

MANTRA PHARMA INC.



MANTRA PHARMA INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2024 AND 2023
(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Mantra Pharma Inc.

Opinion

We have audited the consolidated financial statements of Mantra Pharma Inc. and its subsidiaries (the "Company") which comprise:

- the consolidated statements of financial position as of September 30, 2024 and 2023
- the consolidated statements of comprehensive loss for the years then ended.
- the consolidated statements of changes in deficiency for the years then ended.
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2024 and 2023, and its consolidated financial performance and its cash flow for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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.

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

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
February 3, 2025

MANTRA PHARMA INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS AT SEPTEMBER 30, 2024 AND 2023**(Expressed in Canadian Dollars)

		2024		2023
ASSETS				
Current				
Cash	\$	725	\$	809
Amounts receivable		2,858		4,248
Prepaid expenses		3,131		3,131
		<u>6,714</u>		<u>8,188</u>
Pharmaceutical-Cannabis project (Note 5)		-		1
	\$	<u>6,714</u>	\$	<u>8,189</u>
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 8)	\$	143,807	\$	71,537
Notes payable (Notes 6 and 8)		-		5,182
		<u>143,807</u>		<u>76,719</u>
DEFICIENCY				
Share capital (Note 7)		199,070		199,070
Accumulated deficit		(336,163)		(267,600)
		<u>(137,093)</u>		<u>(68,530)</u>
	\$	<u>6,714</u>	\$	<u>8,189</u>

CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (Note 1)

Approved by the Board on February 3, 2025:

"Rajinder Chowdhry"
Director

"Henry Park"
Director

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

MANTRA PHARMA INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

	2024	2023
EXPENSES		
Interest expense (Note 6)	\$ 239	\$ 238
Foreign exchange gain	39	198
Management fees (Note 8)	42,000	42,000
Office, administration, and miscellaneous	4,199	4,540
Professional fees	20,302	29,226
Property investigation (Note 12)	-	7,500
Transfer agent fees	1,783	3,342
LOSS FROM OPERATIONS	(68,562)	(87,044)
OTHER ITEMS		
Write-off of pharmaceutical-cannabis project (Note 5)	(1)	-
NET LOSS AND COMPREHENSIVE LOSS	\$ (68,563)	\$ (87,044)
LOSS PER SHARE – BASIC AND DILUTED	\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	46,924,651	46,560,267

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

MANTRA PHARMA INC.**CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY****FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**(Expressed in Canadian Dollars)

	Common Shares (Note 7)		Accumulated Deficit	Total
	Number of Common Shares	Amount		
Balance at October 1, 2022	46,424,651	\$ 174,070	\$ (180,556)	\$ (6,486)
Warrants exercised	500,000	25,000	-	25,000
Net loss and comprehensive loss	-	-	(87,044)	(87,044)
Balance at September 30, 2023	46,924,651	\$ 199,070	\$ (267,600)	\$ (68,530)
Balance at October 1, 2023	46,924,651	\$ 199,070	\$ (267,600)	\$ (68,530)
Net loss and comprehensive loss	-	-	(68,563)	(68,563)
Balance at September 30, 2024	46,924,651	\$ 199,070	\$ (336,163)	\$ (137,093)

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

MANTRA PHARMA INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

	2024	2023
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (68,563)	\$ (87,044)
Items not involving cash		
Interest expense	239	238
Write-off of pharmaceutical cannabis project	1	-
Change in non-cash working capital items		
Amounts receivable	1,390	54
Accounts payable and accrued liabilities	66,849	37,543
Prepaid expenses	-	(3,131)
Cash used in operating activities	(84)	(52,340)
FINANCING ACTIVITIES		
Warrants exercised	-	25,000
Cash provided by financial activities	-	25,000
CHANGE IN CASH DURING THE YEAR	(84)	(27,340)
CASH, BEGINNING OF YEAR	809	28,149
CASH, END OF YEAR	\$ 725	\$ 809
Supplemental Cash Flow Information		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

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

MANTRA PHARMA INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Mantra Pharma Inc. (the “Company” or “Mantra Pharma”) was incorporated on July 6, 2020 under the laws of British Columbia as part of a plan of arrangement (the “Arrangement”) to reorganize AsiaBaseMetals Inc. (“AsiaBase”). The Company intends to focus on the development of a pharmaceutical business, including opportunities growing and selling cannabis for medical purposes in Croatia, European Union (EU). The Company intends to raise additional equity, as needed, in order to pursue future business opportunities. The address of the Company’s corporate office and principal place of business is 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Canada.

At September 30, 2024, the Company has working capital deficit of \$137,093 and does not generate cash flow operations. As at September 30, 2024, the Company has accumulated deficiency of \$336,163. The Company has incurred operating losses to date and is currently unable to self-finance its future operations. The Company’s ability to continue as a going concern is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

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

2. MATERIAL ACCOUNTING POLICIES**a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

b) Basis of presentation

These consolidated financial statements include the assets and operations of the Company, which are incorporated under the British Columbia Business Corporations Act.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary. All intercompany balances, transactions, revenues and expenses have been eliminated on consolidation.

As of September 30, 2024, the Company had a wholly-owned subsidiary:

- Mantra Pharma Europe doo (Croatia)

MANTRA PHARMA INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**d) Functional and Presentation Currency**

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company. The functional currency of the Company and Mantra Pharma Europe doo is the Canadian dollar.

e) Going Concern

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$336,163 at September 30, 2024. Management has determined that the Company will be able to continue as a going concern for a reasonable period of time, and realise its assets and discharge its liabilities and commitments in the normal course of business.

f) Cash and cash equivalents

Cash equivalents comprise short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

g) Share Capital

The Company records proceeds from the issuance of its common shares as equity. Proceeds received on the issuance of units, consisting of common shares and warrants are allocated between the common share and warrant component. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted price on the issuance date. The remaining proceeds, if any, are allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. Management does not expect to record a value to the warrant in most equity issuances as unit private placements are commonly priced at market or at a permitted discount to market. If the warrants are issued as share issuance costs, the fair value of agent's warrants are measured using the Black-Scholes option pricing model and recognized in equity as a deduction from the proceeds.

h) Foreign Currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

At each financial position reporting date presented, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

k) Income taxes

i) Current income tax

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

ii) Deferred tax

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred 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 tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

k) Income taxes (continued)

ii) Deferred tax (continued)

In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a deferred income tax recovery in operations in the period of renunciation.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

l) Financial assets

All financial assets are initially recognized at fair value plus, in the case of a financial asset not measured at fair value through profit and loss ("FVTPL"), transaction costs.

Financial assets are subsequently measured at: (i) FVTPL; (ii) fair value through other comprehensive income ("FVOCI") or (iii) amortized cost. The classification is based on whether the contractual cash flow characteristics represent "solely payments of principal and interest" as well as the business model under which the financial assets are managed. The Company's cash is measured at FVTPL.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

m) Financial liabilities

All financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities measured at amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and notes payable are measured at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include deferred income taxes recoverability. Critical judgments that have the most effect on the amounts recognized in the financial statements include the Company's ability to continue as a going concern.

(i) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 2(e).

4. NEW ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant effect on the Company's consolidated financial statements.

MANTRA PHARMA INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

5. PHARMACEUTICAL-CANNABIS PROJECT

On June 5, 2019, AsiaBase entered into a cooperation agreement with a city within Croatia (the "City"), pursuant to which the Company and the City will cooperate to explore opportunities to obtain a license to undertake activities for growing and selling cannabis for medical purposes. The cooperation agreement was recorded at a nominal value.

The fair value of the net assets of Mantra Pharma contributed to the Plan of Arrangement effective September 1, 2020 included this cannabis cooperation agreement. The Company did not intend to pursue this opportunity as previously planned. During the year ended September 30, 2024, the Company has written off the remaining balance of \$1 and recorded the amount as write-off of pharmaceutical-cannabis in the consolidated statements of comprehensive loss.

6. NOTES PAYABLE

On January 1, 2022, the Company entered into a promissory note agreement for total proceeds of \$4,766 bore interest at 5% per annum in connection with an acquisition of 100% of the outstanding shares of the subsidiary, Mantra Pharma Europe doo. The promissory note was payable on demand. During the year ended September 30, 2024, the Chief Executive Officer ("CEO") of the Company repaid the principal amount of \$4,766 plus the interest accrual of \$655 on behalf of the Company.

During the year ended September 30, 2024, the Company recorded interest expense of \$239 (2023 - \$238) on the consolidated statements of comprehensive loss.

7. SHARE CAPITAL

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

b) Issued and outstanding as at September 30, 2024: 46,924,651 (2023 – 46,924,651) common shares.

There were no share capital transactions during the year ended September 30, 2024.

During the year ended September 30, 2023, the Company issued 500,000 common shares of the Company for the share purchase warrants exercised for gross proceeds of \$25,000.

MANTRA PHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (CONTINUED)

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance at September 30, 2022	3,200,000	\$ 0.06
Exercised	(500,000)	\$ 0.05
Expired	(325,000)	\$ 0.10
Balance at September 30, 2023 and 2024	2,375,000	\$ 0.05

The warrants outstanding as at September 30, 2024, are as follows:

Outstanding	Exercise price	Expiry date
2,375,000	\$ 0.05	June 9, 2027

The average remaining life of the warrants is 2.44 years.

8. RELATED PARTY TRANSACTIONS

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and directors of the Company. The remuneration of directors and officers of the Company is as follows:

	Year ended September 30,	
	2024	2023
Management fees	\$ 42,000	\$ 42,000
Property investigation (Note 12)	-	7,500
Total remuneration	\$ 42,000	\$ 49,500

On September 20, 2021, the Company entered into an agreement with a company controlled by a director to provide CEO services at a rate of \$3,500 per month (\$42,000 per year) for an indefinite term. During the year ended September 30, 2024, the Company incurred \$42,000 (2023 - \$42,000) for management and bonus to a company controlled by the Chief Executive Officer ("CEO").

As at September 30, 2024, the following balances were due to officers and directors and/or related companies:

- i) Included in accounts payable and accrued liabilities is \$9,935 (2023 – \$655) due to the CEO of the Company. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.
- ii) Included in accounts payable and accrued liabilities is \$88,200 (2023 – \$44,100) due to a company controlled by the CEO of the Company. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.
- iii) Included in accounts payable is \$5,421 (2023 - \$nil) due to the CEO of the company for the repayment of notes payable on behalf of the Company (Note 6).

MANTRA PHARMA INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

9. INCOME TAXES

The Company has losses carried forward of approximately \$337,470 available to reduce income taxes in future years. The losses expire between 2040 and 2044. The Company also has certain allowances in respect of resource development and exploration costs, which, subject to certain restrictions, are available to be offset against future taxable income. The Company has not recognized any deferred income tax assets. A deferred 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.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2024	2023
<u>Canadian statutory income tax rate</u>	<u>27.00%</u>	<u>27.00%</u>
Income tax recovery at statutory rate	\$ 18,512	\$ 23,502
Effect of income taxes of:		
Tax benefits not recognized	(18,512)	(23,502)
<u>Deferred income tax recoverable</u>	<u>\$ -</u>	<u>\$ -</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at September 30, 2024 and 2023 are presented below:

	2024	2023
Non-capital loss carry-forwards	\$ 91,117	\$ 72,487
Share issuance costs	164	282
<u>Unrecognized deferred tax assets</u>	<u>(91,281)</u>	<u>(72,769)</u>
	<u>\$ -</u>	<u>\$ -</u>

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and development of cannabis interests. The Company does not have any externally imposed capital requirements to which it is subject to.

The Company considers the aggregate of its equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from operations.

MANTRA PHARMA INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK*Financial Instruments and Fair Value Measurements*

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2024 as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial assets				
Cash	\$ 725	\$ –	\$ –	\$ 725

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at September 30, 2024 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash, accounts payable and notes payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

MANTRA PHARMA INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK*Financial Risk***(i) Credit Risk**

Credit risk arises from non-performance by counterparties of contractual financial obligations. The Company's maximum credit risk is primarily attributable to its cash. The Company limits its exposure to credit loss for cash by placing such instruments with financial institutions.

(ii) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at September 30, 2024, the Company had a working capital deficit of \$137,093. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(iii) Interest Rate Risk

In management's opinion, the Company's interest rate risk is minimal as the Company does not have any bank indebtedness that bear interest at fixed or variable rates.

12. NON-EXCLUSIVE RIGHT AGREEMENT

Futura Capital Limited ("Futura"), a company controlled by the CEO of the Company, and XLR Enterprises (Cyprus) Limited ("XLR") entered into a letter agreement dated April 18, 2023 which set forth the material terms and the mutual understanding and agreement of Futura and XLR with regard to the acquisition and financing of Ethiopotash BV, a corporation that will be listed on a Canadian stock exchange by way of an initial public offering or reverse takeover of a publicly traded company. The vehicle that will be used to facilitate the listing of Ethiopotash BV will be selected by Futura following review and consideration of potential public company vehicles and listing requirements and be mutually acceptable to Futura and the principal of XLR.

On June 30, 2023, the Company entered into an agreement with Futura, pursuant to which Futura provided the Company with the non-exclusive right to receive and review information regarding Ethiopotash BV. In consideration for this provision, the Company incurred a property investigation cost of \$7,500.