
PHARMALA BIOTECH HOLDINGS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 29, 2024
AND FEBRUARY 28, 2023
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE TO READER

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

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

As at,	February 29, 2024	August 31, 2023
ASSETS		
<i>Current</i>		
Cash	\$ 40,347	\$ 195,042
Accounts receivables (note 4)	314,775	194,958
Subscription receivables	4,000	4,000
HST receivable	76,237	24,531
Prepaid expenses and deposit	236,037	173,227
Inventory	10,159	122,192
Total current assets	681,555	713,950
Equipment (note 3)	1,261	2,102
Intangible assets (note 5)	1,798,167	1,696,486
Total assets	\$ 2,480,983	\$ 2,412,538
LIABILITIES		
<i>Current</i>		
Accounts payables and accrued liabilities (note 14)	\$ 739,113	\$ 585,698
Customer deposits	229,642	189,787
Cortexa deposits (note 11)	-	253,537
Deferred joint venture portion of sales (note 11)	169,430	-
Total liabilities	1,138,185	1,029,022
SHAREHOLDER'S EQUITY		
Share capital (note 6)	5,261,505	5,139,502
Contributed surplus (note 8)	399,732	376,363
Deficit	(4,318,439)	(4,132,349)
Total shareholder's equity	1,342,798	1,383,516
Total liabilities and shareholder's equity	\$ 2,480,983	\$ 2,412,538

Nature of operations and going concern (note 1)
Commitment and Contingencies (note 13)
Subsequent event (note 15)

Approved on behalf of the Board:

"Nicholas Kadysh"
Director

"Kevin Roy"
Director

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

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

	Three Months Ended		Six Months Ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Revenue (note 12)	\$ 90,418	\$ 93,335	\$ 842,888	\$ 93,335
Cost of goods sold	-	-	292,958	-
Gross profit	90,418	93,335	549,930	93,335
Expenses				
Consulting (note 14)	52,599	142,934	153,377	250,815
Depreciation and amortization (note 3 and 5)	15,777	13,178	31,569	26,356
Investor relations (note 14)	21,447	29,533	36,432	56,909
Office and general (note 14)	33,226	37,986	73,174	84,559
Research and testing costs (note 5)	32,169	-	73,835	-
Payroll expenses (note 14)	11,380	57,564	21,069	67,834
Professional fees (note 14)	82,626	(12,698)	90,423	36,587
Stock based compensation (note 7, 8 and 14)	56,592	17,245	75,372	57,997
SR&ED refund	-	(145,619)	-	(152,433)
Travel	7,169	25,481	11,339	25,481
Total expenses	312,985	165,604	566,590	454,105
Deferred joint venture portion of sales (note 11)	-	-	169,430	-
Net loss and comprehensive loss for the period	\$ (222,567)	\$ (72,269)	\$ (186,090)	\$ (360,770)
Net loss and comprehensive loss per share				
- basic and diluted (note 10)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding				
- basic and diluted (note 10)	86,907,552	82,998,600	86,693,325	82,998,600

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

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

	Six Months Ended	
	February 29, 2024	February 28, 2023
Operating activities		
Profit (loss) for the period ended	\$ (186,090)	\$ (360,770)
<i>Items not affecting cash:</i>		
Depreciation and amortization (note 3 and 5)	31,569	26,356
Stock based compensation (note 7 and 8)	75,372	57,997
Accrued revenue (note 12)	(145,257)	-
Deferred joint venture portion of sales (note 11)	169,430	-
<i>Changes in non-cash working capital items:</i>		
Accounts receivables	25,440	(37,613)
Prepaid expenses and deposit	(62,810)	(13,305)
HST receivable	(51,706)	2,647
Inventory	112,033	-
Accounts payables and accrued liabilities	153,415	45,638
Customer and Cortexa deposits	(213,682)	284,468
Net cash (used in) from operating activities	(92,286)	5,418
Investing activities		
Intangible asset development costs (note 5)	(132,409)	(164,934)
Net cash used in investing activities	(132,409)	(164,934)
Financing activities		
Deposits for shares to be issued	-	39,100
Proceeds from exercise of stock options (note 6)	70,000	-
Net cash provided by financing activities	70,000	39,100
Increase (Decrease) in cash	(154,695)	(120,416)
Cash, beginning of period	195,042	852,138
Cash, end of period	\$ 40,347	\$ 731,722

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

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

	Number of Shares	Share Capital	Shares to be issued	Warrants	Contributed Surplus	Deficit	Total
Balance, August 31, 2022	82,998,600	\$ 4,831,536	\$ -	\$ 190,272	\$ 379,150	\$ (3,494,649)	\$ 1,906,309
Share issuance (net of costs) (note 6)	-	-	-	-	-	-	-
Expiry of warrants	-	-	-	(142,113)	-	142,113	-
Warrant exercises	-	-	65,754	(26,654)	-	-	39,100
Stock based compensation (note 8)	-	-	-	-	57,997	-	57,997
Net loss for the period ended	-	-	-	-	-	(360,770)	(360,770)
Balance, February 28, 2023	82,998,600	\$ 4,831,536	\$ 65,754	\$ 21,505	\$ 437,147	\$ (3,713,306)	\$ 1,642,636
Balance, August 31, 2023	86,082,552	\$ 5,139,502	\$ -	\$ -	\$ 376,363	\$ (4,132,349)	\$ 1,383,516
Exercise of stock options (note 6)	825,000	122,003	-	-	(52,003)	-	70,000
Stock based compensation (note 7 and 8)	-	-	-	-	75,372	-	75,372
Net loss for the period ended	-	-	-	-	-	(186,090)	(186,090)
Balance, February 29, 2024	86,907,552	\$ 5,261,505	\$ -	\$ -	\$ 399,732	\$ (4,318,439)	\$ 1,342,798

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

PharmAla Biotech Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three And Six Months Ended February 29, 2024 and February 28, 2023
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

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

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

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. On January 11, 2022, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol "MDMA" (note 11). On January 24, 2024 the Company ticker on the OTC was changed from PMBHF to MDXXF.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the six months ended February 29, 2024, the Company reported a net loss of \$186,090 (six months ended February 28, 2023 - loss of \$360,770), and cumulative deficit of \$4,318,439 as of February 29, 2024 (August 31, 2023 - \$4,132,349). As of August 31, 2023, the Company has cash balance of \$40,347 (August 31, 2023 - \$195,042). The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations and/or to obtain additional financing. Management is of the opinion that the Company will achieve profitable operations, or that sufficient working capital will be obtained from either increased sales through access to new markets or new clients, or external financing to sustain its operations for the foreseeable future and that the going concern assumption is appropriate. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption.

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

PharmAla Biotech Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three And Six Months Ended February 29, 2024 and February 28, 2023
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2. BASIS OF PREPARATION

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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

The preparation of financial statements in accordance with International Accounting Standards (IAS) 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to these unaudited condensed interim consolidated financial statements were the same as those that applied to the Company's annual consolidated financial statements as at and for the year ended August 31, 2024, except as noted below.

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2023, other than those noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2024 could result in restatement of these unaudited condensed interim consolidated financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS, which have been applied consistently to all periods presented. These unaudited condensed interim consolidated financial statements were issued and effective as of April 29, 2024, the date the Board of Directors approved the statements.

Restricted Share Units

The Company grants RSUs to acquire common shares of the Company to directors, officers, employees, and consultants. The fair value of RSUs is measured at grant date, using the closing quoted bid price on the issuance date.

Accounting Standards Issued and adopted

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The Company has adopted this amendment on September 1, 2023, and there was no material impact to the unaudited condensed interim consolidated financial statements.

PharmAla Biotech Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
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2. BASIS OF PREPARATION (Continued)

Accounting Standards Issued but not yet Applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2024 or later periods.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

3. EQUIPMENT

Equipment	Cost	Depreciation	Net book value
Balance, August 31, 2022	\$ 5,656	\$ (1,857)	\$ 3,799
Additions	-	(1,697)	(1,697)
Balance, August 31, 2023	5,656	(3,554)	2,102
Additions	-	(841)	(841)
Balance, February 29, 2024	\$ 5,656	\$ (4,395)	\$ 1,261

4. ACCOUNTS RECEIVABLES

Accounts receivables consist of:

	February 29, 2024	August 31, 2023
Trade receivables	\$ 112,945	\$ 138,804
Other receivables	218,693	73,017
Allowance for bad debt	(16,863)	(16,863)
Total	\$ 314,775	\$ 194,958

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

	Current	Past due 1-90	Past due 91-181	Past due >182	Total
February 29, 2024	\$ -	\$ 79,282	\$ -	\$ 16,800	\$ 96,082
August 31, 2023	\$ -	\$ 90,319	\$ 31,622	\$ -	\$ 121,941

5. INTANGIBLE ASSETS

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

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

PharmAla Biotech Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
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5. INTANGIBLE ASSETS (Continued)

Cost	MDXX	Process Development	Drug Delivery	Preclinical Testing	Total
Balance, August 31, 2022	\$ 331,542	\$ 722,352	\$ 27,500	\$ 170,006	\$ 1,251,400
Additions	242,829	199,313	-	64,593	506,735
Balance, August 31, 2023	574,371	921,665	27,500	234,599	1,758,135
Additions	132,409	-	-	-	132,409
Balance, February 29, 2024	\$ 706,780	\$ 921,665	\$ 27,500	\$ 234,599	\$ 1,890,544

Amortization	MDXX	Process Development	Drug Delivery	Preclinical Testing	Total
Balance, August 31, 2022	\$ -	\$ 10,581	\$ -	\$ -	\$ 10,581
Amortization	-	51,068	-	-	51,068
Balance, August 31, 2023	\$ -	\$ 61,649	\$ -	\$ -	\$ 61,649
Amortization	-	30,728	-	-	30,728
Balance, February 29, 2024	\$ -	\$ 92,377	\$ -	\$ -	\$ 92,377

Net Book value	MDXX	Process Development	Drug Delivery	Preclinical Testing	Total
Balance, August 31, 2023	\$ 574,371	\$ 860,016	\$ 27,500	\$ 234,599	\$ 1,696,486
Balance, February 29, 2024	\$ 706,780	\$ 829,288	\$ 27,500	\$ 234,599	\$ 1,798,167

6. SHARE CAPITAL

Authorized share capital

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

Common shares issued

	Number of Shares	Share Capital
Balance, August 31, 2022 and February 28, 2023	82,998,600	\$ 4,831,536
Balance, August 31, 2023	86,082,552	\$ 5,139,502
Exercise of stock options	825,000	122,003
Balance February 29, 2024	86,907,552	\$ 5,261,505

Option exercises

During the period ended February 29, 2024, the Company received funds for the exercise of 825,000 options for gross proceeds of \$70,000 from the CEO, with a black scholes value of \$52,003.

PharmAla Biotech Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
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7. RESTRICTED SHARE UNITS

The Company has an unapproved Restricted Stock Unit (“RSU”) plan (“RSU Plan”). The RSU Plan is subject to the approval of the shareholders at the Company’s annual general meeting. The Company may issue RSUs to directors, officers, employees, and consultants, and may be granted for a maximum term of ten years from the date of the grant. The Board of Directors are responsible for determining if the RSU vest immediately or have vesting conditions.

The Company had the following RSUs activity during the periods ended February 29, 2024 and February 28, 2023:

	Number of RSUs	Weighted Average Price (\$)
Balance, August 31, 2022, February 28, 2023 and August 31, 2023	-	-
Issued	2,300,000	0.175
Balance, February 29, 2024	2,300,000	0.175

On November 3, 2023, the Company issued 2,300,000 restricted share unit awards to Clariti Strategic Advisors Inc, which vest based upon liquidity event and have an expiry date of 10 years. Based on the Company’s estimate a liquidity event like this may take place in approximately 2 years. For the period ended February 29, 2024 the Company recorded share-based compensation of \$44,850 related to the vesting of the restricted share units.

8. STOCK OPTIONS

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

The Company had the following stock options activity during the periods ended February 29, 2024 and 2022.

	Number of Stock options	Weighted Average Exercise Price (\$)
Balance, August 31, 2022 and February 28, 2023	7,810,000	0.08
Balance, August 31, 2023	6,040,000	0.09
Issued	2,300,000	0.175
Exercised	(825,000)	0.05
Balance, February 29, 2024	7,515,000	0.12

During the three and six months ended February 29, 2024, the Company recorded \$5,786 (February 28, 2023 - \$57,997) related to options granted in prior reporting periods.

On November 6, 2023, the Company granted stock options to directors, officers and advisors to purchase 2,300,000 common shares of the Company at an exercise price of \$0.175 for a period of 10 years following the date of grant, and vest upon a liquidity event. The options were valued at \$157,200 using a Black-Scholes valuation model with the following assumptions: share price of \$0.14 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 4.45%, and expected life of 2 years. During three and six months ended February 29, 2024, the Company recorded stock based compensation expense of \$24,736 related to this grant of stock options.

PharmAla Biotech Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three And Six Months Ended February 29, 2024 and February 28, 2023
(Expressed in Canadian Dollars)
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8. STOCK OPTIONS (Continued)

The following table reflects the stock options issued and outstanding as of February 29, 2024:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
March 23, 2026	0.05	2.06	1,010,000	1,010,000
June 18, 2026	0.10	2.30	1,025,000	1,025,000
August 12, 2026	0.10	2.45	380,000	280,000
November 1, 2026	0.10	2.67	750,000	458,333
January 5, 2027	0.10	2.85	1,750,000	1,750,000
July 13, 2027	0.10	3.37	300,000	300,000
November 6, 2033	0.175	9.69	2,300,000	-
Total	0.12	4.74	7,515,000	4,823,333

9. WARRANTS

The Company had the following activity regarding warrants during the six months ended February 29, 2024 and February 28, 2023.

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, August 31, 2022	6,766,952	0.05
Expired	(5,453,000)	0.05
Exercised	(782,000)	(0.05)
Balance, February 28, 2023	531,952	0.10
Balance, August 31, 2023 and February 29, 2024	-	-

As at February 29, 2024, the Company has no warrants outstanding.

10. INCOME (LOSS) PER SHARE

For the three and six months ended February 29, 2024, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$222,567 and \$186,090, respectively (February 28, 2023 - \$72,269 and \$360,770, respectively) and the weighted average number of common shares outstanding of 86,907,552 and 86,693,325, respectively (February 28, 2023 - 82,998,600 and 82,998,600, respectively).

11. JOINT VENTURE

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

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

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

PharmAla Biotech Holdings Inc.
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11. JOINT VENTURE (Continued)

Cortexa has a licence based on PharmAla's manufacturing technology and intellectual property, allowing for the manufacturing of MDMA and Psilocybin in Australia under GMP conditions. During the three and six months ended February 29, 2024, the Company accrued license revenue of \$110,438 (AUS 125,000).

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

	February 29, 2024 (AUS)	August 31, 2023 (AUS)
Cash	\$ 117,504	391,471
Total current assets	561,071	640,985
Total non-current assets	-	-
Total assets	561,071	640,985
Total current liabilities	255,720	739,709
Total non-current liabilities	723,242	70,248
Net assets	\$ (417,891)	(168,972)

	Six months ended February 29, 2024 (AUS)	February 28, 2023 (AUS)
Revenue	\$ 117,505	-
Loss from continuing operations and total comprehensive loss	\$ (248,918)	-

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

As part of its operations the Company from time to time may sell either raw GMP or encapsulated product to Cortexa to facilitate sales (downstream transaction), under the equity method transactions involving assets must be recognised only to the extent of unrelated investors' interests. During the three and six months ended February 29, 2024, the Company made sales of \$437,340 (US \$322,000), and deferred the gain on sales of \$169,430.

12. REVENUE

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

	Three Months Ended		Six Months Ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Product sales	\$ -	\$ 93,335	\$ 697,632	\$ 93,335
Grant revenue	34,818	-	34,818	-
License revenue (note 11)	55,600	-	110,438	-
Total	\$ 90,418	\$ 93,335	\$ 842,888	\$ 93,335

PharmAla Biotech Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
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13. COMMITMENTS AND CONTINGENCIES

Sales contracts

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

Contingencies

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

14. RELATED PARTY TRANSACTIONS

During the three and six months ended February 29, 2024, the Company paid professional fees of \$20,683 and \$33,710, respectively (February 28, 2023 - \$28,533 and \$41,730, respectively), to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filing Services Limited, and Marrelli Trust Company Limited, collectively, the ("Marrelli Group") a group of companies controlled by the Chief Financial Officer of the Company. These services were incurred in the normal course of operations for general accounting, financial reporting matters, corporate secretarial services, and transfer agent services. As at February 29, 2024, Marrelli Support was owed \$4,827 (August 31, 2023 - \$13,000) with respect to services provided. The amounts are unsecured, non-interest bearing, and are due on demand.

During three and six months ended February 29, 2024, the Company incurred consulting and payroll fees of \$36,000 and \$72,000, respectively (February 28, 2023 - \$34,440 and \$70,440, respectively) to the Chief Executive Officer ("CEO") and companies controlled by the CEO. As at February 29, 2024, the CEO and companies controlled by the CEO were owed \$50,850 (August 31, 2023 - \$80,170) inclusive of HST, and this amount was included in accounts payables and accrued liabilities.

During three and six months ended February 29, 2024, the Company incurred consulting fees of \$24,723 and \$49,363, respectively (February 28, 2023 - \$25,941 and \$49,941, respectively) to a company controlled by the Chief Operating Officer ("COO"). This service was incurred in the normal course of business, and these costs are included in consulting fees. As at February 29, 2024, companies controlled by the COO were owed \$18,897 (August 31, 2023 - \$8,000) inclusive of HST, and this amount was included in accounts payables and accrued liabilities.

During three and six months ended February 29, 2024, the Company incurred consulting fees of \$nil (February 28, 2023 - and \$750, respectively) related to regulatory affairs to a company controlled by a Director. This service was incurred in the normal course of business, and these costs are included in investor relations.

See note 6.

During the three and six months ended February 29, 2024, the Company incurred stock based compensation expense of \$621 and \$1,365, respectively (February 28, 2023 - \$16,928 and \$46,840, respectively).

15. SUBSEQUENT EVENTS

On March 8, 2024, the Company granted an aggregate of 2,050,000 RSUs to certain directors, officers, employees and consultants of the Company pursuant to the Equity Incentive Plan. A total of 950,000 RSUs granted vest quarterly over a one-year period with the remaining 1,100,000 RSUs vesting quarterly over a two year period.

On April 19, 2024, the Company announced that it has closed its non-brokered private placement offering of units of the Company (each, a "Unit") at a price of \$0.18 per Unit for aggregate gross proceeds of up to \$750,000 (the "Offering"). Each Unit shall consist of one common share in the share capital of the Company and one-half of one warrant of the Company. Each warrant will entitle the holder thereof to acquire one additional common Share at a price of \$0.27 prior to 4:30 pm (Toronto Time) on the date that is thirty six months following the closing date.