,742,717	1,108,907	1,259,365
Increase in shares to be issued	631,386	3,000	4,000
Proceeds from loans payable	75,000	-	-
Repayment of ClearSky debt payable	(74,942)	-	-
<b>Cash from Financing activities</b>	<b>2,374,161</b>	<b>1,111,907</b>	<b>1,263,365</b>
<b>Investing activities:</b>			
Purchase of equipment and property	-	(357,346)	(184,462)
Acquisition of ClearSky License	-	(607,068)	-
Sale of equipment	-	50,000	-
<b>Cash used in Investing activities</b>	<b>-</b>	<b>(914,414)</b>	<b>(184,462)</b>
Net increase (decrease) in cash	43,193	(709,387)	718,775
Cash, start of the period	9,388	718,775	-
<b>Cash, end of the period</b>	<b>52,581</b>	<b>9,388</b>	<b>718,775</b>

UI's cash used in operating activities also increased from F2018 through F2020, due to the expanded level of staff and business development activities.

Cash used to fund operating activities has been financed primarily through common placements of common shares, as follows:

- In F2020, UI closed 6 separate private placement closings, and issued a total of 17,582,606 common shares at \$0.10 per share for gross cash proceeds of \$1,758,261 (\$1,742,717 net of share issue costs). In addition, a total of 4,393,000 common shares were issued in May and June 2020 in settlement of various accounts payable and for services rendered valued at \$439,300.
- In F2019, UI closed 4 separate private placement closings, and issued a total of 11,647,680 common shares for gross cash proceeds of \$1,164,768 (\$1,108,907 net of share issue costs).
- In F2018, UI closed its initial brokered private placement, and issued 14,855,000 common shares for gross cash proceeds of \$1,485,500 (\$1,260,864 net of share issue costs).

## Liquidity and Capital Resources

UI's net working capital deficiency position at the end of Q2-2021 and as at the last 3 fiscal year ends was as follows:

	July 31, 2020	July 31, 2019	July 31, 2018
Current assets	438,569	91,061	798,923
Current liabilities	(1,045,598)	(1,093,776)	(67,860)
Net working capital (deficiency)	(607,029)	(1,002,715)	731,063
Add back USD 300,000 paid via shares	431,822	-	-
Adjusted net working capital (deficiency)	(175,207)	(1,002,715)	731,063

The working capital position has improved significantly from F2019 to F2020, as well as to date in F2021, following completion of various closings under the \$0.25 Unit private placement.

As was previously noted, USD 300,000 of the USD 375,000 consideration owing to ClearSky at F2020 was subsequently paid on October 26, 2020 in the form of UI common shares issued at Cdn \$0.10 per share. This significant item is therefore effectively excluded from the net working capital for purposes of a liquidity test analysis as at July 31, 2020.

As at the end of F2018, UI had a high initial level of net working capital, as it had a low level of activity since incorporation in April 2018, and in July 2018 it had just completed its initial private placement of common shares, raising gross proceeds of \$1.5 million.

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

UI's Vancouver office premises are currently leased under a short-term, 10 month term which expires April 30, 2021. The commitment for this lease has been paid in advance by UI through the issuance (in August and November 2020) of a total of 800,000 common shares at a deemed value of \$110,000 as described in note 15 to the F2020 financial statements.

UI intends to further supplement its working capital in F2021 through the completion of additional private placement equity issues, and the ultimate completion of the RTO and related Financing with PSQ. Subsequent to F2020, UI has significantly improved its financial position through the issue of common shares under the \$0.25 share Unit private placement financing as noted above in section 6.

## Additional Disclosure - Outstanding Securities

The following table summarizes the number of common shares outstanding and reserved for issuance, as at the current MD&A date, and as at each of the 2 prior fiscal years ended July 31, 2020 and 2019:

	as at February 23, 2021	as at July 31, 2020	as at July 31, 2019
	(unaudited)		
Common shares outstanding	125,642,291	49,978,287	28,002,681
Common shares to be issued related to:			
ClearSky License Agreement (see (i))	-	30,000,000	60,000,000
Liquidity Warrants (ii)	10,844,151	8,281,663	3,750,888
Acquisition of Kelburn Clinic (iii)	2,000,000	-	-
	138,486,442	88,259,950	91,753,569
Additional common shares reserved for potential future issue re:			
Broker stock options (see (iv))	3,785,500	3,785,500	3,763,500
Unit warrants (see (v))	12,488,504	-	-
Advisor warrants (see (vi))	10,000,000	-	-
Performance based common shares (see (vii))	2,250,000	-	-
	28,524,004	3,785,500	3,763,500
	167,010,446	92,045,450	95,517,069

- (i) In April 2020 the consideration payable by UI under the ClearSky Licensing Agreement was revised, and the number of common shares to be issued by UI was reduced from 60 million to 30 million. These shares were required to be issued to ClearSky by January 31, 2021, which occurred as scheduled. The eventual release from escrow of these shares is subject to UI achieving various future performance criteria (including clinical trials for the use of ibogaine in addiction treatment, and the opening of UI clinics which utilize the ClearSky Protocol).
- (ii) Pursuant to the terms of a brokered private placement which UI undertook in July 2018, UI is required to issue additional UI common shares to the subscribers to the 2018 private placement pursuant to "Liquidity Warrants" which were issued. The total number of UI shares issuable increases by a total of 742,750 common shares every 60 days until such time as UI completes the contemplated "Liquidity Event", which includes the planned RTO with PSQ.
- (iii) Under the terms of UI's agreement to purchase the Kelburn Clinic, as at February 23, 2021, the total to be paid for the purchase of the operations of the Kelburn Clinic was \$500,000 payable in the form of 2,000,000 share Units. Under the terms of a lease agreement to be entered into, UI will have the option to separately purchase the Kelburn Property for a period of 2 years from closing of the acquisition.
- (iv) The broker stock options were issued by UI in connection with private placements and have an exercise price of \$0.10 per common share, and a term to expiry of 2 years (except 22,000 of the total, which have a fixed expiry date of April 21, 2021) from the date of a UI "Liquidity Event" (which includes an RTO or other public listing).
- (v) As discussed previously, subsequent to F2020, UI has undertaken a private placement of share Units, consisting of one common share and one common share purchase Warrant (each a "Unit Warrant") at \$0.25 per Unit, and has had several closings to date. In addition, share Units have been issued in settlement of certain accounts payable and for the value of services received.
- A total of 12,488,504 Unit Warrants have been issued to February 23, 2021, and will have a 5-year term from closing of the RTO, and an annual escalating exercise price (rising from \$0.50 in year 1 to \$1.50 if exercised in year 5).
- (vi) Subsequent to F2020, UI engaged three separate firms to act as strategic and financial advisors to UI and has issued a total of 10,000,000 Warrants (the "Advisor Warrants") as part of their compensation. The Advisor Warrants are exercisable at a price of \$0.25 per common share to December 31, 2024, and the entitlement to exercise is subject to the advisors meeting certain performance-based vesting criteria.

- (vii) On August 19, 2020 UI approved the issuance of a total of 2,250,000 performance based common shares to three members of the UI Board of Directors. Subject to any necessary TSXV regulatory approval, entitlement to these shares shall vest (i) 10% upon UI achieving a Liquidity Event and (ii) 15% every 6 months thereafter, provided that the individual remains as a UI Director or Officer

### **Other transactions with related parties**

As noted previously herein, and in the notes to the F2020 financial statements, there were various transactions with related parties (members and former members of the management and Board of Directors groups) in F2020 and to date in F2021. This included UI common shares which have been issued in settlement of the value of past services received by UI.

Certain related parties received UI common shares on closing in October 2020 of the purchase from them of the undeveloped Belize land property. Also, one of the three principals of ClearSky is currently a member of UI's Board of Directors, and received a total of 11,333,333 UI common shares in January 2021 on issuance of common shares pursuant to the ClearSky Agreement.

As at July 31, 2020, due to related parties of \$42,868 (July 31, 2019 - \$216,626) includes (i) \$26,233 (July 31, 2019 - \$216,626) payable to a company controlled by a UI Director and (ii) \$16,635 (July 31, 2019 - \$nil) payable to a Director of the Company's subsidiary, UI Belize. These amounts are unsecured, non-interest bearing and due on demand. As at July 31, 2019, due from related parties of \$39,191 consisted of advances receivable from a Director of the Company's subsidiary, UI Belize, which had been paid and held in trust for funding of operating expenses incurred by UI Belize. The amount was unsecured, non-interest bearing and due on demand.

### **Critical accounting estimates**

UI'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 estimates related to:

- the useful lives / annual amortization expense, and related potential impairment at each period end, of the intangible assets that were acquired in F2019 under the ClearSky Agreement.
- share price volatility and other assumptions involved in the calculation of the fair value of stock options issued as part of broker compensation for private placements.

### **Changes in accounting policies including initial adoption**

There were no significant changes in accounting policies reflected in the UI's financial statements for F2020, F2019 or F2018. There are currently no additional recent accounting pronouncements which are expected to significantly affect the Company's financial statements in the future, other than IFRS 16 (Leases) which would require the recognition of long term right-of-use assets and related liabilities for any long-term leases which UI may enter into in the future, such as for the use of office space or clinic facilities.

## **Risk Factors**

### Future Operations

UI is still in the early stages of developing its business plan, and its ability to generate ongoing future cash flows from operations will depend on its ability to 1) complete and integrate the acquisition of the Kelburn Clinic and 2) to identify and acquire or open other future clinic operations.

UI 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.

### Completion of RTO and merger

There exists risk that the Company and PSQ (i) may not be able to complete the proposed QT and the related Offering of share Units by Subco, as intended in the required timeframe and (ii) may not be able to obtain the required approval of the QT by the TSXV.

### Access to Financing Sources

It is expected that any potential businesses to be acquired or opened by UI will likely require significant future equity and debt financings to fund their business development plans.

UI 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.

### Management, consultants and staff

UI'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 UI, and there is no assurance that UI 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

There is no certainty that UI will be able to obtain the necessary approvals from Health Canada to undertake and complete, in a timely basis, the planned clinical trials process for the use of ibogaine in addiction treatment.

Also, there is no assurance that UI will be able to successfully undertake and complete the clinical trials process, which is expected to take at least 3 to 5 years, or that ibogaine will ultimately become approved by Health Canada for medical use by UI as intended.

As ibogaine is derived from a plant which grows in a limited area of Africa, UI 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. UI will therefore research alternate and synthetic supply sources.

## **Internal and Disclosure Controls over Financial Reporting**

As a private entity, UI 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, 2020.

## **Additional Information**

Additional information about the Company is available on UI's website at [www.universalibogaine.com](http://www.universalibogaine.com).

# UNIVERSAL IBOGAINE INC.

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

### As at and for the 9-month Q3 Interim period ended April 30, 2021

The following MD&A presented for Universal Ibogaine Inc. ("UI" or the "Company") was prepared by management based on information available as at August 15, 2021 solely for purposes of inclusion in a Filing Statement related to the pending amalgamation of UI with P Squared Renewables Inc., as described herein.

This MD&A provides a discussion of financial highlights for UI's unaudited interim Q3 period ended April 30, 2021 ("**Q3-2021**") and for the 9-month year-to-date period then ended ("**Q3-2021 YTD**") with totals for the comparative Q3 period ended April 30, 2020 ("**Q3-2020**") and for the 9-month year-to-date period ("**Q3-2020 YTD**") then ended.

UI has a fiscal year-end of July 31, and references to "**F2020**" and "**F2019**" are to the fiscal years ended July 31, 2020 and 2019 respectively.

This MD&A and should be reviewed in conjunction with:

- the Company's unaudited consolidated financial statements for the 9-month interim period ended April 30 2021
- the Company's audited consolidated financial statements for the fiscal year ended July 31, 2020, and
- the Company's MD&A for the audited fiscal year ended July 31, 2020.

### Forward-looking statements

This MD&A may contain forward-looking statements, which include words such as "intends", "plans", "anticipates", "expects", and "scheduled". The material factors and assumptions which affect this forward-looking information include assumptions that UI 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 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 UI to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by law, UI assumes no obligation to update forward-looking statements should circumstances or the Company's estimates or opinions change.

### History and development of the business

UI was incorporated in April 2018 and is currently a privately held business. UI is the initial stages of implementing and financing its business plan, which is to develop, acquire and operate state-of-the-art addiction treatment clinics. These plans include undertaking a public listing by way of a reverse-take-over ("**RTO**") merger (described in further detail below) with P Squared Renewables Inc. ("**PSQ**"). The merger and a related private placement financing is intended to constitute PSQ's Qualifying Transaction (the "**QT**") to complete its' process of becoming listed on the TSX Venture Exchange (the "**TSXV**").

It is intended that UI 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 molecule and can be effective in significantly reducing/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.

UI 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). UI plans to submit a Clinical Trial Application (“CTA”) to Health Canada by fall 2021, with the intent of demonstrating ibogaine safety and efficacy in clinical trials.

UI’s primary goals are 1) to submit a CTA to Health Canada by fall 2021, 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 build a foundation of addiction treatment clinics, initially utilizing a combination of innovative non-psychedelic detox methods and holistic treatments, growing from one initial location in early 2021.

UI’s primary business development activities to date have been related to: 1) undertaking private placement financings to fund business development activities, 2) securing the ClearSky licensing agreement for the use of a future ibogaine based addiction treatment process, 3) researching the process of undertaking clinical trials in Canada, and 4) negotiating the acquisition of initial addiction treatment clinics.

In mid-2020 UI entered into an agreement to acquire an initial addiction treatment clinic near Winnipeg, Manitoba, and intends to complete this acquisition with the planned closing of the RTO in mid-2021.

#### Addiction treatment - psychedelics and ibogaine

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

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

Ibogaine currently has limited legal global recognition for possession and use and is utilized for addiction treatment primarily in countries such as Mexico, the Bahamas, Brazil, South Africa, New Zealand, and Mauritius. Ibogaine is not yet recognized as a registered drug in Canada, which UI intends to address through the commencing of a planned clinical trials application process with Health Canada in 2021.

UI’s development to date reflects the following significant transactions:

### **1). ClearSky Licensing Agreement**

In March 2019, UI entered into a License Agreement (the “**ClearSky Agreement**”) with Clear Sky Recovery Cancun SA de CV (“**ClearSky**”). ClearSky has developed a proprietary addiction treatment protocol which utilizes a natural substance, ibogaine, to detoxify and aid in withdrawal and recovery from addiction to a variety of drugs (the “**ClearSky Protocol**”). UI has acquired the exclusive global rights to use the ClearSky Protocol, subject to ClearSky’s right to continue to utilize it at its clinic in Cancun, Mexico. ClearSky was founded in 2003, and its treatment protocol has successfully disrupted opioid and other addictions for over

3,500 treatments to date without incident. Its founder, physician Dr. Alberto Sola, holds the distinction of treating more patients with ibogaine than anyone else in the world.

As described in the audited F2020 financial statements, the original agreement of March 2019 was subsequently amended twice (in October 2019 and April 2020) such that the terms for the total consideration payable by UI became:

- A total of USD 900,000 cash. Of this total, USD 450,000 was paid in F2019 (in March and April 2019), USD 75,000 in F2020 (in October 2019 and April 2020), and USD 75,000 was paid subsequent to F2020, in September 2020.
- The final balance of USD 300,000 was payable, at UI's option, by issuing UI common shares at a price of Cdn \$0.10 per share. Effective October 26, 2020, UI and ClearSky agreed to the issuance of a total of 4,000,000 UI common shares in settlement of this debt.
- UI was originally to issue a total of 60 million UI common shares to ClearSky. Renegotiating the terms of the ClearSky Agreement in April 2020 served to reduce the total share consideration to 30 million shares, as well as imposing performance-based milestones for the ultimate issuance from escrow of the shares.
- These 30 million common shares were issued to ClearSky on January 31, 2021, and their future releases from escrow will be based on 1) 10% upon closing of the RTO, 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). Proposed RTO / Merger with PSQ

In November 2019 UI entered into an agreement with PSQ, whereby PSQ would acquire 100% of the shares of UI and the two parties would merge and allow UI to effectively become a publicly listed company (the "**Resulting Issuer**" or the "**RI**"). Following a due diligence process in 2020, PSQ, UI and a wholly-owned subsidiary of PSQ ("**Subco**") subsequently entered into an amalgamation agreement (the "**Amalgamation Agreement**") dated October 8, 2020, and pursuant to various conditions, PSQ will acquire all of the outstanding shares of UI by way of a three-cornered amalgamation (the "**Amalgamation**") among PSQ, UI and Subco.

PSQ was formed in 2017 as a Capital Pool Corporation ("**CPC**") under the policies of the TSXV. Subject to the approval of the TSXV, it is intended that the Amalgamation with UI will constitute PSQ's QT, to allow it to meet the listing requirements of the TSXV.

The expected closing date of the Amalgamation and QT is mid-2021. Highlights of the Amalgamation Agreement and the QT include:

- PSQ is undertaking a non-brokered financing, whereby Subco intends to offer a minimum of \$6,000,000 of Subscription Receipts (the "**Offering**"), and will issue units at a price of \$0.25 per unit (each a "**Subco Unit**") consisting of one Subco common share and one warrant to purchase an additional Subco common share. It is intended that each Subco Unit will become exchangeable for similar units of the Resulting Issuer (each a "**RI Unit**") on closing of the QT, and will consist 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.
- The Resulting Issuer will issue replacement common shares ("**RI Shares**") to the former shareholders of UI (the "**UI Shares**") and PSQ (the "**PSQ Shares**"), on the basis of one RI Share for each UI Share

and PSQ Share. The share exchanges will be subject to reductions based on a permitted defined maximum number of shares outstanding at closing of the QT for each of UI and PSQ.

- The proposed QT involves the acquisition by UI of an initial addiction treatment business, the Kelburn Clinic, which is described in detail in section 3 below, and will involve total consideration payable by UI of \$5 million, including an estimated \$2.4 million payable in common shares of the Resulting Issuer.
- It is expected that following closing of the QT and the Offering, a majority of the shares of the Resulting Issuer will be held by the former shareholders of UI, and accordingly the Amalgamation / merger would be considered a Reverse Takeover Transaction (“**RTO**”) and subject to certain rules of the TSXV governing such transactions.
- Each of UI’s and PSQ’s outstanding warrants, options and any other convertible securities will be exchanged on a one for one basis for warrants, options and convertible securities of the Resulting Issuer on substantially the same economic terms and conditions as the existing outstanding warrants and options of UI and PSQ.
- Upon completion of the QT, UI and Subco will amalgamate as “**Amalco**”, and become a wholly-owned subsidiary of the Resulting Issuer.
- It is intended that PSQ will change its name to “Universal Ibogaine Inc.”, and Amalco will be renamed “Clear Sky Recovery Solutions Inc.”, or such other names that are acceptable to the Resulting Issuer and to applicable regulatory authorities.

On November 8, 2019, UI advanced \$25,000 to UI as a non-interest bearing, unsecured promissory note (the “**PSQ Loan**”), for which the funds were used by UI in connection with installment payments due under the ClearSky Agreement. The maturity date of the PSQ Loan was later extended to October 31, 2020 or such other date as agreed by the parties. The PSQ Loan was repaid by UI on December 21, 2020.

### 3). Agreement for purchase of Kelburn Clinic

In May 2019, UI signed an initial letter of intent (as later amended effective August 9, 2020) to acquire the operations of a privately-owned addiction treatment facility which has operated for over 6 years near Winnipeg, Manitoba as “the Kelburn Mental Health & Addiction Recovery Centre” (the “**Kelburn Clinic**”).

- UI has an agreement with two entities which are arms-length to both UI and PSQ to (i) acquire 100% of the shares of 6887016 Manitoba Ltd., which operates the Kelburn Clinic, for consideration of \$1,500,000 and (ii) to separately acquire (subject to receipt of suitable mortgage financing) the land, facility and related buildings utilized by the Kelburn Clinic (the “**Kelburn Property**”) for consideration of \$3,500,000.

Closing of these two acquisitions is intended to occur concurrent with completion of the QT, and will involve the issuance of share Units to be issued by UI (the “**UI Units**”) at a price of \$0.25 per UI Unit. Each UI Unit will consist of one common share and one warrant to purchase one UI common share (each a “**UI Warrant**”). The UI Warrants will have the same terms as, and will be exchanged for, RI Warrants on a 1 for 1 basis on closing of the QT.

- Consideration payable for the purchase of the Kelburn Clinic consists of \$1,000,000 cash (of which deposits totaling \$675,000 have been paid by UI through May 31, 2021 and are currently held in trust), and \$500,000 payable in the form of the issuance of 2,000,0000 UI Units.
- Consideration payable for the purchase of the Kelburn Property will consist of cash of approximately \$1,600,000 cash (which is to be financed by the re-financing of an existing mortgage) and the estimated balance of \$1,900,000 payable in the form of 7,600,000 UI Units to be issued.

### Convertible loan payable

In connection with the proposed acquisition of the Kelburn Clinic, in May 2020, UI received a \$50,000 loan from an arms-length party, and issued a promissory note payable (the “**Loan**”), bearing interest at 15%, and convertible at UI’s option at a price of \$0.10 per common share.

Proceeds from the Loan were used by UI in May 2020 to make a \$50,000 non-refundable deposit which was held in trust at July 31, 2020 for the benefit of the lender, pending completion of due diligence by UI, for the purchase the Kelburn Clinic.

On November 9, 2020, UI elected to repay the Loan, and issued at total of 625,000 common shares in settlement of the Loan plus related accrued interest and a conversion bonus.

## **4). Purchase of Belize island property**

When UI was initially formed in 2018, it was intended that it would acquire an undeveloped 20-acre island property in Belize that could be used for the development of a future addiction treatment site. In January 2019, UI drafted an agreement to acquire four separate blocks of raw land (“**Bracilette Cay**”) on an island property which is about 6 miles north-west of the town of San Pedro, Belize. The purchase transaction had not yet formally closed at the end of F2019 and F2020, as it was pending acceptance by the relevant government authorities in Belize.

It was determined in late 2019 that the Belize property was not a preferred short-term site for a treatment operation. However, as the value of neighboring Belize island properties had increased, UI decided to continue with the purchase commitment. 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 is also reviewing the concept of having a joint venture partner finance and develop a potential addiction treatment facility or other future project on this site.

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

Prepays and deposits at July 31, 2020 included \$142,236 which was paid by UI related to land transfer taxes payable to the government of Belize for the purchase of the Belize property. The acquisition formally closed in October 2020 upon Belize government approval of the land transfer, following which UI issued the shares on October 27, 2020 to Bracilette, whose shareholders include two parties related to UI. A total of 22,050,000 shares were issued to related parties as follows:

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

The undeveloped Belize property is not currently a focus of UI and there are no plans to expend funds on the Belize property (other than minor ongoing maintenance capital) in 2021.

## Highlights of the Q3-2020 YTD period and to date

The following significant transactions occurred in the Q3-2020 YTD period, and subsequently from May 1, 2021 through the effective date of this MD&A.

### Private placement financing of share Units issued at \$0.25

Subsequent to the year ended July 31, 2020, UI commenced undertaking a private placement financing to raise at least \$2 million through the sale of share “Units” at \$0.25 (the “Financing”), and has had various closings to date as noted below. Each Unit issued includes one UI common share and a warrant to purchase one additional UI common share (each a “Unit Warrant”). These Unit Warrants will have a term of 5 years from closing of the Liquidity Event, and an escalating annual exercise price, rising by \$0.25 per year, from \$0.50 if exercised in year 1, to \$1.50 if exercised in year 5.

The following closings occurred in the Q3-2021 YTD period under the Financing:

<u>Closing date</u>	<u># of common shares</u>	<u>value per share</u>	<u>\$ value</u>
August 27, 2020	400,000	\$ 0.25	100,000
October 23, 2020	2,230,300	\$ 0.25	557,575
November 27, 2020	3,641,140	\$ 0.25	910,285
January 14, 2021	3,019,068	\$ 0.25	754,767
March 3, 2021	1,443,032	\$ 0.25	360,758
March 29, 2021	1,255,700	\$ 0.25	313,925
<u>Total Units issued for cash in Q3-2021</u>	<u>11,989,240</u>		<u>2,997,310</u>

In addition, in the 9-month period from August 1, 2020 to April 30, 2021, UI issued a total of 3,379,544 share Units (valued at \$0.25 per share Unit, or \$844,886) in settlement of various accounts payable and for payments related to the value of services provided by consultants, Officers and members of the Board of Directors.

The resultant increase from the July 31, 2020 year-end to April 30, 2021 in the number of common shares outstanding is summarized as follows:

<u>Common shares issued pursuant to:</u>	<u># of common shares</u>	<u>value per share</u>	<u>\$ value</u>
Purchase of Belize property	25,000,000		2,857,000
Conversion of \$50,000 Loan payable	625,000	\$ 0.10	62,500
Conversion of USD 300,000 balance payable to ClearSky	4,000,000	\$ 0.10	400,000
ClearSky Agreement	30,000,000	\$ 0.077	2,324,835
Private placement of share Units	11,989,240	\$ 0.25	2,997,310
Common shares issued for services received	3,891,547		442,896
Share Units issued for services received	3,279,544	\$ 0.25	819,886
Share Units issued for vehicle purchase	100,000	\$ 0.25	25,000
<u>Total shares issued in the Q3-2021 YTD period</u>	<u>78,885,331</u>		<u>9,929,427</u>
<u>Shares outstanding as at July 31, 2020</u>	<u>49,978,287</u>		
<u>Shares outstanding as at April 30, 2021</u>	<u>128,863,618</u>		

Subsequent to Q3-2021, UI has issued additional common shares and share Units pursuant to additional closings of the private placement as follows:

	# of common shares	value per Unit	\$ value
Share Units issued pursuant to private placement:			
June 11, 2021 (i)	1,378,700	\$ 0.25	\$ 344,675
Share Units issued in exchange for services provided:			
May 3, 2021	250,000	\$ 0.25	62,500
June 11, 2021 (ii)	600,250	\$ 0.25	150,063
<b>Total, May 1 to August 15, 2021</b>	<b>2,228,950</b>		<b>557,238</b>

- (i) a total of 1,378,700 share Units were issued in connection with funds received from March 30 to June 10, 2021 under the Financing.
- (ii) a total of 600,250 share Units issued at a value of \$0.25 per Unit to several parties (including a total of 31,600 which were issued to an Officer of the Company) as partial payment in exchange for the value of services rendered to April 30, 2021.

#### Advisory Warrants

Subsequent to July 31, 2020, UI issued a total of 10,000,000 Warrants (the “Advisor Warrants”) to three separate firms which have been engaged to act as strategic and financial advisors to UI. The Advisor Warrants are exercisable at a price of \$0.25 per common share to December 31, 2024, and the entitlement to exercise is subject to the advisors meeting certain performance-based vesting criteria, as well as approval of issuance of the Advisor Warrants by the TSXV.

In July and August 2021, one of the advisory agreements was terminated by UI, and one was amended, resulting in a reduction of the maximum number of Advisory Warrants to be issued, which (subject to final TSXV approval) has currently decreased from 10,000,000 to a minimum of 5,000,000 and a maximum of 9,000,000.

#### CEBA Loan

On August 17, 2020, UI received a \$40,000 Canada Emergency Business Account loan (the “**CEBA Loan**”) under the Canadian Federal government’s Covid-19 support programs. Up to \$10,000 of the CEBA Loan may be forgiven if \$30,000 is repaid by December 31, 2022, and if not repaid, the balance of \$40,000 will be extended for an additional 3-year term bearing interest at 5% per year, payable monthly. The CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments will be required until December 31, 2025 when the full amount of the CEBA Loan will become due.

#### **Q3 9-month periods ended April 30, 2021 and 2020**

Operating results reflect a net loss for the 3-month and 9-month interim periods ended April 30, 2021 and 2020 as follows:

	3 months ended April 30,		9-months ended April 30,	
	2021	2021	2021	2020
General & administrative expenses (“G&A”)	\$ 1,036,213	\$ 643,554	\$ 2,680,529	\$ 1,349,192
Depreciation expense	6,503	5,960	19,875	18,145
Amortization of intangible assets	-	240,822	-	733,169
Interest expense	-	-	9,060	-
Foreign exchange loss	10,591	29,444	17,323	35,639
Financing expenses (income)	-	15,376	(31,922)	(2,419)
Net loss for the period	1,053,307	935,156	2,694,965	2,133,726
Other comprehensive loss (income)	(1,029)	944	(5,053)	1,032
Comprehensive loss for the period	1,052,278	936,100	2,689,912	2,134,758
Net loss per common share	\$ 0.00	\$ 0.03	\$ 0.03	\$ 0.07

G&A expenses include the following primary categories:

	3 months ended April 30,		9-months ended April 30,	
	2021	2021	2021	2020
Consulting & management fees	653,464	427,564	1,754,573	820,044
Salaries & wages	77,707	-	128,233	-
Professional fees	80,482	76,086	245,582	188,933
Office, advertising, and business development	207,495	129,304	496,450	329,655
Research & development	17,065	10,600	55,691	10,600
	1,036,213	643,554	2,680,529	1,349,192

The factors for the significantly higher net loss for Q3-2021 as compared to Q3-2020 and for the Q3-2021 YTD period as compared to the Q3-2020 YTD period is primarily due to:

- A substantially increased level of G&A activity in the 2021 periods, with more staff and consultants engaged in business development and fund raising activities. Also, the Q3-2021 YTD total included the granting of a significant number of common shares and UI share Units in settlement of the cumulative value of services received by UI to August and November 2020, a large portion of which was expensed in the Q3-2021 YTD period.
- In the Q3-2020 YTD period, UI did not have any employees on payroll, as compared to several who commenced in fall 2020, in the Q3-2021 YTD period.
- There was no amortization of intangible assets expense in Q3-2021 or Q3-2021 YTD as compared to \$240,822 in Q3-2020 and \$733,169 in the Q3-2020 YTD period as the net book value of the intangible assets was written down to \$0 via the impairment charge which was recorded as at the July 31, 2020 year-end.
- Interest expense for Q3-2021 YTD was primarily on the \$50,000 convertible loan, which bore interest at 15% and was outstanding from July 31, 2020 until its conversion to common shares effective November 9, 2020.
- Financing income recorded for Q3-2021 YTD relates to non-cash charges recorded related to the USD 300,000 ClearSky convertible debt payable, which was repaid via the conversion to UI common shares in October 2020. In the Q3-2020 and the Q3 2020 YTD periods there were also amounts recorded related to both a derivative asset and a derivative liability, which were extinguished in April 2020.

## **Cash flows**

A condensed summary of the total net changes in UI's cash position is as follows:

<b>9-month period ended April 30</b>	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net loss for the period	\$ (2,689,912)	\$ (2,133,726)
Adjustments for non-cash items:		
Depreciation	19,875	18,145
Amortization of intangible assets	-	733,169
Finance charges expense (income)	(31,822)	(2,419)
Non-cash expenses settled in common shares	652,949	594,300
Unrealized foreign exchange	3,003	28,486
	(2,050,960)	(762,045)
Net change in non-cash working capital balances	(204,051)	(306,942)
<b>Net cash used in Operating activities</b>	<b>(2,255,011)</b>	<b>(1,068,987)</b>
<b>Financing activities:</b>		
Proceeds from issue of common shares, net of costs	2,950,860	1,142,761
Share issue costs	(199,862)	(15,544)
Increase in shares to be issued	126,067	96,500
Proceeds from loans payable	40,000	-
Increase in (repayment of) promissory note payable	(25,000)	25,000
Repayment of ClearSky debt payable	(98,400)	(65,522)
<b>Cash from Financing activities</b>	<b>2,793,665</b>	<b>1,183,195</b>
<b>Investing activities:</b>		
Increase in deferred acquisition costs	(27,929)	-
<b>Net increase (decrease) in cash</b>	<b>510,725</b>	<b>114,208</b>
<b>Cash, start of the period</b>	<b>52,581</b>	<b>9,388</b>
<b>Cash, end of the period</b>	<b>563,306</b>	<b>123,596</b>

The \$510,725 net increase in cash for the Q3-2021 YTD period was primarily due to the \$2,750,998 net proceeds from the issue of common shares, which exceeded the \$2,050,960 of cash used to fund operating activities. For the Q3-2020 YTD period, the proceeds from issuance of shares and shares to be issued was a smaller total, and was only marginally higher than the \$1,068,987 net cash used in operating activities, resulting in a \$114,208 net increase in cash to the end of Q3-2020.

## **Liquidity and Capital Resources**

UI's net working capital deficiency position at the end of Q3-2021 and as at the last 2 fiscal year ends was as follows:

	<b>April 30, 2021</b>	<b>July 31, 2020</b>	<b>July 31, 2019</b>
Current assets	1,013,071	438,569	91,061
Current liabilities	(406,163)	(1,045,598)	(1,093,776)
Net working capital (deficiency)	606,908	(607,029)	(1,002,715)
Add back USD 300,000 paid via shares	-	431,822	-
<b>Adjusted net working capital (deficiency)</b>	<b>606,908</b>	<b>(175,207)</b>	<b>(1,002,715)</b>

The working capital position has improved significantly from F2019 to F2020, as well as to date in F2021, following completion of various closings under the \$0.25 Unit private placement.

As was previously noted, USD 300,000 of the USD 375,000 (Cdn 431,822) consideration owing to ClearSky at F2020 was subsequently paid on October 26, 2020 in the form of UI common shares issued at Cdn \$0.10 per share. This significant item was therefore effectively excluded from the net working capital for purposes of a liquidity test analysis as at the comparative date of July 31, 2020.

UI does not currently have any material commitments for operating leases on office premises or equipment. UI's Vancouver office premises are currently leased under a short-term, 10 month term which expired on April 30, 2021, and is being renewed on a short-term, month to month basis while new premises are being reviewed.

UI intends to further supplement its working capital for the balance of F2021 through the completion of additional private placement equity issues, and the ultimate completion of the RTO and related Financing with PSQ. Subsequent to F2020, UI has significantly improved its financial position through the issue of common shares under the \$0.25 share Unit Financing as noted previously.

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

The Promissory Notes bear interest at 10%, are due August 31, 2021, and may be converted at the option of the Lenders at any time on or before the due date into UI common shares (or shares of the "Resulting Issuer" which will arise following the planned amalgamation of UI and P Squared Renewables Inc.) at a price of \$0.25 per common share.

### Additional Disclosure - Outstanding Securities

The following table summarizes the number of common shares outstanding and reserved for issuance, as at the current MD&A date, as at Q3 ended April 30, 2021 and as at the prior fiscal year ended July 31, 2020:

	as at August 15, 2021	as at April 30, 2021	as at July 31, 2020
	(unaudited)	(unaudited)	
Common shares outstanding	131,092,568	128,863,618	49,978,287
Common shares to be issued related to:			
ClearSky License Agreement (see (i))	-	-	30,000,000
Liquidity Warrants (ii)	12,304,893	11,661,176	8,281,663
Acquisition of Kelburn Clinic (iii)	9,600,000	9,600,000	-
	<u>152,997,461</u>	<u>150,124,794</u>	<u>88,259,950</u>
Additional common shares reserved for potential future issue re:			
Broker stock options (see (iv))	3,763,000	3,763,000	3,785,000
Share purchase warrants (see (v))	17,597,734	15,368,784	-
Performance based common shares (see (vi))	3,750,000	3,700,000	-
Stock options (see (vii))	6,650,000	-	-
Advisor warrants (see (viii))	9,000,000	10,000,000	-
	<u>40,760,734</u>	<u>32,831,784</u>	<u>3,785,000</u>
Fully diluted total	<u>193,758,195</u>	<u>182,956,578</u>	<u>92,044,950</u>

- (i) In April, 2020 the consideration payable by UI under the ClearSky Licensing Agreement was revised, and the number of common shares to be issued by UI was reduced from 60 million to 30

million. These shares were required to be issued to ClearSky by January 31, 2021, which occurred as scheduled. The eventual release from escrow of 90% of these shares is subject to UI achieving various future performance criteria (including clinical trials for the use of ibogaine in addiction treatment, and the opening of UI clinics which utilize the ClearSky Protocol).

- (ii) Pursuant to the terms of a brokered private placement which UI undertook in July 2018, UI is required to issue additional UI common shares to the subscribers to the 2018 private placement pursuant to "Liquidity Warrants" which were issued. The total number of UI shares issuable increases by a total of 742,750 common shares every 60 days until such time as UI completes the contemplated "Liquidity Event", which includes the planned RTO with PSQ.
- (iii) Under the terms of UI's agreement to purchase the Kelburn Clinic, the amount payable by UI will include an estimated total of \$2,400,000 of share consideration, in the form of 9,600,000 share Units issuable at \$0.25 per Unit. The total to be paid for the purchase of the operations of the Kelburn Clinic is \$1,500,000 and includes \$500,000 payable in the form of 2,000,000 share Units. Effective March 31, 2021, UI agreed to also purchase the Kelburn Property assets for consideration of \$3.5 million, which includes an initial estimate of \$1,900,000 which will be payable in the form of 7,600,000 share Units to be issued. The balance of approximately \$1,600,000 will be funded by UI by the assumption of a mortgage (interest rate of 3.1% for 5 years, and 15 year amortization) on the Kelburn Property.
- (iv) The broker stock options were issued by UI in connection with private placements and have an exercise price of \$0.10 per common share, and a term to expiry of 2 years (except 22,000 of the total, which had a fixed expiry date of April 21, 2021) from the date of a UI "Liquidity Event" (which includes an RTO or other public listing).
- (v) As discussed previously, subsequent to F2020, UI has undertaken a private placement of share Units (one common share and one common share purchase Warrant) at \$0.25 per Unit, and has had several closings to date. In addition, share Units have been issued in settlement of certain accounts payable and for the value of services received.

A total of 17,597,734 share Unit Warrants have been issued to August 15, 2021, and will have a 5-year term from closing of the RTO, and an annual escalating exercise price (rising by \$0.25 per year, starting at \$0.50 if exercised in year 1 to \$1.50 if exercised in year 5).

- (vi) On August 19, 2020 UI approved the issuance of a total of 2,250,000 performance based common shares to three members of the UI Board of Directors. Subject to any necessary TSXV regulatory approval, entitlement to these shares shall vest (i) 10% upon UI achieving a Liquidity Event and (ii) 15% every 6 months thereafter, provided that the individual remains as a UI Director or Officer.

A member of the UI Board of Directors resigned effective March 22, 2021, which resulted in the issuance of a total of 75,000 common shares (at a price of \$0.10 per share) and the cancellation of the remaining 675,000 Performance Shares.

Effective March 1, 2021, UI granted a total of 2,000,000 Performance Shares (at \$0.25 per share) to an executive of the Company. Entitlement to receive these shares, as well as an additional 3,000,000 stock options (subject to TSXV approval of the QT) shall vest on the occurrence of future events, including a portion tied to UI undertaking clinical trials and a portion tied to the future opening of clinics for the treatment of opioid use disorder.

An additional 250,000 Performance shares are scheduled to be issued following closing of the acquisition of the Kelburn Clinic.

- (vii) On May 28, 2021, the UI Board of Directors approved the adoption of a stock option plan which allows for the granting of options based on a rolling total of up to 10% of the total outstanding UI shares. A total of 6,650,000 options were granted, which will expire 5 years from the date of grant

to expiry, with 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.

- (viii) In the Q3 F2021 YTD period, UI engaged three separate firms to act as strategic and financial advisors to UI and has issued a total of 10,000,000 Warrants (the "Advisor Warrants") as part of their compensation. The Advisor Warrants are exercisable at a price of \$0.25 per common share to December 31, 2024, and the entitlement to exercise is subject to the advisors meeting certain performance-based vesting criteria.

In July and August 2021, one of the advisory agreements was terminated by UI, and one was amended, resulting in a reduction of the maximum number of Advisory Warrants to be issued, which (subject to final TSXV approval) has currently decreased from 10,000,000 to a minimum of 5,000,000 and a maximum of 9,000,000.

### Other transactions with related parties

As noted previously herein, and in the notes to the F2020 financial statements, there were various transactions with related parties (members and former members of the management and Board of Directors groups) in F2020 and to date in F2021. This included UI common shares which have been issued in settlement of the value of past services received by UI.

Certain related parties received UI common shares on closing in Q3-2021 of the purchase from them of the undeveloped Belize land property. Also, one of the three principals of ClearSky is currently a member of UI's Board of Directors, and received a total of 11,333,333 UI common shares in the Q3-2021 YTD period on issuance of common shares pursuant to the ClearSky Agreement.

The net balances payable to related parties consist of:

	April 30, 2021	July 31, 2020
	(unaudited)	
Balance owing to entity controlled by UI Director	\$ 821	\$ 26,233
Balance payable to (due from) Director of subsidiary company, UI Belize	(8,789)	16,635
<u>Net balances payable to (due from) related parties</u>	<u>(7,968)</u>	<u>42,868</u>

These amounts are unsecured, non-interest bearing and payable on demand.

### Critical accounting estimates

UI'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 estimates related to:

- the useful lives / annual amortization expense, and related potential impairment at each period end, of the intangible assets that were acquired in fiscal 2019 under the ClearSky Licensing Agreement.
- share price volatility and other assumptions involved in the calculation of the fair value of stock options issued as part of broker compensation for private placements.

## Changes in accounting policies including initial adoption

There were no significant changes in accounting policies reflected in UI's financial statements for Q3-2021, Q3-2020, or F2020. There are currently no additional recent accounting pronouncements which are expected to significantly affect the Company's financial statements in the future, other than IFRS 16 (Leases) which would require the recognition of long term right-of-use assets and related liabilities for any long-term leases which UI may enter into in the future, such as for the use of office space or clinic facilities.

## Risk Factors

### Future Operations

UI is in the early stages of developing its business plan, and its ability to generate ongoing future cash flows from operations will depend on its ability to 1) complete and integrate the acquisition of the Kelburn Clinic and 2) to identify and acquire or open other future clinic operations.

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

UI 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.

### Completion of RTO and merger

There exists risk that the Company and PSQ (i) may not be able to complete the proposed QT and the related Offering of share Units by Subco, as intended in the required timeframe and (ii) may not be able to obtain the required approval of the QT by the TSXV.

### Access to Financing Sources

It is expected that any potential businesses to be acquired or opened by UI will likely require significant future equity and debt financings to fund their business development plans.

UI 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.

### Management, consultants and staff

UI'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 UI, and there is no assurance that UI 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

There is no certainty that UI 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 UI will be able to successfully undertake and complete the clinical trials process, which is expected to take at least 3 to 5 years, or that ibogaine will ultimately become approved by Health Canada for medical use by UI as intended.

As ibogaine is derived from a plant which grows in a limited area of Africa, UI 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. UI will therefore research alternate and synthetic supply sources.

### **Internal and Disclosure Controls over Financial Reporting**

As a private entity, UI 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 April 30, 2021 or July 31, 2020.

### **Additional Information**

Additional information about the Company is available on UI's website at [www.universalibogaine.com](http://www.universalibogaine.com).

**SCHEDULE "I"**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE KELBURN CLINIC**

# 6887016 MANITOBA LTD.

Operating as “Kelburn Mental Health & Addiction Recovery Centre”

## Management’s Discussion and Analysis (“MD&A”) For the fiscal year ended November 30, 2020 and for the Interim Q2 3 and 6 month periods ended May 31, 2021

The following MD&A presented for 6887016 Manitoba Ltd. (the “**Kelburn Clinic**” or the “**Company**”) was prepared by management based on information available as at August 10, 2021 solely for purposes of inclusion in a Filing Statement prepared for the TSX Venture Exchange related to the pending amalgamation of Universal Ibogaine Inc. and P Squared Renewables Inc.

This MD&A provides a discussion of financial highlights for Kelburn Clinic’s:

- Fiscal year ended November 30, 2020 (“**F2020**”) with comparative figures for the prior fiscal year ended November 30, 2019 (“**F2019**”); and
- The unaudited condensed interim financial statements as at and for the Q2 3-month period (“**Q2-2021**”) and 6-month year-to-date (“**2021 YTD**”) periods ended May 31, 2021 with totals for the comparative Q2 3-month period (“**Q2-2020**”) and 6-month year-to-date (“**2020 YTD**”) periods ended May 31, 2020.

This MD&A should be reviewed in conjunction with the Company’s financial statements for 1) the unaudited interim 6-month period May 31, 2021 and 2) for the audited fiscal year ended November 30, 2020.

### Forward-looking statements

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

These forward-looking statements are based on current expectations 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.

### History and development of the business

The Kelburn Clinic is a privately owned business which has operated for over 7 years as a mental health and addiction treatment facility located south-east of Winnipeg, Manitoba. The land and building of the Kelburn Clinic (the “**Kelburn Property**”) is utilized under a long-term lease agreement with a related party, which is a company owned by two shareholders who as a group also control the Company.

In February 2021, the owners of the Kelburn Clinic and separately the owners of the Kelburn Property, signed an agreement to sell their interests in the Company and in the Kelburn Property to Universal Ibogaine Inc., a Vancouver based company which intends to build a network of addiction treatment clinics.

## Highlights of operating results

### Lease obligations payable and Right-Of-Use (“ROU”) assets

The following is provided as background for the method of accounting for leases which have a significant effect on the Kelburn Clinic’s Statements of Financial Position, Results of Operations, and Cash Flows.

The Kelburn Clinic has in place a long-term lease (to September 2024) to utilize the Kelburn Property. The present value of payments due under the 10 year lease agreement on the Kelburn Property became capitalized in the Company’s financial statements effective on its transition to IFRS effective December 1, 2017, which resulted in the recording of a ROU asset and a related lease obligation payable. The Company also has in place a minor lease obligation on a vehicle, which has about half of its 3 year term remaining until August 2022.

The ROU assets are being depreciated on a straight line basis over the term of the two leases. The monthly depreciation expense and carrying value or net book value (“NBV”) of the ROU assets, and the related lease obligation balances payable are as follows as at May 31, 2021:

	Depreciation Expense	NBV of ROU asset	Lease Obligation
Kelburn Property	\$ 17,167	687,799	1,006,144
Vehicle lease	741	9,869	10,790
	17,908	697,668	1,016,934

### Operating results

The Company’s operating results for the interim Q2 3-month and Q2 6-month year-to-date periods ended May 31, 2021 and 2020 as well as for the last two fiscal years F2020 and F2019 were as follows:

	3 months ended May 31		6 months ended May 31		Year ended November 30	
	2021	2020	2021	2020	2020	2019
Revenues	\$ 178,495	\$ 245,592	\$ 395,539	\$ 365,167	\$ 685,319	\$ 637,921
Expenses:						
Operating expenses	73,307	50,942	133,830	100,840	215,028	268,740
Overhead expenses	20,974	28,095	47,003	34,242	68,914	61,973
General & administrative (“G&A”)	14,431	9,325	25,485	23,444	78,803	52,792
Advertising & promotion	8,595	10,955	17,550	22,462	40,154	23,891
	117,307	99,317	223,918	180,988	402,899	407,396
Income before the undernoted items	61,188	146,275	171,621	184,179	282,420	230,525
<i>Other expenses:</i>						
Depreciation – capital assets	3,455	5,204	6,922	8,870	14,664	16,280
Depreciation – ROU assets	53,724	52,184	107,448	105,909	214,898	208,967
Interest on lease obligations	15,151	19,071	31,905	38,984	74,538	86,183
Other (income)	-	-	-	-	(1,500)	(137)
	72,330	76,459	146,275	153,763	302,600	311,293
Net income (loss) and comprehensive income (loss) for the period	(11,142)	69,816	25,346	30,416	(20,180)	(80,768)

Summary highlights of significant variances for these interim and year-end periods is as follows:

Year ended November 30, 2020 (F2020) as compared to 2019 (F2019)

- Revenues increased by \$47,398 or 7.4% to \$685,319 in F2020 due to higher average utilization of the Facility's patient capacity. This is partly attributed to increased public demand for mental health and addiction treatment following the ongoing covid-19 pandemic outbreak in spring 2020.
- Although revenues increased, total operating expenses (including overhead, G&A, and advertising and promotion expenses) were slightly reduced by \$4,497 or 1.1% to a total of \$402,899, largely due to increased operating efficiencies achieved in F2020, especially in the area of staff payroll and contractors.
- Advertising and promotion expenses increased by \$16,263 or 68.1% to \$40,154 for F2020, largely due to an increase in social media activity and an upgrade of the Company website, with the aim of increasing awareness and demand for the Kelburn Clinic's services.
- Depreciation expense on ROU assets was a total of \$214,899 or 2.8% higher in F2020, which is due to the capitalization of the additional lease, for a vehicle used by the Company, in the last quarter of F2019.
- Interest on lease obligations declined by 13.5% to a total of \$74,538 for F2020 since the lease obligations were paid down throughout F2020 by \$237,253 (or 17.2%), declining from a total of \$1,382,746 at November 30, 2019 to a total of \$1,145,493 at November 30, 2020.

6-month period ended May 31, 2021 (2021 YTD) as compared to May 31, 2020 (2020 YTD)

Revenues realized in any month or 3-month interim period can be somewhat unpredictable and uneven, as it is a function of the timing of patient demand (which are in both short and longer term stays), and the resultant utilization of the Company's 10 bed patient capacity. While revenues were slightly higher for the 2021 YTD period, they were lower for the Q2-2021 3-month stand-alone period as compared to Q2-2020.

The trend in the improved operating income realized by the Kelburn Clinic for the 12-month fiscal year ended November 30, 2020 as compared to the year ended November 30, 2019 did not continue into 2021 YTD, as overall, the two 6-month YTD (2021 YTD and 2020 YTD) periods were relatively comparable.

- Revenues increased 8.3% or \$30,372 to \$395,539 for 2021 YTD as compared to \$365,167 for the 2020 YTD period, based on slightly higher ongoing utilization of the Kelburn Clinic's capacity being achieved following the economic recovery from the spring 2020 covid-19 pandemic outbreak.
- Total operating expenses (including the 4 categories of operating expenses, overhead, G&A and advertising and promotion expenses) increased by \$42,930 or 23.7% to \$223,918 for 2021 YTD as compared to \$180,988 for 2020 YTD due to the increase in operating activity and revenues. However, an increase in capacity utilization and revenues does not necessarily lead to a corresponding increase in variable and fixed operating expenses.
- The main increase in operating expense, which increased by 32.8% or \$33,040 to \$133,880 for 2021 YTD as compared to \$100,840 for 2020 YTD, due mainly to an increase in staff payroll expenses, with a higher level of staff required to service the expanded patient base in for 2021 YTD.
- Certain categories of overhead expenses were slightly higher in the 2021 YTD period due to increased market rates for insurance, as well as incurring a higher level of unexpected, periodic repair and maintenance expenses (which increased by approximately \$6,000 for 2021 YTD).

- G&A expenses were relatively flat, increasing by 8.7% to \$25,485 for 2021 YTD vs. \$23,444 for 2020 YTD.
- Advertising and promotion expenses declined by 21.9% to \$17,550 for 2021 YTD vs. \$22,462 for 2020 YTD, primarily due to a slight decrease in community sponsorship expenses in the 2021 YTD period.
- Interest on lease obligations declined slightly in 2021 YTD to \$31,905 vs. \$38,984 for 2020 YTD based on the ongoing pay down in the two outstanding lease obligation balances.

3-month period ended May 31, 2021 (Q2-2021) as compared to May 31, 2020 (Q2-2020)

Overall, operating income for the 3-month Q2-2021 period was lower than what was realized in Q2-2020, as revenues were 27% or \$67,097 lower (at \$178,495 for Q2-2021 as compared to \$245,592 for Q2-2020), while total operating expenses (a mix of fixed and variable costs) increased slightly, rising by 18.1% or \$17,990 to a total of \$117,307 for Q2-2021 as compared to \$99,317 for Q2-2020.

The main increase in operating expenses in the Q2-2021 period was in payroll, as the level of staffing was expanded to meet the expected growth in patient demand which has occurred since spring 2020.

**Cash flows**

The overall net cash position declined slightly in Q2-2021, primarily due to a net decrease in outstanding long-term debts. A condensed summary of the total net changes in the Company's cash position is as follows:

	6 months ended May 31		year ended November 30	
	2021	2020	2020	2019
<b>Cash provided by (used in):</b>				
<b>Operating activities:</b>				
Net income (loss) for the period	\$ 25,346	\$ 30,416	\$ (20,180)	\$ (80,768)
Adjustments for non-cash items:				
Depreciation	114,370	127,124	229,562	225,247
Interest on lease obligations	31,905	38,984	74,538	86,183
	171,621	196,524	283,920	230,662
Net change in non-cash working capital balances	(12,596)	15,567	48,392	67,167
<b>Net cash from Operating activities</b>	<b>159,025</b>	<b>212,091</b>	<b>332,312</b>	<b>297,829</b>
<b>Financing activities:</b>				
Payments on lease obligations:				
Interest portion	(31,905)	(38,984)	(69,154)	(98,540)
Principal repaid	(128,559)	(130,308)	(219,849)	(225,228)
Increase (decrease) in loans from related parties	(66,400)	(14,634)	(17,004)	(2,891)
Increase in CEBA Loan payable	60,000	-	-	-
<b>Cash used in Financing activities</b>	<b>(134,959)</b>	<b>(144,942)</b>	<b>(306,007)</b>	<b>(326,659)</b>

	6 months ended May 31		year ended November 30	
	2021	2020	2020	2019
<b>Investing activities:</b>				
Purchase of capital assets	(2,498)	(6,848)	(20,249)	-
Net increase (decrease) in cash	(10,337)	21,317	6,056	(28,830)
Cash, start of the period	11,465	5,409	5,409	34,239
Cash, end of the period	1,128	26,726	11,465	5,409

### Liquidity and capital resources

The Company's net working capital deficiency position at the end of Q2-2021 and as at the last 2 fiscal year ends was as follows:

	May 31, 2021	November 30, 2020	November 30, 2019
Current assets	4,529	33,403	37,557
Current liabilities	(437,493)	(521,162)	(439,651)
Net working capital (deficiency)	(432,964)	(487,759)	(402,094)
Add back current portion of lease obligations	277,373	263,509	236,964
Adjusted net working capital (deficiency)	(155,591)	(224,250)	(165,130)

The lease obligations are almost entirely related to the future payments owing on the lease of the Kelburn Property, a lease which is payable to a related party.

#### CEBA Loan

In December 2020, the Company received a \$60,000 Canada Emergency Business Account loan (the "CEBA Loan") under the Canadian Federal government's Covid-19 support programs. Up to \$20,000 of the CEBA Loan may become forgiven by the lender if \$40,000 is repaid by December 31, 2022, and if not repaid, the balance of \$60,000 will be extended for an additional 3-year term bearing interest at 5% per year, payable monthly. The CEBA Loan can be repaid at any time without penalty and if the term is extended, no principal payments will be required until December 31, 2025 when the full amount of the CEBA Loan will become due.

The proceeds of the CEBA Loan were used to fund repayments of loans payable to related parties.

While the Company has a working capital deficiency, it has the ongoing financial support of its shareholder group and will seek to raise additional equity or short-term loans as necessary to fund operations.

### Additional disclosure - outstanding securities

The Company is authorized to issue an unlimited number of common and preferred shares. A total of 30 common shares are outstanding, and no shares were issued in the fiscal years ended November 30, 2020 and 2019, or to date in 2021. The Company does not have any shares reserved for issuance under stock option or other compensation plans.

### Other transactions with related parties

As disclosed in the financial statements referred to herein, the Company enters into various transactions with its group of shareholders in the normal course of business, including:

- Periodic loans (unsecured, non-interest bearing and payable on demand) received by the Company which are used to finance short term working capital needs;
- A long-term lease on the Kelburn Property, which has a monthly lease payment which increases slightly each year, and is currently \$26,000 per month at May 31, 2021. The components of this lease payment are recorded in the financial statements as a split between interest expense on lease obligations and a repayment of the lease obligations balance.
- One of the shareholders is paid a salary (included in operating expenses) in connection with ongoing management and operation of the Kelburn Clinic.

### **Critical accounting estimates**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 estimates related to:

- the useful lives / annual amortization expense, and related potential impairment at each period end, of the ROU assets and capital assets; and
- the calculation of the portion of customer funds received on patient contracts which are not yet fully earned at each period end, and which give rise to the recording of deferred revenues.

### **Changes in accounting policies including initial adoption**

There were no significant changes in accounting policies reflected in the Company's financial statements which are referred to herein. There are currently no additional recent accounting pronouncements which are expected to significantly affect the Company's financial statements in the future.

### **Risk factors**

#### *Future Operations and Financing Sources*

The Company's ability to generate cash flows from operations will depend on its ability to optimize utilization of the Kelburn Clinic facility by way of marketing and business development efforts, and minimizing cancellations of bookings for customer treatments.

The Kelburn Clinic does not presently have access to a bank line of credit, and to date has relied on periodic financial support from its shareholder / owners.

#### *Management, consultants and staff*

The Company's success is currently dependent on the performance of a limited group of senior management and consultants. The loss of the services of such key persons could have an adverse effect on the Company, and there is no assurance that the Company can maintain the services of qualified personnel that are required to operate and expand the business.

### **Internal and Disclosure Controls over Financial Reporting**

As a private 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 May 31, 2021 and as at November 30, 2020.

### **Additional Information**

Additional information about the Kelburn Clinic is available on the Company's website at [www.kelburnrecoverycentre.com](http://www.kelburnrecoverycentre.com)

**SCHEDULE "J"**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF 5743061 MANITOBA LTD.**

# 5743061 MANITOBA LTD.

## Management's Discussion and Analysis ("MD&A") For the fiscal year ended November 30, 2020 and for the Interim 6 month period ended May 31, 2021

The following MD&A presented for 5743061 Manitoba Ltd. (the "**Company**") was prepared by management based on information available as at August 25, 2021 solely for purposes of inclusion in a Filing Statement prepared for the TSX Venture Exchange related to the pending amalgamation of Universal Ibogaine Inc. and P Squared Renewables Inc.

This MD&A provides a discussion of financial highlights for the Company's:

- Fiscal year ended November 30, 2020 ("**F2020**") with comparative figures for the prior fiscal year ended November 30, 2019 ("**F2019**"); and
- The unaudited condensed interim financial statements as at and for the 6-month year-to-date ("**2021 YTD**") period ended May 31, 2021 with totals for the comparative 6-month year-to-date ("**2020 YTD**") period ended May 31, 2020.

This MD&A should be reviewed in conjunction with the Company's financial statements for 1) the unaudited interim 6-month period ended May 31, 2021 and 2) for the audited fiscal year ended November 30, 2020.

### Forward-looking statements

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

These forward-looking statements are based on current expectations 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.

### History and development of the business

The Company is a privately owned business which was incorporated in 2008. It has no operations other than leasing (under a 10 year lease which commenced in 2014) the land and buildings it owns (the "**Kelburn Property**"), to an affiliated company, 6887016 Manitoba Ltd., which operates as the Kelburn Mental Health & Addiction Recovery Centre, and which is referred to herein as the "**Kelburn Clinic**".

The Kelburn Property consists of a large "estate" house on a 50 acre site, located on a rural site south-east of Winnipeg, Manitoba, and includes a 9-hole golf course (and associated storage buildings) used by the Kelburn Clinic.

Under the terms of the lease, the Kelburn Clinic is responsible for the payment of all property taxes, insurance, utilities and minor repairs and maintenance related to operation of the Kelburn Property.

In February 2009, the Company obtained a mortgage (20-year term) on the Kelburn Property, in order to finance the renovation of the main building into a facility which would meet the operating needs of the Kelburn Clinic. This mortgage was later re-financed and increased in February 2019, and as at November 30, 2020, has an outstanding balance of \$1.65 million, with interest currently at 4.164%.

The shareholders of the Company as a group are also the majority shareholders of the Kelburn Clinic.

### Highlights of operating results

The Company's operating results for the 6-month 2021 YTD and comparative 2020 YTD period, and for the two fiscal years F2020 and F2019 were as follows:

	6 months ended May 31		Year ended Nov 30	
	2021	2020	2020	2019
<b>Revenues:</b>				
Lease charges to related party	156,000	150,000	\$ 302,000	\$ 280,000
Interest and other income	1,205	1,375	5,265	937
	<u>157,205</u>	<u>151,375</u>	<u>307,265</u>	<u>280,937</u>
<b>Expenses:</b>				
Accounting and legal fees	5,454	2,741	11,822	6,262
Office and other expenses	45	87	155	308
Repairs & maintenance	4,502	-	4,382	-
Mortgage interest	31,230	30,398	67,218	58,991
Financing charges	1,158	-	-	7,500
Depreciation of capital assets	20,969	21,966	43,930	46,070
Gain on sale of capital assets	(28,042)	-	-	-
	<u>35,316</u>	<u>55,192</u>	<u>127,507</u>	<u>119,131</u>
Net income and comprehensive income for the period	<u>121,889</u>	<u>96,183</u>	<u>179,758</u>	<u>161,806</u>

Highlights of the significant variances between these periods is as follows:

#### Years ended November 30, 2020 and 2019

- Revenues increased by \$22,000 in F2020 to \$302,000 based on an annual scheduled increase in the lease rate charged to the Kelburn Clinic for its use of the Kelburn Property.
- Interest and other income increased to \$5,265 in F2020 as the company received a distribution of shares as a member of a Credit Union at which it has maintained accounts for several years.
- Accounting and legal fees increased to \$11,822 in F2020 compared to \$6,262 in F2019. The increase included fees incurred related to (i) catching up 3 years of previously unfiled corporate income tax returns in F2020 and (ii) the mortgage re-financing.
- Repairs and maintenance incurred in F2020 related to repairs on golf cart equipment.
- Mortgage interest increased to \$67,218 in F2020 from \$58,991 in F2019. Due to the Covid-19 pandemic, the mortgage lender granted a short-term deferral of interest and principal repayments in F2020, and the outstanding mortgage principal balance was not paid down as scheduled. Also, the interest rate on the mortgage increased slightly after the re-financing.

- Financing charges of \$7,500 incurred in F2019 related to fees incurred on re-financing and increasing the Company's mortgage on the Kelburn Property. In February 2019, the Company's Credit Union lender agreed to increase the mortgage balance from \$1,178,510 to \$1,688,000.
- Depreciation expense relates almost entirely to the Company's building, and is calculated on a declining balance basis (4% of the opening net book value). Total depreciation expense thus decreased in F2020 to \$43,930 as compared to \$46,070 in F2019.
- Primarily as a result of the \$22,000 increase in lease revenues, net income increased to \$179,758 for F2020 as compared to \$161,806 in F2019.

#### 6-months ended May 31, 2021 and 2020

As noted above for the fiscal years ended November 30, 2020 and 2019, the same factors applied for the variances in the 2021 YTD as compared to 2020 YTD periods for 1) accounting and legal fees, 2) repairs and maintenance, 3) mortgage interest, 4) financing charges, and 5) depreciation expense.

The gain on sale of capital assets recorded in the 2021 YTD period relates to a disposal of golf cart equipment, which was largely fully depreciated.

#### Cash flows

The Company's cash position declined slightly in F2020 to \$11,755 based on the following total changes:

	6 months ended May 31		Year ended Nov 30	
	2021	2020	2020	2019
<b>Cash provided by (used in):</b>				
<b>Operating activities:</b>				
Net income for the period	121,889	96,183	179,758	161,807
Adjustments for non-cash items:				
Depreciation expense	20,969	21,966	43,930	46,070
Gain on sale of capital assets	(28,042)	-	-	-
Net change in non-cash working capital balances:				
Accounts receivable from related party	(16,088)	(3,250)	(22,500)	40,600
Accounts payable and accrued liabilities	(24,102)	15,691	40,799	7,156
<b>Net cash from Operating activities</b>	<b>74,626</b>	<b>130,590</b>	<b>241,987</b>	<b>255,633</b>
<b>Financing activities:</b>				
Increase (decrease) in loans to related parties	(67,610)	(52,000)	(556,447)	(151,000)
Increase (decrease) in loan from related party	-	-	31,500	-
Increase (decrease) in loans from shareholders	(31,500)	(60,000)	296,781	(543,281)
Proceeds from mortgage re-financing, net	-	-	-	509,491
Repayment of mortgage payable	-	(19,049)	(19,049)	(55,498)
<b>Cash used in Financing activities</b>	<b>(99,110)</b>	<b>(131,049)</b>	<b>(247,215)</b>	<b>(240,288)</b>
<b>Investing activities:</b>				
Proceeds from sale of capital assets	33,375	-	-	-
<b>Net increase (decrease) in cash</b>	<b>8,891</b>	<b>(459)</b>	<b>(5,228)</b>	<b>15,345</b>
<b>Cash, start of the period</b>	<b>11,755</b>	<b>16,983</b>	<b>16,983</b>	<b>1,638</b>
<b>Cash, end of the period</b>	<b>20,646</b>	<b>16,524</b>	<b>11,755</b>	<b>16,983</b>

## Liquidity and capital resources

The Company had a net working capital deficiency at the end of the current quarter, May 31, 2021 and at the last 2 fiscal year ends as follows:

	May 31 2021	November 30, 2020	November 30, 2019
Current assets	68,234	43,255	25,983
Current liabilities	(93,213)	(148,815)	(74,128)
Net working capital (deficiency)	(24,979)	(105,560)	(48,145)

While the Company has a significant working capital deficiency, it has positive cash flow from operations, and the ongoing financial support of its shareholders. The Company will seek to raise additional equity or short-term loans to fund repayment of its obligations if necessary.

The Company has historically generated sufficient cash flows to repay the working capital deficit, however, due to the material uncertainty of the Company's reliance on only one customer for its' revenues, doubt has been casted on the ability to generate these cash flows into the future. The Company's ability to continue as a going concern is dependent on its' ability to identify additional sources of capital and to raise sufficient resources if needed. Although management has been successful in raising capital in the past, there is no assurance these initiatives will be successful in the future. This material uncertainty may cast significant doubt with respect to the ability of the Company to continue as a going concern.

Current assets at November 30, 2020 increased from the prior year primarily due to the increase in the accounts receivable from the Kelburn Clinic, which rose from \$9,000 at November 30, 2019 to \$31,500 at November 30, 2020. Similarly, the current assets increased in Q2 2021 due to the increase in the balance due from related party, which rose to \$47,588.

No provision for uncollectible amounts have been recorded as the balances have been collected subsequent to year end.

The increase in current liabilities in F2020 was primarily due to an increase in GST payable balances, and the \$31,500 increase in the payable to a related party. Current liabilities were paid down to \$93,213 as at May 31, 2021.

## Additional disclosure - outstanding securities

The Company is authorized to issue an unlimited number of common and preferred shares, issuable in series. No shares were issued by the Company in the fiscal years ended November 30, 2020 and 2019, or to date in 2021. The Company does not have any shares reserved for issuance under stock option or other compensation plans.

The Company has the following share capital issued and outstanding:

900 Preferred shares, Class K, voting  
20 Common shares, Class A, non-voting

## Other transactions with related parties

As disclosed in the financial statements referred to herein, the Company enters into various transactions with its group of shareholders in the normal course of business, including:

- The long-term lease of the Kelburn Property to the Kelburn Clinic, which results in a monthly lease charge to the Kelburn Clinic. The lease has a monthly lease payment which increases slightly each year, and is currently \$26,000 per month;
- Periodic loans (unsecured, non-interest bearing and payable on demand ) received by the Company from its shareholders, and used to finance short-term working capital needs;
- Loans advanced by the Company to various private entities which are jointly controlled by its two shareholders. In F2020, funds were paid by the Company to one of these related party entities, instead of being paid directly to the shareholders, as was the case in F2019;

None of the shareholders of the Company were paid a salary, management fees or dividends by the Company in F2020 and F2019.

### **Critical accounting estimates**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). There have been no significant areas of judgments made by management in the application of IFRS that have a significant effect on its financial statements. Areas that require the use of estimates relate to:

- the required amounts recognized as a provision, including including legal, contractual, constructive and other exposures or obligations; and
- assessing the probability of realizing unrecorded deferred tax assets.

### **Changes in accounting policies including initial adoption**

There were no significant changes in accounting policies reflected in the Company's financial statements which are referred to herein. There are currently no additional recent accounting pronouncements which are expected to significantly affect the Company's financial statements in the future.

### **Risk factors**

#### *Future Operations and Financing Sources*

The Company's ability to generate cash flows from operations will depend on its ability to continue to receive lease income from the Kelburn Clinic.

The Kelburn Clinic does not presently have access to a bank line of credit, and to date has relied on periodic financial support from its shareholder / owners, two of which own the Company.

#### *Management, consultants and staff*

The Company's success is currently dependent on the performance its senior management / shareholders group.

The loss of the services of such key persons could have an adverse effect on the Company, and there is no assurance that the Company can maintain the services of qualified personnel that are required to operate the business.

## **Internal and Disclosure Controls over Financial Reporting**

As a private 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 May 31, 2021 and as at November 30, 2020.

**CERTIFICATE OF THE COMPANY**

Dated: August 30, 2021

The foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities of P Squared Renewables Inc. assuming completion of the Proposed QT.

*"Shabir Premji"*

\_\_\_\_\_  
Name: Shabir Premji  
Title: Chief Executive Officer

*"Jack Pastuszko"*

\_\_\_\_\_  
Name: Jack Pastuszko  
Title: Chief Financial Officer

On behalf of the Board of Directors of P Squared Renewables Inc.

*"Shabir Premji"*

\_\_\_\_\_  
Name: Shabir Premji  
Title: Director

*"Ian Campbell"*

\_\_\_\_\_  
Name: Ian Campbell  
Title: Director

**CERTIFICATE OF UI**

Dated: August 30, 2021

The foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities of Universal Ibogaine Inc. assuming completion of the Proposed QT.

*"Rami Batal"*

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Name: Rami Batal  
Title: Chief Executive Officer

*"Greg Leavens"*

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Name: Greg Leavens  
Title: Chief Financial Officer

On behalf of the Board of Directors of Universal Ibogaine Inc.

*"Ian Campbell"*

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Name: Ian Campbell  
Title: Director

*"Robert Turner"*

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Name: Robert Turner  
Title: Director

## CERTIFICATE OF THE SPONSOR

Dated: August 30, 2021

To the best of our information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to P Squared Renewables Inc. assuming completion of the Proposed QT.

*"Garrett Moore"*

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Garrett Moore  
Principal