Neural Therapeutics Inc.

Financial Statements

July 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

dntw
CHARTERED PROFESSIONAL ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Neural Therapeutics Inc.

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of 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 in the financial statements, which indicates that the Company incurred a net loss during the year ended July 31, 2024 and, as of that date, the Company's current liabilities exceeded its total assets. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The matters were addressed in the context of our audit of the 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 of the Material Uncertainty Related to Going Concern described above, we have determined that there are no other key audit matters to communicate in our report.

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Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended July 31, 2024, which we obtained prior to the date of this auditor's 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 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 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 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.

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- 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.

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

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

DNTW Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants

November 21, 2024
Markham, Ontario

Neural Therapeutics Inc.
Statements of Financial Position
As at July 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Notes	2024	2023
ASSETS			
Cash		$ **66,789**	$ 273,323
Harmonized sales tax receivable		**27,686**	69,340
Prepaid expense		-	8,000
Other asset		**1,565**	-
Total Assets		**96,040**	350,663
LIABILITIES			
Current Liabilities			
Accounts payable	3	$ **87,114**	$ 197,493
Accrued liabilities	3	**207,857**	275,725
Promissory note	4	**11,238**	-
Total current liabilities		**306,209**	473,218
Long-Term Liabilities			
Due to related parties	8	**373,539**	139,583
Due to other party	8	**100,000**	-
Total Long-Term liabilities		**473,539**	139,583
Total Liabilities		**779,748**	612,801
Shareholder's Deficit			
Share capital	5	**2,913,463**	2,314,719
Shares to be issued	6	**101,865**	466,010
Reserve for warrants	7	**437,706**	427,845
Deficit		**(4,136,742)**	(3,470,712)
Total Deficit		**(683,708)**	(262,138)
Total Liabilities and Deficit		$ **96,040**	$ 350,663

Approved on behalf of the Board:

"Ian Campbell", Director
(signed)

"John Durfy.", Director
(signed)

The accompanying notes are an integral part of these financial statements

Neural Therapeutics Inc.
Statements of Loss and Comprehensive Loss
For Years Ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Notes	2024	2023
Operating Expenses			
Salaries, wages and benefits		$ 41,574	$ 115,093
Consulting fees		196,300	198,372
Research expenses		286,906	400,641
Professional fees		99,387	270,227
General and administrative		30,105	220,167
Bank fees		2,162	4,757
		656,434	1,209,257
Debt forgiveness gain	8	-	(136,000)
SR&ED income		(14,700)	-
Other expense		25,000	-
Foreign exchange (gain) loss		(704)	2,850
		666,030	1,076,107
Loss before income taxes		(666,030)	(1,076,107)
Income taxes		-	-
Net loss		$ (666,030)	$ (1,076,107)
Weighted average number of common shares outstanding -Basic and diluted		62,878,492	39,699,262
Loss per share - Basic and diluted		$ (0.01)	$ (0.03)

The accompanying notes are an integral part of these financial statements

Neural Therapeutics Inc.
Statements of Cash Flows
For Years Ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)

		2024		2023
Operating activities				
Net loss for the year	$	(666,030)	$	(1,076,107)
Items not affecting cash:				
Warrants issued per plan of arrangement		-		124,840
Debt forgiveness		-		(136,000)
Shares issued for penalty and debt settlement		46,880		-
Interest expenses		238		
		(618,912)		(1,087,267)
Change in non-cash working capital:				
Harmonized sales tax receivable		41,654		(18,648)
Accounts payable and accrued liabilities		16,934		415,360
Prepaid expense		8,000		24,000
Other asset		(1,565)		-
Due to related parties		-		139,583
Reclassification of certain payables as long-term liabilities		233,956		-
Net cash used in operating activities		(319,933)		(526,972)
Financing activities				
Proceeds from issuance of shares		60,000		195,085
Proceeds from shares to be issued		54,985		
Proceeds from shares will be issued		-		233,332
Prromissory note		11,000		-
Share issue costs		(12,586)		-
Cash flows provided by financing activities		113,399		428,417
Cash at the beginning of year		273,323		371,878
Cash at the end of year	$	66,789	$	273,323

The accompanying notes are an integral part of these financial statements

Neural Therapeutics Inc.
Statements of Changes in Shareholders' Equity (Deficiency)
For Years Ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Number of common shares #	Share capital $	Reserve for warrants $	Shares to be issued $	Accumulated deficit $	Total shareholders' equity (deficiency) $
Balance as at July 31, 2022	**36,766,667**	**2,067,517**	**275,622**	**42,000**	**(2,394,605)**	**(9,466)**
Shares issued for right of subscriptions receipt	5,595,992	167,880	-	-	-	167,880
Shares issued penalty	1,109,330	-	-	-	-	-
Shares issued for private placement	1,093,333	56,009	25,991	-	-	82,000
Shares issued for debt settlement	500,000	37,500	-	-	-	37,500
Shares issuance costs	-	(14,187)	1,392	-	-	(12,795)
Warrants issued per plan of arrangement	-	-	124,840	-	-	124,840
Shares to be issued	-	-	-	424,010	-	424,010
Net loss for the year	-	-	-	-	(1,076,107)	(1,076,107)
Balance as at July 31, 2023	**45,065,322**	**2,314,719**	**427,845**	**466,010**	**(3,470,712)**	**(262,138)**
Shares issued private placement	9,778,209	293,346	-	(233,346)	-	60,000
Shares issued for debt settlement	10,928,181	327,845	-	(232,664)	-	95,181
Shares issuance costs	-	(22,447)	9,861	-	-	(12,586)
Warrants issued per plan of arrangement	-	-	-	-	-	-
Shares to be issued	-	-	-	101,865	-	101,865
Net loss for the year	-	-	-	-	(666,030)	(666,030)
Balance as at July 31, 2024	**65,771,712**	**2,913,463**	**437,706**	**101,865**	**(4,136,742)**	**(683,708)**

The accompanying notes are an integral part of these financial statements

1. Nature of operations and going concern

Neural Therapeutics Inc. ("**Neural**" or the "**Company**") is a private company incorporated in the Province of Ontario on June 2, 2020 under the Ontario Business Corporations Act. Neural is an ethnobotanical drug-discovery/development company focused on developing products and conducting research with psychoactive plants. The Company is domiciled in Canada and its registered and records office is located at 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1, Canada.

The initial focus of the Company will be the San Pedro (*Echinopsis pachanoi* or *Trichocereus pachanoi*), a cactus containing *mescaline*. The Company is working to identify where plant-based traditional-medicine has proven to be effective and capitalize on the development of a path to market in both pharmaceutical (use of mescaline) and nutraceutical (where mescaline is absent).

On May 23, 2023 the Company became an unlisted reporting issuer in the Provinces of British Columbia, Alberta and Quebec, pursuant to a plan of arrangement (the "**Plan of Arrangement**") between the Company and Vertical Peak Holdings Inc. ("**Vertical Peak**"), more particularly described in the management information circular of Vertical Peak available on Neural's profile on www.sedarplus.ca.

As at July 31, 2024, the Company had working capital deficiency of $210,169 (July 31,2023 – working capital deficiency of $122,555), had accumulated losses of $4,136,742 (July 31, 2023 - $3,470,712), and expects to incur further losses in the development of its business, all of which describe the material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on its ability to obtain further funding, manage cash flows, and restructure borrowings. There is a significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. These financial statements do not include adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern which could be material.

These financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable commercial operations and/or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net and comprehensive loss, and statements of financial position classifications used. Such adjustments could be material.

2. Basis of preparation

2.1 Statement of compliance

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

These financial statements were reviewed, approved and authorized for issuance by the Company's Board of Directors on November 21, 2024.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets and services. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2.3 Functional and presentation currency

The financial statements are presented in Canadian dollars unless otherwise noted. The functional currency of the Company is the Canadian dollar.

2.4 Significant accounting policies

Valuation of equity units issued

When the Company issues equity units that include both common shares and share purchase warrants, the proceeds from the issuance of equity units are allocated between the common shares and common share purchase warrants on a pro-rated basis using the relative fair values of common shares and common share purchase warrants.

The fair value of the common shares is determined using the share price at the date of the issuance of the units. The fair value of the share purchase warrants is determined using the Black-Scholes valuation model.

Share-based payments

Equity-settled share-based payments are measured at the fair value of the stock options at the grant date and recognized in expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The fair value of options is determined using the Black–Scholes option pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are retained in share-based payment reserve. Upon the exercise of stock options, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Earnings (loss) per share

Basic earnings (loss)per share is calculated by dividing the net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method of calculating the weighted average number of common shares outstanding. The treasury stock method assumes that outstanding stock options and warrants with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average price of the common shares for the period.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statements of income and comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through other profit and loss (“FVTPL”), are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

Amortized cost - Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

Fair value through other comprehensive income (FVTOCI) – Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of payments of principal and interest. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognized directly in profit or loss. The cumulative fair value gains or losses recognized in OCI are reclassified to profit or loss when the asset is derecognized. An election may be made to classify an equity investment, that is neither held for trading nor represents contingent consideration recognized by an acquirer in a business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.

Fair value through profit and loss - Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch’ that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets should be reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

Financial liabilities

FVTPL - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception. IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch’ that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

Amortized cost - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

The Company's classification and measurements of financial assets and liabilities are summarized below:

Financial Instrument	Classification
Cash	Amortized cost
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Due to other party	Amortized cost
Promissory note	Amortized cost

Fair value hierarchy

IFRS 7, Financial instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Valuation techniques based on 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: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).
During the years ended July 31, 2024 and 2023, there were no transfers of amounts between fair value levels.

The Company's financial instruments are classified at level 3 financial instruments with fair value approximating their carrying values due to the relatively short-term nature of the instruments.

Allowance for expected credit losses

IFRS 9 provides a simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets. The credit loss model groups receivables based on similar credit risk characteristics and the number of days past due in order to estimate bad debt expenses. The Company assesses the lifetime expected credit loss related to its sales receivables and re-assesses the provision each reporting period. When measuring the expected credit loss, the Company considers a variety of factors including: evidence of the debtor's financial condition, the term of the receivable and any changes in economic conditions.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date.

Nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in loss and comprehensive loss for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the financial period end;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions).
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange translation.

When a foreign operation is disposed of, the relevant amount in the reserve for foreign exchange in other comprehensive income is transferred to profit or loss as part of the profit or loss on disposal.

On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which in substance, is considered to form part of the net investment in the foreign operation, are recognized in the reserve for foreign exchange assumptions.

Research and development costs

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in the statements of loss and comprehensive loss as incurred. To date, no development costs have been capitalized.

2.5 Significant accounting estimates and judgments

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about critical judgments in applying accounting policies and estimates that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company’s ability to continue as a going concern.

Provisions and contingencies

The amount recognized as 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, relevant tax laws and other appropriate requirements. As at July 31, 2024 and 2023, the Company does not have any material asset retirement obligations related to its assets.

Share-based payments and warrants

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 stock option, volatility and dividend yield and making assumptions about them.

For warrant-based derivative financial instruments, the Company uses the Black-Scholes option pricing model to estimate fair value of the derivative instruments.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably investment in equity securities, convertible debentures, and promissory notes are determined using valuation techniques. 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.

Deferred tax

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax loss carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore, do not necessarily provide certainty as to their recorded values.

Functional currency

The determination of the functional currency often requires significant judgment where the primary economic environment in which an entity operates may not be clear. This can have a significant impact on the results of the Company based on the foreign currency translation method.

New Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

(Expressed in Canadian Dollars)

IFRS 18 “Presentation and Disclosure in the Financial Statements”

On April 9, 2024, the IASB issued IFRS 18 replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 “Statements of Cash Flows” were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 “Earnings per Share” were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company’s financial statements.

Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued narrow scope amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures”. The amendments include the clarification of the date of initial recognition or derecognition of financial liabilities, including financial liabilities that are settled in cash using an electronic payment system. The amendments also introduce additional disclosure requirements to enhance transparency regarding investments in equity instruments designated at FVOCI and financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company’s financial statements.

3. Accounts payable and accrued liabilities

The breakdown of the accounts payable and accrued liabilities is as follows:

	July 31, 2024	July 31, 2023
Accounts payable	**87,114**	197,493
Accrued wages (i)	**39,263**	146,000
Accrued consulting	**168,594**	129,725
Total	**294,971**	473,218

i) Accrued wages relate to management compensation to Ian Campbell, CEO of the Company, which have been reclassified as long-term liabilities, as further discussed in Note 8.

4. Promissory note

As at July 31, 2024, the Company has a promissory note of $11,238 (July 31, 2023 - $nil) provided by Company controlled by a consultant of the Company. The outstanding balance is secured, bears interest annual rate of 13% and has no fixed terms of repayment and due on the earliest of refund of the harmonized sales tax (HST) or December 31, 2024. The promissory note included principal amounts of $11,000 (July 31, 2023 - $nil) and interest accrued of $238 (July 31, 2023 - $nil).

5. Share capital

The Company is authorized to issue an unlimited number of common shares without par value. As at July 31, 2024, the Company has 65,771,712 (July 31, 2023 – 45,065,322) shares issued and outstanding.

(Expressed in Canadian Dollars)

	Shares Issued	$
Balance, July 31, 2022	36,766,667	2,067,517
Shares issued for right of subscriptions receipts (i)	5,595,992	167,880
Shares issued for financing (ii)	1,093,333	56,009
Shares issued as penalty (iii)	1,109,330	-
Shares issued for debt settlement (iv)	500,000	37,500
Shares issuance costs (i)	-	(14,187)
Balance, July 31, 2023	**45,065,322**	**2,314,719**
Shares issued for financing (v)	**9,778,209**	**293,346**
Shares issued for service (vi)	**10,928,181**	**327,845**
Shares issuance costs	-	**(22,447)**
Balance, July 31, 2024	**65,771,712**	**2,913,463**

(i) On July 10, 2023, the Company completed a rights offering ("**Rights Offering**"), whereby 5,595,992 Neural Shares were issued at the subscription price of $0.03 per Neural Share for gross proceeds of $167,880. In connection with the Rights Offering, the Company paid $14,187 in expenses related, which are recorded as share issuance cost.

(ii) On August 3, 2022, the company completed a second tranche to the Offering for gross proceeds of $82,000 by way of a private placement of units ("**August 22 Offering**") Pursuant to the August 22 Offering, the Company issued 1,093,333 units ("**Units**") at a price of $0.075 per Unit. Each Unit is comprised of one Neural Share and one-half of one common share purchase warrant, with each whole warrant exercisable for one Neural Share at an exercise price of $0.10 per Neural Share for a period ending on the earlier of: (a) 36 months following the closing of the August 22 Offering; and (b) 24 months following the time the Company completes a going public transaction. As part of this financing, the Company issued 20,800 broker warrants. Each broker warrant entitled the holder to purchase one Neural Share at a price of $0.075 per Neural Share at any time and from time to time up the earlier of (a) 36 months after the date hereof and (b) 24 months following the time the Company completes a going public transaction.

(iii) In accordance with the terms of the February 22 Offering, on August 3, 2022, the Company issued 1,000,000 additional Neural Shares to the purchasers of the February 22 Offering on one Common of the Company for every 10 Units purchased in February 2022 (“**February 22 Penalty Shares**”). These Neural Shares were issued because the Company did not achieve a Public Offering within 6 months of the date of closing of the February 22 Offering. The valuation of the February 22 Penalty Shares is recorded as $nil in the capital account of the Company.

On February 3, 2023, Neural issued 109,330 Neural Shares to the subscribers of the second tranche of the Seed Financing as a penalty payment pursuant to the terms of the Seed Financing. The valuation of the additional Penalty Shares is recorded as $nil in the capital account of the Company.

(iv) In September 2022, the Company issued 500,000 Neural Shares as consideration for the service rendered by a third party and intellectual property rights acquired.

(v) On September 21, 2023, Neural closed the first tranche of the private placement ("**September 2023 Private Placement**") for gross proceeds of $293,346 through issuance of 9,778,209 Neural Shares at a price of $0.03 per Neural Share. The Company paid cash finders’ fees of $12,586 and issued 419,564 finders’ warrants ("**Finders' Warrants**") each Finders’ Warrant is exercisable into one Neural Share at a price of $0.05 per Neural Share until September 21, 2025.

(vi) On September 21, 2023, Neural settled $327,845 of indebtedness ("**September 2023 Debt Settlement**”) owed through the issuance of 10,928,181 Neural Shares at a price of $0.03, which included settlement of $67,500 of indebtedness to John Durfy, Chairman of Neural and $16,219 of indebtedness to a company controlled by Robert Wilson, former Chief Financial Officer of Neural.

(Expressed in Canadian Dollars)

6. Shares to be issued

As of July 31, 2024, the Company has recorded $46,880 in shares to be issued for consultant services to be settled in Neural Shares, including $17,150 to Dr. Kelly Narine, a former director of the Company and $4,730 to Marrelli Support Services Inc., a private company that employs Omar Gonzalez, the Company's Chief Financial Officer.

As of July 31, 2024, the Company has received $54,985 for the ongoing private placement of Neural Shares and recorded it in shares to be issued.

As of July 31, 2023, the Company received $233,332 for the September 2023 Private Placement and recorded it in shares to be issued, which were issued during the year ended July 31, 2024 (see Note 5(v)).

During the year ended July 31, 2023, the Company settled $232,678 in debt obligations to related parties by 7,749,349 common shares which were issued in September 2023 (see Note 5(vi)).

7. Reserve for Warrants

	Warrants Issued	$
Balance, July 31, 2022	**5,575,800**	**275,622**
Warrants issued for financing (i)	546,667	25,991
Warrants issued per plan of arrangement (ii)	2,000,000	124,840
Warrants issued in exchange for broker services	20,800	1,392
Balance, July 31, 2023	**8,143,267**	**427,845**
Warrants issued in exchange for broker services (iii)	**419,564**	**9,861**
Balance, July 31, 2024	**8,562,831**	**437,706**

(i) Pursuant to the August 22 Offering, the Company issued 1,093,333 Units at a price of $0.075 per Unit. Each Unit is comprised of one Neural Share and one-half of one common share purchase warrant, with each whole warrant exercisable for one Neural Share at an exercise price of $0.10 per Neural Share for a period ending on the earlier of: (a) 36 months following the closing of the August 22 Offering; and (b) 24 months following the time the Company completes a going public transaction.

As part of this financing, the Company issued 20,800 broker warrants. Each broker warrant entitled the holder to purchase one Neural Share at a price of $0.075 per Neural Share at any time and from time to time up the earlier of (a) 36 months after the date hereof and (b) 24 months following the time the Company completes a going public transaction.

The value of warrants issued with February 22 Offering was calculated using the Black-Scholes pricing model and the assumptions at grant date were as followings: expected dividend yield of 0%; expected volatility of 206%; a risk-free interest rate of 1.39% and an expected life of 3 years. Volatility was based on comparable companies.

(ii) On May 23, 2023, Neural and Vertical Peak closed the Plan of Arrangement pursuant to the Arrangement Agreement, as result of which, Vertical Peak distributed 4,714,677 Neural Shares to Vertical Peak shareholders, and Neural became an unlisted reporting issuer in the Provinces of British Columbia, Alberta and Quebec. In connection with the Plan of Arrangement, Neural issued 2,000,000 common share purchase warrants ("**VP Warrants**") to Vertical Peak, each exercisable into one Neural Share at a price of $1.00 per Neural Share until May 23, 2026. The VP Warrants was calculated using the using the Black-Scholes pricing model and the assumptions at grant date were as followings: expected dividend yield of 0%; expected volatility of 220%; a risk-free interest rate of 3.38% and an expected life of 3 years. Volatility was based on comparable companies.

(Expressed in Canadian Dollars)

(iii) As part of the September 2023 Private Placement, 419,564 Finders' Warrants were issued (see Note 5(v)). The value of the Finders' Warrants for $9,861 was calculated using the using the Black-Scholes pricing model and the assumptions at grant date were as followings: expected dividend yield of 0%; expected volatility of 191%; a risk-free interest rate of 4.95% and an expected life of 2 years. Volatility was based on comparable companies.

As at July 31, 2024, the following warrants and broker warrants were outstanding:

Expiry Date	**Exercise Price**	**Number of Warrants Outstanding and Exercisable**
February 3, 2025	$ 0.100	5,000,000
February 3, 2025	$ 0.075	575,800
August 3, 2025	$ 0.100	546,667
August 3, 2025	$ 0.075	20,800
September 21, 2025	$ 0.050	419,564
May 23, 2026	$ 1.000	2,000,000
		8,562,831

As at July 31, 2024, the weighted average exercise price of the warrants was $0.31 (2023 – $0.32) and the weighted average remaining contractual life of the warrants was 0.87 years (2023 – 1.87).

8. Related parties transactions

a. Key management compensation

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.

On March 31, 2024, Ian Campbell - Chief Executive Officer and Director of Neural, John Durfy – Chairman of Neural, and FMI Capital Advisory Inc. ("**FMICA**") each entered into a waiver and deferral agreements with Neural ("**Amended Deferral Agreements**"), pursuant to which each party agreed to defer the respective amounts outstanding to them as follows: $283,510 (being the amount outstanding due to Mr. Campbell as of March 31, 2024), $67,800 (being the amount outstanding due to Mr. Durfy as of March 31, 2024) and $60,000 (being the amount outstanding due to FMICA as of March 31, 2024), until the earlier of: a) May 31, 2025; and b) Neural completing a financing for gross proceeds of no less than $400,000 following Listing, excluding Series A Financing ("**Deferral Trigger Date**").

As at July 31, 2024, the balance outstanding with them has been reclassified from current liabilities into long-term liabilities. Mr. Durfy and FMICA agreed to defer all the monthly amounts that will become payable under their respective agreements with Neural from March 31, 2024 to Deferral Trigger Date, which will become payable on the Deferral Trigger Date. Amount due to FMICA was classified as due to other party.

The following is a summary of the key management compensation for the years ended July 31, 2024 and 2023:

	2024	**2023**
Director fees (i)	90,000	67,500
Former Chief Financial Officer (ii)	-	25,000
Salaries (iii)	187,269	272,083
Marrelli Support Services Inc. (iv)	57,238	38,197
Total	**334,508**	**402,780**

(i) During the year ended July 31, 2024, the Company incurred $90,000 (2023 - $67,500) of consulting fee paid to a company 100% owned by John Durfy, Chairman of the Company. As at July 31, 2024, $115,725 (July 31, 2023 - $52,500) was outstanding, of which $74,325 (July 31, 2023 - $nil) is included in due to related parties as long-term liabilities and $41,400 (July 31, 2023 - $52,500) was included in accounts payable and accrued liabilities.

(ii) During the year ended July 31, 2024, the Company incurred $nil (2023 - $25,000) of consulting fee paid to a private company controlled by Robert Wilson, former CFO of the Company. As at July 31, 2024, $nil (July 31, 2023 - $21,625) was included in accounts payable.

(iii) During the year ended July 31, 2024, the Company incurred $187,269 (2023 - $272,083) in salaries, vacation accrual, and bonus expenses to Ian Campbell, CEO of the Company. As at July 31, 2024, $338,477 (July 31, 2023 - $146,000) was outstanding, of which $299,214 (July 31, 2023 - $nil) is included in due to related parties as long-term liabilities and $39,263 (July 31, 2023 - $146,000) was included in accrued liabilities.

(iv) During the year ended July 31, 2024, the Company incurred $57,238 (July 31, 2022 - 38,197) for accounting and CFO services to Marrelli Support Services Inc. As at July 31, 2024, $26,371 (July 31, 2023 - $2,885) was included in accounts payable.

b. Due to related party

On May 31, 2023, the Company signed a waiver and payment deferral agreement ("**Deferral Agreement**") with Ian Campbell, CEO of the Company to defer the payment of amounts due to Mr. Campbell at the earlier of: a) 14 months from the date of the Deferral Agreement; and b) competing a financing for the gross proceeds of no less than $400,000 following a successful listing on a stock exchange in Canada. On March 31, 2024, the Deferral Agreement was amended to the Amended Deferral Agreements (as described in Note 8(a) above), and as a result, as of July 31, 2024, $373,539 (July 31, 2023 - $139,583) was outstanding and included in due to related parties, of which $299,214 (July 31, 2023 - $139,583) was due to Mr. Campbell, and $74,325 (July 31, 2023 - $nil) was owing to Mr. Durfy.

During the year ended July 31, 2023, the due to related parties in the amount of $136,000 were forgiven by John Durfy, the Chairman of the Company and Robert Wilson, former CFO of the Company.

9. Management of capital

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended July 31, 2024 and 2023. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity surplus/(deficiency), which is comprised of share capital, shares to be issued, reserve for warrants and deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements, initial public offering, issuance of convertible debentures, debt, and sale leaseback transactions. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

10. Financial instruments

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to trade receivable. The Company has no other significant concentration of credit risk arising from operations. Cash are held with a reputable credit union which is closely monitored by management. Amounts receivable consists of trade amounts receivable, harmonized sales tax due from the Canadian government, promissory note receivable and other receivable from third parties.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The ability of the Company to continue as a going concern is dependent on its ability to obtain funding, manage cash flows, restructure borrowings, and recover funds loaned to borrowers that have currently been provided against or recover collateral that secured those loans. There is significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

In the short term, the continued operations of the Company may be dependent upon its ability to obtain additional financing. Without this additional financing, the Company may be unable to meet its obligations as they come due. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost.

Foreign currency exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company enters into foreign currency purchase transactions and has assets and liabilities that are denominated in foreign currencies and thus is exposed to the financial risk fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

An increase (decrease) of 10% in the currency exchange rate of the Canadian dollar versus US dollar would have impacted the Company net loss by $1,000 (July 31, 2023 - $nil) as a result of the Company's exposure to currency exchange rate fluctuations.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company manages interest rate risk by monitoring market conditions and the impact of interest rate fluctuations on its debt. The Company does not have any interest-bearing financial liabilities.

11. Commitments and other contingencies

In accordance with the terms of the employment agreement dated September 16, 2021 ("**Employment Agreement**") between the Company and Ian Campbell, CEO of the Company, subject to the achievement of certain milestones, the Company is obliged to issue Neural Share representing up to 3.5% of the issued and outstanding capital of the Company as constituted at the closing of the seed financing. Further, subject to the achievement of certain milestones, the Company is obliged to issue options for common shares representing up to 2% of the issued and outstanding capital of the Company prior the Company listing of its common shares on a recognized stock exchange. The share issuances to Mr. Campbell in connection with the Employment Agreement remain unissued as of the date hereof. Such stock options shall be exercisable at a price that is a 20% premium to the last financing price whereby shares of the Company were issued immediately prior to Listing, and shall vest in equal amounts, every six (6) months over three (3) years from their date of granting, or as required under applicable securities legislation and regulation, and will be subject to the terms of any stock option plan adopted by the Company.

In accordance with the terms of an advisory agreement with FMICA dated December 17, 2021, subject to the completion of a listing of its common shares on a recognized Canadian exchange and a concurrent financing, the Company is obliged to issue a fee payable in a form of Neural Shares (plus HST in cash) equal representing up to 5% of the issued and outstanding capital of the Company after completion of listing.

In accordance with the terms of an advisory agreement with a private company controlled by Robert Wilson, former Chief Financial Officer of Neural, the Company committed to issue 366,667 Neural Shares, which remains to be issued.

(Expressed in Canadian Dollars)

12. Income Tax

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

Income tax provision

		2024		2023
Net loss before income taxes	$	(666,030)	$	(1,076,107)
Canadian statutory tax rate		26.5%		26.5%
Expect tax recovery at statutory tax rate		(176,498)		(285,168)
Other adjustments		(8,508)		(7,662)
Change in unrecognized deferred tax assets		185,006		292,830
Income tax provision	**$**	**-**	**$**	**-**

Deferred income tax assets

		2024		2023
Non-Capital Losses	$	(4,144,803)	$	(3,446,666)
Share Issuance Costs in cash		(38,904)		(70,637)
		(4,183,707)		(3,517,303)
Tax rate		26.5%		26.5%
Deferred income tax assets	**$**	**(1,108,682)**	**$**	**(932,085)**

The Company' non-capital losses benefit of which has not been recognized on the financial statements, expire as follows:

Year		Amount
2040	$	90,113
2041		407,009
2042		1,844,170
2043		1,105,374
2044		698,137
	$	**4,144,803**

13. Reclassification

For presentation purposes in the statements of loss and comprehensive loss, some items in research expenses and salaries, wages and benefits have been regrouped to provide more relevant information. The comparative figures for the year ended July 31, 2023, were regrouped and reclassified accordingly.

14. Subsequent events

Letter of Intent with CWE European Holdings Inc.

On September 27, 2024, the Company has signed a non-binding letter of intent (“**LOI**”) to acquire an interest in CWE European Holdings Inc., (“**CWE**” or “**HANF**”) a prominent hemp-based product retailer in Germany. CWE owns and operates both physical and online stores, with 12 locations in the State of Bavaria in Germany under the brand name "HANF". Notably, CWE's private label products account for 50% of its offline retail sales.

Under the terms of the LOI, Neural and CWE intend to enter into agreement or series of agreements ("**Definitive Agreement**") that will give Neural an option to acquire an interest in CWE as follows:

- ***Series A Option*** - Neural will have an option to acquire approximately 36% equity interest in CWE in by issuing an aggregate of 80,000,000 common shares in the capital of Neural ("Neural Shares"), determined using an exchange ratio ("Exchange Ratio") of four Neural Shares for each corresponding share in the capital of CWE ("CWE Share")
- ***Series B Option*** - Neural will have an option to acquire remaining 64% equity interest in CWE, subject to the same Exchange Ratio, with the exact number of Neural securities to be determined in the Definitive Agreement.

The LOI is intended as an expression of the mutual intention of the Parties to proceed towards settling the Definitive Agreement and is not a binding contract or commitment to consummate the transactions set out in the LOI. Completion of the transactions described herein are subject to a number of conditions, including but not limited to, execution of the Definitive Agreement, completion of satisfactory due diligence, CSE acceptance and receipt of requisite regulatory approvals. Where applicable, the proposed transaction cannot close until the required shareholder approvals, and any ancillary matters thereto, are obtained. There can be no assurance that the transactions will be completed as proposed or at all.

Conditional Approval to List on the CSE

Further to its press release dated May 8, 2024, Neural received conditional approval ("**Conditional Approval**") to Neural Shares on the CSE, contingent upon fulfilling specific requirements such as completing financing of at least $500,000 and filing the documentation that may be required by the CSE. Neural remains committed to satisfying these conditions promptly and expects to secure final approval in due course. The terms of the Concurrent Financing (as such term is defined in the Neural press release dated May 8, 2024) remain unchanged and Neural continues to work toward completing the Concurrent Financing.

Listing is not conditional on closing of the transactions between CWE and Neural described herein, and the parties do not expect that the Definitive Agreement will be signed, or that the transactions between CWE and Neural will be completed prior to listing.

Deferral Agreements, Consultant Agreement and HCA Termination Agreement

On November 15, 2024, Neural entered into waiver and payment deferral agreements ("**Deferral Agreements**") with Ian Campbell, CEO of Neural, Humber Capital Advisors Inc. ("**HCA**"), a company that is owned by John Durfy, Chairman of Neural and certain arm's length parties (collectively "**Creditors**"), which resulted in a deferral of certain accounts payable and accrued liabilities of an aggregate of $691,318 ("**Deferred Amount**"). Pursuant to the terms of the Deferral Agreements, the Deferred Amount was deferred until the date ("**Deferral Trigger Date**") that is the earlier of: (a) January 15, 2026; and (b) the Company completing a financing for gross proceeds of no less than $400,000 following a successful listing on a recognized stock exchange in Canada ("**Listing**"), which for greater clarity, excludes the financing that is expected to be completed in connection with or immediately prior to such Listing. Following entry into the Deferral Agreements, the Creditors entered into agreements to assign approximately $551,318 of the Deferred Amount to an unrelated third party.

On November 15, 2024, the Company entered into an agreement to replace the employment agreement with Ian Campbell, CEO of Neural with a consulting agreement ("**Campbell Consulting Agreement**"), which provides for payment of a fee of $2,000 per month on a go forward basis. Pursuant to the Campbell Consulting Agreement, Ian Campbell will continue to serve as the Chief Executive Officer, Secretary and Director of the Neural.

On November 15, 2024, the Company agreed to terminate the consulting agreement with HCA ("**HCA Termination Agreement**"). John Durfy will continue to serve as a Chairman of the Board of Neural.

On November 15, 2024 Neural agreed to issue 21,467,163 common share purchase warrants (each a "**Warran**t"), as follows: (a) 1,381,426 Warrants to Ian Campbell in connection with the execution of the Campbell Consulting Agreement; (b) 6,715,967 Warrants to John Durfy, in connection with the execution of the HCA Termination Agreement; (c) 9,120,001 Warrants in connection with consulting agreements entered into with third parties and (d) 4,249,769 Warrants to settle payables of $4,125 with an unrelated party. Each Warrant will be exercisable into one common share in the capital of Neural ("**Neural Shares**") at a price of $0.05 per Neural Share for a period of three years from the date of issuance. The Warrants have not yet been issued by Neural and further updates in regard to the issuance date will be announced by the way of press release.