Mindbio Therapeutics Corp.

Combined Consolidated Financial Statements for the Years Ended 30 June 2024 and 2023

MNP

Independent Auditor's Report

To the Shareholders of MindBio Therapeutics Corp.:

Opinion

We have audited the combined consolidated financial statements of MindBio Therapeutics Corp. and its subsidiaries (the "Group"), which comprise the combined consolidated statements of financial position as at June 30, 2024 and June 30, 2023, and the combined consolidated statements of loss and comprehensive loss, changes in deficit and cash flows for the years then ended, and notes to the combined consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying combined consolidated financial statements present fairly, in all material respects, the combined consolidated financial position of the Group as at June 30, 2024 and June 30, 2023, and its combined consolidated financial performance and its combined consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Combined Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the combined consolidated 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 combined consolidated financial statements, which indicates that the Group incurred a net loss during the year ended June 30, 2024 and, as of that date, the Group had a working capital deficiency and a cash outflow from operations. 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 Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Valuation and classification of loans

Key Audit Matter Description	*Audit Response*
As described in Note 7 in the combined consolidated financial statements, the Group modified its Mind NZ loan with Riverfort during the year ended June 30, 2024. Evaluating the modification of the loan required significant and complex auditor judgment. Specifically, judgment is required to determine whether the loan modification was substantial requiring treatment as loan extinguishment and issuance of new loan. The key assumptions, such as extended date and interest rate, which were used in assessing the net present value of the loan on the date of modification and the calculation of the loan modification gains or losses that are recognized in the combined consolidated financial statements of loss and comprehensive losses also require significant auditor judgment. Furthermore, the classification assessment of the modified loan also requires complex auditor judgment. Accordingly, we considered the valuation and classification of investor loan as a key audit matter.	We responded to this matter by performing procedures in relation to valuation and classification of investor loans. Our audit work in relation to this included, but was not restricted to, the following: • Obtained management's accounting assessment on the loan modification and classification of the modified loan and assessed it for reasonableness. • Consulted with internal valuation specialists to determine the appropriate fair market interest rate for the new investor loan that was recognized as a result of the loan modification. • Obtained management's loan continuity schedule and performed recalculations to ensure arithmetic accuracy of the valuation of the loan balances as at June 30, 2024. • Performed recalculations of the fair value of the loans that are classified as fair value through profit or loss as of June 30, 2024 and the unrealized gains/losses on the fair value of the loans

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the combined consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the combined consolidated financial statements or our knowledge in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement or 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 Combined and Consolidated Financial Statements

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

In preparing the combined consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Combined Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined consolidated 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 combined consolidated financial statements.

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

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

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

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 combined consolidated 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 Zhi Huang.

MNP LLP

Toronto, Ontario
October 28, 2024

Chartered Professional Accountants
Licensed Public Accountants

Mindbio Therapeutics Corp.
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30 June 2024 and 30 June 2023

Mindbio Therapeutics Corp.
Combined consolidated statements of loss and comprehensive loss
For the years ended 30 June 2024 and 2023
(Prepared in Australian dollars)

	Note	Year ended 30 June 2024	Year ended 30 June 2023
		$	$
Expenses			
Director fees		-	(27,061)
Audit fees		(78,215)	(108,946)
Legal fees		(38,088)	(539,985)
Consulting and advisory fees		(255,969)	(381,472)
Consulting and accounting fees		(93,446)	(198,834)
Investor relations		(18,732)	(81,433)
Marketing		(60,573)	(292,731)
Trust fees		(13,178)	-
Listing fees		(20,732)	-
Share based payments	9	-	(1,398,199)
Administration		(107,791)	(272,443)
Foreign exchange gain		-	9,797
Finance costs	16	(359,000)	(454,772)
Total expenses		(1,045,724)	(3,746,079)
Other items			
Research and development grant income	11	630,772	136,176
Unrealized loss on fair value of investor loans	7	(306,750)	(374,748)
Loan modification gain	7	320,950	24,277
Loss on issuance of bonus shares	7, 9	-	(308,478)
Unrealized loss on SAFE investment	5	(14,890)	(17,868)
Total other items		630,082	(540,641)
Loss before income tax expense		(415,642)	(4,286,720)
Income tax expense	8	-	-
Loss after income tax expense for the year		(415,642)	(4,286,720)
Other comprehensive loss for the year, net of tax		(69,224)	-
Total comprehensive loss for the year		(484,866)	(4,286,720)
Comprehensive loss attributable to non-controlling interests	10	8,526	(7,081)
Comprehensive loss attributable to the Group		(493,392)	(4,279,639)
Weighted average common shares outstanding		133,047,305	110,135,224
Loss per share, basic and diluted		(0.004)	(0.04)

See accompanying notes to the combined consolidated financial statements

Mindbio Therapeutics Corp.
Combined consolidated statements of financial position
As at 30 June 2024 and 2023
(Prepared in Australian dollars)

	Note	30 June 2024	30 June 2023
		$	$
Assets			
Current assets			
Cash		138,703	319,175
Goods and services tax input credits		55,469	54,029
SAFE investment	5	-	14,890
Monies held in trust		-	284,832
Total current assets		194,172	672,926
Total assets		194,172	672,926
Liabilities			
Current liabilities			
Trade and other payables	6	607,660	654,496
Investor loans	7	5,020,834	2,155,661
Deferred grant income	11	-	115,649
Total current liabilities		5,628,494	2,925,806
Non-current liabilities			
Trade and other payables	6	310,476	350,000
Investor loans	7	-	2,816,812
Total non-current liabilities		310,476	3,166,812
Total liabilities		5,938,970	6,092,618
Deficit			
Issued capital	9	5,484,526	5,372,815
Option reserve	9	1,398,199	1,398,199
Warrants	9	75,845	75,845
Accumulated other comprehensive income		105,950	175,174
Accumulated deficit		(12,755,798)	(12,379,679)
Deficit attributable to the Group		(5,691,278)	(5,357,646)
Non-controlling interests		(53,520)	(62,046)
Total deficit		(5,744,798)	(5,419,692)
Total liabilities and deficit		194,172	672,926

Going concern (Note 1)
Commitments (Note 15)
Subsequent events (Note 21)

Mindbio Therapeutics Corp.
Combined consolidated statements of changes in deficit
For the years ended 30 June 2024 and 2023
(Prepared in Australian dollars)

	Note	Issued capital	Option reserve	Warrants	Accumulated other comprehensive income	Accumulated Deficit	Deficit attributable to the Group	Non-controlling interests	Total
		$	$	$	$	$	$	$	$
As at 30 June 2022		**4,512,543**	**-**	**-**	**-**	**(8,738,820)**	**(4,226,277)**	**-**	**(4,226,277)**
Comprehensive loss for the year ended 30 June 2023		-	-	-	-	(4,279,639)	(4,279,639)	(7,081)	(4,286,720)
Issue of bonus shares	8	308,478	-	-	-	-	308,478	-	308,478
Private placements	9	1,135,609	-	75,845	-	-	1,211,454	-	1,211,454
Issue of shares to acquire DMT	4	743,208	-	-	-	-	743,208	-	743,208
Elimination of DMT purchase	4	(1,327,023)	-	-	-	583,815	(743,208)	-	(743,208)
Share based payments	9	-	1,398,199	-	-	-	1,398,199	-	1,398,199
FX reserve		-	-	-	175,174	-	175,174	-	175,174
Non-controlling interest	10	-	-	-	-	54,965	54,965	(54,965)	-
As at 30 June 2023		5,372,815	1,398,199	75,845	175,174	(12,379,679)	(5,357,646)	(62,046)	(5,419,692)
Comprehensive loss for the year ended 30 June 2024		-	-	-	-	(415,642)	(415,642)	8,526	(407,116)
Conversion of debt into shares	7	111,711	-	-	-	-	111,711	-	111,711
Shareholder contribution benefits		-	-	-	-	39,523	39,523	-	39,523
FX Reserve		-	-	-	(69,224)	-	(69,224)	-	(69,224)
As at 30 June 2024		**5,484,526**	**1,398,199**	**75,845**	**105,950**	**(12,755,798)**	**(5,691,278)**	**(53,520)**	**(5,744,798)**

See accompanying notes to the combined consolidated financial statements

Mindbio Therapeutics Corp.
Combined consolidated statements of cash flows
For the years ended 30 June 2024 and 2023
(Prepared in Australian dollars)

	Note	Year ended 30 June 2024	Year ended 30 June 2023
		$	**$**
Cash flows used in operating activities			
Loss for the year		(407,116)	(4,286,720)
Items not affecting cash			
Unrealized loss on SAFE investment		14,890	17,868
Loss on issuance of bonus shares		-	308,478
Unrealized loss on fair value of investor loans		306,750	374,748
Finance costs		83,867	289,841
Loan modification gain		(320,950)	(24,277)
Issuance of shares for repayment of loan		111,711	-
Share based payments		-	1,398,199
Changes in non-cash working capital balances			
(Decrease) increase in deferred grant income		(115,649)	115,649
Increase in goods and services tax input credits		(1,440)	(8,365)
Decrease in trade and other payables		(55,532)	(396,674)
Net cash used in operating activities		(383,469)	(2,211,253)
Cash flows from financing activities			
Proceeds from private placements, net of issuance costs		-	1,147,603
Cash received from Trust account		284,832	-
Cash repayment on investor loans		(12,611)	(107,611)
Net cash from financing activities		272,221	1,039,992
Net decrease in cash		(111,248)	(1,171,261)
Foreign exchange impact		(69,224)	175,642
Cash at the beginning of the financial year		319,175	1,314,794
Cash at the end of the financial year		138,703	319,175

Supplemental disclosure of cash flow information (Note 18)

See accompanying notes to the combined consolidated financial statements

Note 1. Nature of Business and Going Concern

MindBio Therapeutics Incorporated (formally 1286409 B.C. Ltd) ("Mind Inc") is a Canadian based company that is listed on the Canadian Securities Exchange ("CSE"), trading under the symbol of "MBIO". Mind Inc. was incorporated on 21 January 2021. Mind Inc. has 2 subsidiary companies (and one sub subsidiary company) which operate in Australia and New Zealand. Together, these companies form the MindBio Group ("Group"). The Group's core business is researching, developing, and testing psychedelic substances as a potential treatment for the management of a broad range of mental health conditions. Mind Inc has its head office at 1055 West Georgia Street, Vancouver, BC, Canada.

Going concern

These combined consolidated financial statements have been prepared on a going concern basis, which contemplates that the Group will be able to realize its assets and discharge its liabilities in the normal course of business.

For the year ended 30 June 2024 the Group incurred a loss from operations of $484,866 (30 June 2023 – $4,286,720) and incurred cash outflows from operations of $383,469 (30 June 2023 – $2,211,253).

As 30 June 2024, it has negative working capital of approximately $5,434,322 (30 June 2023 – $2,252,881);

The directors also have the ability to scale back expenditures relating to the research and development program, together with corporate and administrative overheads. It has largely completed the majority of its expenditure commitments with the University of Auckland, and;

The counterparties to the non-current payables set out in note 6 have written to the Group stating the intention and ability to not call upon amounts payable and owing to them in the event that this payment would jeopardize the Group's ability to pay its debts as and when they fall due and payable.

While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. These events represent material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

Note 2. Basis of Presentation

Statement of compliance

The combined consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The combined consolidated financial statements of the Mind Inc for the period ended 30 June 2024 were approved and authorised for issue by the Board of Directors on 28 October 2023.

Basis of preparation and consolidation

These combined consolidated financial statements are being prepared on a combined consolidated basis. The Group includes the following entities:

MindBio Therapeutics Incorporated (formally 1286409 B.C. Ltd), which is the holding company listed on the Canadian Stock Exchange (CSE).
MindBio Therapeutics Pty Ltd which is an Australian company, and is 100% owned by MindBio Therapeutics Incorporated.
Mindbio Therapeutics NZ limited which is incorporated in New Zealand, and was 100% owned by MindBio Therapeutics Australia Pty Ltd until 1 December 2022. On 1 December 2022, the Group amended its agreement with the University of Auckland, which replaced the University of Auckland's right of 2% royalty on any future sales revenue that arises from the commercialization of the intellectual property and medicinal sales, with 2% of the issued and outstanding common shares of Mindbio Therapeutics NZ Limited, for cash consideration of $1. See Note 14.
Digital Mind Technologies Pty Ltd, which is incorporated in Australia and is 100% owned by Mind Bio Therapeutics Incorporated.

Note 2. Basis of Presentation (continued)

Further detail of the entities in the consolidated Group are as follows:

- Mind Inc. is an entity that was incorporated on21 January 2021, with the sole purpose of fulfilling a spin-out transaction.
- Mindbio Therapeutics Pty Ltd, ("Mind Aust"), which was incorporated on 12 May 2021 under the Australian Corporations Act 2001. Mind Aust is a clinical trial stage drug development company that is pioneering legal psychedelic micro dosing research and is advancing emerging therapies to treat a range of debilitating health conditions such as depression, anxiety, chronic pain, cognitive impairment and post-traumatic stress disorder (PTSD);
- Digital Mind Technologies Pty Ltd ("DMT"), which was incorporated on 13 September 2021 under the Australian Corporations Act 2001. DMT is a digital technology and research business with a core focus on establishing and executing research protocols through formal clinical trials that are facilitated via digital therapeutic platforms. The aim of the business is to create evidence based medical interventions for various medical conditions using digital technologies; and
- Mindbio Therapeutics NZ Limited ("Mind NZ"), which was incorporated as a wholly owned subsidiary of Mind Aust on 23 November 2021 under the New Zealand Corporations Act. Mind NZ is a research and technology business that focusses on the establishment and execution of research protocols through clinical trials. The core of the research is based on the investigation of psychedelic substances as a potential treatment regimen for the management of a broad range of mental health conditions. The business is also focused on developing technologies that will assist with the administration of psychedelic substances as part of an established treatment regimen.

On 28 August 2021, Mind Inc acquired all of the share capital in Mind Aust.
On 3 September 2021, Blackhawk Growth Corp. ("Blackhawk") acquired all of the share capital in Mind Inc through the issue of 22,095,180 Blackhawk shares.
On 17 December 2021, Blackhawk separately and directly acquired the share capital in Digital Mind Technologies Pty Ltd. through issuance of 8,661,290 Blackhawk shares.

The listing of the Group was achieved on 5 May 2023, through the spinout of Mind Inc from Blackhawk. Prior to the spinout transaction, Mind Inc purchased DMT from Blackhawk through the issue of 7,888,044 shares to Blackhawk shareholders.

Part of the spin out agreement was that existing Blackhawk shareholders were to receive 1 Mind Inc share on listing. To achieve this, Mind Inc completed a share split. The share split was made on both Blackhawk shareholders and non-Blackhawk shareholders. This resulted in 48,268,779 shares being issued to Blackhawk holders and 33,799,810 shares issued to placement holders. The result was that Mind Inc has 133,047,305 shares on issue on listing.

These combined consolidated financial statements are being prepared on a combined consolidated basis. Any transactions or balances existing between these entities throughout the reporting period and at period end consequently have been eliminated in full on consolidation. Non-controlling interests, if any, are included as a component of the Group's equity.

Basis of presentation and functional currency

The combined consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these combined consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Group measures the transactions using the currency of the primary economic environment in which it operates in. These combined consolidated financial statements are presented in Australian dollars. Below is a summary of the functional currency of the entities:

Mindbio Therapeutics Incorporated	Canadian Dollars
Mindbio Therapeutics Pty Ltd	Australian Dollars
Digital Mind Technologies Pty Ltd	Australian Dollars
Mindbio Therapeutics NZ Limited	Australian Dollars

Note 2. Basis of Presentation (continued)

The preparation of combined consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Non-controlling interests
Non-controlling interest (“NCI”) represents equity interests owned by parties that are not shareholders of the ultimate parent. Non-controlling interest is to be initially measured at the proportionate share of the subsidiaries’ identifiable net assets at the date of recognition of NCI. The share of net assets attributable to NCI is presented as a component of equity. Their share of net income or loss is recognized directly in equity.

Note 3. Material accounting policies

Financial Instruments

(i) Classification:

All financial assets not classified at amortized cost or fair value through other comprehensive income (“FVTOCI”) are measured at fair value through profit and loss (“FVTPL”). On initial recognition, the Group can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

Note 3. Material accounting policies (continued)

(i) Classification: (continued)

All financial instruments are initially recognized at fair value on the combined consolidated statements of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the combined consolidated statements of loss and other comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The Group recognises a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in the combined consolidated statements of loss and comprehensive loss.

The following table summarizes the classification and measurement changes under IFRS 9, Financial Instruments (“IFRS 9”) for each financial instrument:

Classification	IFRS 9
Cash	FVTPL
SAFE investment	FVTPL
Monies held in trust	FVTPL
Trade and other payables	Amortized Cost
Investor loans	Amortized Cost and FVTPL (See Note 7)

(ii) Recognition, de-recognition and measurement:

Purchases and sales of investments are recognized on the settlement date.

Investments at FVTPL are initially recognized at fair value where reliable basis for determination exists. Transaction costs are expensed as incurred in the consolidated statements of net loss and comprehensive loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Group has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. The Group derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expired.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statements of net loss and comprehensive loss within net change in unrealized gains or losses on investments in the period in which they arise.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarch within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group is also required to disclose the details of its investment (and other financial assets and liabilities reported at fair value) within three hierarchy levels (level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosures in connection therewith.

Cash and monies held in trust are measured using level 1 inputs.
SAFE investment is classified as level 3 fair value instruments due to lack of observable market inputs. The significant unobservable inputs used in the fair value measurement include recent transaction price and market trends. For SAFE investment based on trends in comparable publicly traded companies, general market conditions, and specific company information, the inputs used can be highly judgmental. The company have valued the SAFE investment at $nil as at June 30, 2024, recognising the uncertainty of this investment.

Investor loans that were measured at FVTPL were classified as level 3 upon initial issuance. The significant unobservable inputs used in the fair value measurement include discount rate, estimated repayment date and probability of the settlement event. For loan value based on fair value discount rate based on similar rates for a comparable company, the inputs used could be highly judgmental. A +/- 5% change in discount rate will result in a corresponding +/- $13,472 change in the total fair value of investor loan liability (30 June 2023 - $13,585).

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of the investments.

Note 3. Material accounting policies (continued)

Foreign currency translation

Transactions denominated in foreign currencies are translated to the respective functional currencies of each entity within the Group at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate in effect at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate prevailing at the date that the fair value was determined. Non-monetary items denominated in a foreign currency that are measured based on historical cost are translated using the exchange rate in effect at the date of the transaction.

Foreign currency differences arising on translation of foreign currency balances into the functional currency are recognized in the consolidated statements of loss and comprehensive loss.

The results and financial position of the entities included in the combined consolidated financial statements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2. Share capital is translated using the exchange rate at the date of the transaction;

3. Revenue and expenses for each consolidated statement of net loss and comprehensive loss are translated at average exchange rates; and

4. All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive (loss) income in the consolidated statement of net loss and comprehensive loss.

The Group treats specific inter-company loan balances that are not intended to be repaid in the foreseeable future as part of its net investment in a foreign operation, which is recorded as an exchange difference on translation of foreign operations in other comprehensive income in the consolidated statements of net loss and comprehensive loss.

When a foreign entity is sold, such exchange differences are reclassified to income or loss in the consolidated statements of net loss and comprehensive loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Issued capital

The Group records proceed from share issuances net of share issue costs. Proceeds and issue costs from unit placements are allocated between shares and warrants issued based on their relative fair values. The shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The shareholders of the Group have the right to the dividends and voting for the entities that they hold shares in. Similarly, in the event of a wind up, the shareholders will access their share of the residual value in the entity that they hold shares in.

Note 3. Material accounting policies (continued)

Earnings (loss) per share
The Group presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if the dilutive securities were exercised or converted to common shares. The dilutive effect of the options and warrants are computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method. Diluted earnings (loss) per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. The comparative information has been retrospectively adjusted to reflect the share split completed by the Group during the year ended 30 June 2023. See Note 9.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Group.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at the reporting date.

Share based payments
The Group may issue stock options to its officers and directors, and consultants from time to time. Any consideration received by the Group on the exercise of stock options is credited to share capital. The cost of options is recognized, together with a corresponding increase in contributed surplus, over the period in which the corresponding performance and/or service conditions are fulfilled, ending on the date on which the relevant optionee becomes fully entitled to the award (“vesting date”).

The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and the Group’s best estimate of the number of options that will ultimately vest on the vesting date. The Group records compensation expense and credits contributed surplus for all stock options granted, which represents the movement in cumulative expense recognized as at the beginning and end of that period.

Stock options granted during the period are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model. The Group is also required to estimate the expected future forfeiture rate of options in its calculation of stock-based compensation expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share, unless the outstanding options do not have an anti-dilutive effect.

Financial derivatives – options and warrants
A financial derivative such as a warrant or option that will be settled with the issuing entity’s own equity instruments will be classified as an equity instrument if the derivative is used to acquire a fixed number of the entity’s own equity instruments for a fixed amount of Canadian dollars.

A financial derivative will be considered as a financial liability at fair value through profit or loss if it is used to acquire either a variable number of equity instruments or consideration in a foreign currency and the options and warrants were not offered pro rata to all existing owners of the same class of non-derivative equity instruments.

Segment reporting
Reportable segments are defined as components of an enterprise about which separate financial information is available, that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. During the year ended 30 June 2024 and 2023, the Group’s operations primarily relate to pharmaceuticals research and development activities. The Group has one reportable segment for the years ended 30 June 2024 and 2023.

As the operations comprise a single segment, amounts disclosed in the combined consolidated financial statements also represent segment amounts.

Note 3. Material accounting policies (continued)

Government grants
Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and the government grants will be received. Grants are recognized as either income over the year (s) necessary to match them with the related costs or if related to a specific expense, as a reduction to the expense for which they are intended to compensate, on a systematic basis. The Group has recognized the government grant received during the years ended 30 June 2024 and 2023 as research and development grants as other items in the combined consolidated statements of loss and comprehensive loss.

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Income Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized directly recognized in other comprehensive loss or deficit is recognized in other comprehensive loss or deficit and not in the combined consolidated statements of loss and comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Tax credits that can be claimed in relation to specific research and development expenditures are recognized once the claim and supporting documentation has been submitted to the tax authority and collectability of the claimed amount is reasonably assured. For the amounts received from the tax authority that were not earned by the Group, the amount has been recognized as deferred income in the combined consolidated statements of financial position.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

Note 3. Material accounting policies (continued)

(ii) Deferred taxes

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary difference and the carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statements of loss and comprehensive loss.

Deferred tax assets and deferred tax liabilities are not offset unless a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

The Group does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

Critical accounting judgements, estimates and assumptions
The preparation of the combined consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the combined consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Going concern
The assessment of the Group’s ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Group’s ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

Determination of functional currency
The effects of Changes in Foreign Exchange Rates’ (IAS 21) define the functional currency as the currency of the primary economic environment in which an entity operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21.

Non-recognition of deferred tax assets
Deferred tax assets from timing differences and carry-forward losses are recognized only to the extent that their recoverability is probable. Given the uncertainty as to when any of the Group entities will earn taxable income, and whether existing losses may be applied against any of such taxable income, no deferred tax asset has been recognized.

Critical accounting judgements, estimates and assumptions (continued)

Accounting for borrowings with hybrid equity conversion characteristics
During the reporting period, the Group issued borrowings to investors with variable equity conversion entitlements, either owing to the pricing of the equity conversion entitlement, the degree to which accruing interest could be imputed into the equity settlement of those borrowings or any other variable pricing mechanism implicit in the instrument.

As the borrowing arrangements had relatively short maturities and due to the fact that the equity conversion formulae are referrable to unquoted equity instrument prices, both the underlying host contract of the borrowing and its equity conversion entitlement have been recognised at fair value through the profit or loss, both at inception and at each successive reporting date.

In fair valuing the entire financial instrument, which the directors consider to be a level 3 fair valuation hierarchy, the directors considered the characteristics of the financial instrument, including its conversion formulae coupled together with pricing data supporting seed capital raising activity in the Group.

Share based payments
The Group uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share based payments expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Group's control. The Group is also required to estimate the future forfeiture rate of options based on historical information or management's best estimate in its calculation of share based payments expense.

Warrants
The Group uses the Black-Scholes option pricing model to calculate the value of warrants issued as part of the Group's private placements. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Group's control. Refer to Note 9 for further details.

(Prepared in Australian dollars)

Note 3. Material accounting policies (continued)

Accounting standards issued but not yet effective

The IASB and the IFRIC have issued the following new and revised standards and interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the Consolidated Financial Statements of the company. The Company intends to adopt these standards, if applicable, when the standards become effective:

(a) Effective for annual periods beginning on or after January 1, 2024, the Company will adopt the amendments to IAS 1 'Presentation of Financial Statements'. The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability and requires companies to disclose, in specified circumstances, information in the notes that enables financial statement users to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period.

(b) Effective for annual periods beginning on or after January 1, 2024, the Company will adopt the amendments to IFRS 7, 'Financial Instruments: Disclosures' and IAS 7, 'Statement of Cash Flows'. The amendments require companies to disclose sufficient information necessary for users of financial statements to understand an the effects of supplier finance arrangements on an companies liabilities and cash flows, as well as on its liquidity risk and risk management.

(c) Effective for annual periods beginning on or after January 1, 2024, the Company will adopt the amendments to IFRS 18, 'Leases'. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognize any amount of the gain or loss that relates to the right of use it retains.

(d) Effective for annual periods beginning on or after January 1, 2025, the Company will adopt the amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates'. The amendment specifies when a currency is exchangeable into another currency and when it is not, how a company determines the exchange rate to apply when a currency is not exchangeable, and the required disclosure of additional information when a currency is not exchangeable.

In addition, there are several new interpretations and amendments issued but not yet effective that are not applicable to the Group and so have not been included in the list above.

Note 4. Spin out transaction with Blackhawk

On 25 November 2022, Mind Inc. entered into an arrangement agreement with Blackhawk (the "Transaction"). Pursuant to the terms of the Transaction, Mind Inc. will acquire all issued and outstanding common shares of DMT from Blackhawk through the issuance of common shares. Upon completion of the acquisition of DMT, Mind Inc. shall complete a share split or share consolidation so that the resulted number of common shares issued and outstanding of Mind Inc. to equal to the total issued and outstanding common shares of Blackhawk. Each Mind Inc. common shares issued pursuant to the Transaction will then be distributed to Blackhawk shareholders on a one-to-one basis.

The Transaction was completed on 5 May 2023.

Pursuant to the terms of the Transaction, Mind Inc. shall issue common shares to holders of Blackhawk warrants, provided that such warrants are exercised. The Group has assessed the obligation as a contingent liability. The Group is unable to, at this stage, estimate the amount of the obligation or the number of common shares will be issued pursuant to this obligation. No provision has been made for the claim in the combined consolidated financial statements as at 30 June 2023.

As at 5 May 2023, the issued and outstanding common share purchase warrants of Blackhawk is as follows:

Blackhawk warrant holders

Date	Expiry date	Outstanding	Exercisable	Remaining life (Years)	Exercisable Price* ($)
17/12/2019	17/12/2024	1,840,000	1,840,000	0.46	$1.25
22/11/2021	22/11/2024	1,538,461	1,538,461	0.39	$0.91

(Prepared in Australian dollars)

	3,378,461	3,378,461

*The exercise prices of the Blackhawk warrants are in CAD.

Note 5. SAFE investment

The Group has invested in technology growth company, Quantified Citizen Technologies Inc (incorporated in Canada, "Quantified Citizen") through a simple agreement for future equity ("SAFE"). Under this agreement, the SAFE will convert to common shares in Quantified Citizen either on the occurrence of two events:

- Qualified Financing – when Quantified Citizen issues preference shares to investors. The SAFE holders will be issued preference shares at a price contingent on the future preference share price; or
- Liquidity event – when Quantified Citizen lists on a stock exchange. The safe holder will participate in ordinary share issue at a price contingent on the price per share listed.

The fair value of the SAFE investment has been assessed by directors as $nil as of 30 June 2024 (30 June 2023 - $14,890). The unrealized loss on the investment is $14,890 (2023 - $17,868) which has been recognized in the combined consolidated statements of loss and comprehensive loss.

Note 6. Trade and other payables

	30 June 2024 $	30 June 2023 $
Current		
Accounts payable and accruals - third parties	527,660	572,417
Accrued directors' fees		-
Accrued fees - audit	80,000	73,746
Accrued fees - consulting and advisory		8,333
Total current	607,660	654,496
Non-current		
Accrued fees - 958 consulting*	310,476	350,000
Total current and non-current	918,136	1,004,496

*958 Consulting is a wholly controlled entity of a director of the Group companies. Amounts are payable in-respect of successfully completing contractually agreed performance and transactional milestones. In December 2021, some of the amounts which were payable at call under the terms of the original agreement were deferred for payment in June 2025.

With the exception of the above, all payables were due for payment within 60-day terms as at 30 June 2024 (2023: 60 day terms).

Note 7. Investor loans

(i) Mind Aus loan

During March to May 2022, Mind Aust issued loans to investors with gross principal amount of $1,394,984. The terms of the debt are as follows:

- The unsecured loans attract interest of 10% per annum;
- They are repayable after 18 months of Mind Aust, or its designated listed company vehicle, being listed as a public company, or after 18 months of a designated listing event not being successful; and
- The holders of the loans are subject to receive bonus shares at a price of $0.08 Canadian Dollars per share. The number of bonus shares issuable equals to 20% of the principal amount of the loan.

As the terms of the loan would result in Mind Aust, or its designated listed company vehicle, to issue a variable number of common shares of Mind Aust or its designated listed company vehicle, the loan was classified as a FVTPL liability.

On 20 December 2022 the bonus shares were issued by Mind Inc. as Mind Aust's designated listed company vehicle in accordance with the loan agreement. Mind Inc. issued a total of 3,135,509 shares. See Note 9.

Upon the issuance of the bonus shares, the terms of the loan have been modified to remove the bonus shares structure. The amendment has been assessed as a loan modification. The Group recognized $nil loan modification gain or loss in the combined consolidated financial statements of loss and comprehensive loss. After the amendment, the loan has been classified as amortized cost with an effective interest rate of 11.17% per annum. The fair value of the loan on the date of the amendment has been assessed to be $1,394,503.

For the year ended 30 June 2024, the Group recognized a total of $21,538 (2023 - $84,274) of accretion expense and a total of $137,098 of interest expense (2023 - $137,098) on the loan which has been included in finance costs in the combined consolidated financial statements of loss and comprehensive loss. The fair value of the loan as at 30 June, 2024 has been assessed at $1,637,417.

(ii) DMT loan

During June to August 2021, DMT issued loans to investors with gross principal amount of $1,405,000. The terms of the debt are as follows:

- The unsecured loans attracted an upfront interest payment of 10%;
- They are repayable within 30 business days of a successful listing of the Group or in the event of the listing of the Group being unsuccessful;
- On 10 March 2022, the terms of the loan were amended. Under the amended terms, the loans are repayable on 1 August 2024, if not repaid earlier.

The loan has been classified as amortized cost. The Group has assessed that the loan amendment on 10 March 2022 is classified as a loan modification and there has been $nil loan modification gain or loss.

During the year ended 30 June 2024, the Group made a repayment of $12,611, which consists of $10,000 in principal and $2,261 of interest expense on 11 April 2023. The $2,261 interest expense has been included in the finance costs in the combined consolidated statements of loss and comprehensive loss.

The Group recognized a total of $127,223 (2023 - $161,456) in interest expense and $73,141 in finance costs (2023 - $nil) which has been included in the combined consolidated statements of loss and comprehensive loss. The fair value of the loan as at June 30, 2024 has been assessed at $1,356,845.

Note 7. Investor loans (continued)

(iii) Mind NZ loan

On 31 January 2022, Mind NZ signed a CAD 1,700,000 unsecured loan with Blackhawk. This loan has a term of 24 months and has no interest payable. An upfront facilitation fee of CAD 205,000 has been paid as per the agreement. This fee is capitalized to the loan and amortized over the term of the loan.

On 25 October 2022, the loan was amended to include an option for the holder to convert the loan into equity of MindBio Therapeutics Pty Ltd. The common shares will be issued at a deemed price equivalent to, in the event the common share of Mind Aust is publicly listed on a stock exchange, the volume-weighted average closing price of the common shares of Mind Aust on the senior stock exchange in which Mind Aust is listed in the preceding twenty trading dates, or in the event the common share of Mind Aust is not publicly listed on a stock exchange, the most recent equity financing completed by Mind Aust for gross proceeds in excess of $250,000 Canadian Dollars. In the event that public listing of Mind Aust is achieved through the listing of another entity which controls Mind Aust, then the holder of the loan will be deemed to include the right to receive an equivalent number of common shares in the listed entity. An amendment fee of $200,000 CAD was applied for this amendment. This fee has increased the principal amount of the loan to CAD $1,900,000. The loan has been extended to be repayable on 31 March 2024.

On October 5, 2023 the loan was assigned by Blackhawk Growth Corp to Riverfort Global Opportunities PCC Ltd ("Riverfort"). Blackhawk irrevocably novated unto Riverfort all of its present and future rights associated with the loan. The terms of the amendment include extending the term of the loan from 31 March 2024 to 31 March 2025, with revised payment schedule being CAD $237,500 on 30 March 2024; 30 June 2024; 30 September 2024; and 31 December 2024, with the remaining balance due on 31 March 2025. In addition, the amendment provided the Group an opportunity to extend the loan term to 31 December 2025, provided that the Group pays Riverfort CAD $100,000 by 28 February 2024 by way of loan repayment and issues CAD $35,000 in common stock at the closing price the day prior to the relevant payment. Such early repayment was not made during the year.

On April 11, 2024, the Group partially settled its loan with Riverfort for CAD $100,000 through issuance of 2,000,000 common shares at a price of CAD $0.05 per share. The amount outstanding has been reduced to CAD $1,800,000. See Note 9.

The amendment to the loan has been classified as loan extinguishment of the original loan and a recognition of a new loan. Upon the amendment, the Group recognized a total of $320,950 gain on the loan extinguishment, which has been recorded in the combined consolidated financial statements of loss and comprehensive loss.

Since the loan will result in Mind Inc. issues a variable number of common shares upon the exercise of the conversion option, the loan has been classified as a FVTPL liability. The fair value of the loan has been assessed at $2,026,570 (2023 – fair value - $2,155,661). During the year ended 30 June 2024, the Group recognized a total of $306,750 fair value loss on the loan (2023 - $392,000) and a foreign exchange translation loss of $30,386.

(Prepared in Australian dollars)

Note 8. Income Tax

The reconciliation of Australia statutory income tax rate of 25% (2023 – 25%) to the effective tax rate is as follows:

For the year ended	2024	2023
Total comprehensive loss before income taxes	(415,642)	(4,286,720)
Combined statutory rate	25%	25%
Expected income tax recovery	(103,910)	(1,071,680)
Difference in foreign tax rates	5,560	(13,730)
Non-deductible share-based payments	-	349,550
Other non-deductible differences	19,690	200,654
Non-taxable R&D credit	(176,620)	(34,044)
Changes in tax benefits not recognized	255,280	569,250
Income tax recovery	-	-

The following table summarizes the components of deferred tax for the year ended 30 June 2024:

For the year ended	2024
Deferred tax assets	
Non-capital losses carried forward	3,430
Deferred tax liabilities	
Investor loans	(3,430)
Income tax recovery	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences.

For the year ended	2024
Non-deductible legal fees	465,300
Non-capital losses – Canada	128,858
Non-capital losses – New Zealand	1,592,197
Non-capital losses – Australia	5,265,026
Deductible finance costs	33,030
	7,484,411

The Group's non-capital income tax losses expire as follows:

	Canada	New Zealand	Australia	Total
2043	49,070			49,070
2044	79,788			79,788
Indefinite		1,592,197	5,265,026	6,857,223
Total	128,858	1,592,197	5,265,026	6,986,081

(Prepared in Australian dollars)

Note 9. Issued capital

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

Authorized: unlimited number of common shares (no par value).

The following table summarizes the issuances of the Group's common shares as at 30 June 2024:

		Share capital		
	Date	**Shares(1)**	**Cents(1)**	**$**
Balance as at 30 June 2023		133,047,305		5,372,815
Conversion by Riverfort of CAD100,000 debt to equity	11/04/2024	2,000,000	CAD 0.05	111,711
Balance as at 30 June 2024		135,047,305		5,484,526

On April 11, 2024, the Group issued 2,000,000 common shares at a price of CAD $0.05 per share to Riverfort to partially settle the loan the Group had with Riverfort. The loan principal amount has been reduced by CAD $100,000 and the amount of share capital has been valued to be CAD $100,000 ($111,711).

(Prepared in Australian dollars)

Note 9. Issued capital (continued)

The following tables summarizes the issuance of the Group's common shares as at 30 June 2023:

Mindbio Therapeutics Incorporated (formerly, 1286409 B.C. Ltd)

		Share capital		
	Date	**Shares(1)**	**Cents(1)**	**$**
Balance at 30 June 2022		94,688,316		4,512,543
Placement round (2)		2,107,890	1.54	32,308
Issue of bonus shares as part of the Blackhawk Loan arrangement with Mind Therapeutics Pty Ltd	20/12/2022	8,183,239	3.77	308,478
Placement round	20/12/2022	12,689,128	3.89	493,974
Placement round	05/05/2023	17,397,477	3.50	609,328
Issue to acquire DMT	05/05/2023	20,586,690	3.61	743,207
Elimination of DMT upon acquisition	05/05/2023	(22,604,754)	-	(1,327,023)
As at 30 June 2023		133,047,305		5,375,815

(1) Common shares have been retrospectively restated for all prior periods to reflect the share split effected on 5 May 2023.
(2) This round private placement is in relation to the shares to be issued from prior year. These shares were paid for and issued during the year ended 30 June 2023.

On 20 December 2022, the Group issued a total of 3,135,509 common shares (8,813,239 common shares on a post share split basis) as bonus shares under the Mind Aust loan (see Note 7). The value of the loan has been determined based on the private placement that was completed by the Group on 20 December 2022, at a price of $0.09 CAD per share ($0.04 AUD per share on a post share split basis) There were no share issuance costs.

On 20 December 2022, the Group completed a private placement through the issuance of 4,861,735 (12,688,447 common shares on a post share split basis) common shares for gross proceeds of $493,974 at a price of $0.09 CAD per share ($0.04 AUD per share on a post share split basis). There were no share issuance costs.

On 5 May 2023, the Group issued a total of 7,888,044 common shares (20,586,690 common shares on a post share split basis) to acquire DMT from Blackhawk for all of the issued and outstanding common shares of DMT. The value of the common shares issued were determined based on the share price at which the private placement that was completed on 5 May 2023. There were no share issuance costs..

On 5 May 2023, the Group completed a private placement through the issuance of 6,666,058 units (17,397,477 units on a post share split basis) at a price of $0.095 CAD per unit ($0.036 AUD per unit on a post share split basis). Each unit will be automatically converted into one common share and one common share purchase warrant. Every two whole common share purchase warrants can be exercised into one common share of the Group at a price of $0.14 CAD per share for a period of 1 year. The Group used the Black-Scholes model to estimate the fair value of the warrants issued under the private placement. The key inputs used in the model are: share price of $0.08 CAD; exercise price of $0.14 CAD; expected life of 1 year; risk free rate of 4.41% and volatility of 100%. The Group recorded $609,328 for the issuance of common shares and $75,845 for the issuance of common share purchase warrants applying the relative fair value calculation. There were no share issuance costs.

On 5 May 2023, the Group completed a share split of 1:2.61 pursuant to the terms of the spin-out transaction (Note 1)

(Prepared in Australian dollars)

Note 9. Issued capital (continued)

Options issued

Options outstanding	Number of options	Exercise price	Expiry date
	-	-	
Granted on 1 May 2023	26,593,250	$0.10 CAD	1 May 2026

On 1 May 2023, the Group granted a total of 26,593,250 stock option (69,408,383 stock options on a post share split basis) to directors, officers and consultants of the Group. The options can be exercised into one common share of Mind Inc. at a price of $0.10 CAD and an expiry date of 1 May 2026. The options are all vested immediately. The fair value of the options is valued utilizing the Black-Scholes model using the following key inputs: share price of $0.08 CAD; exercise price of $0.10 CAD; expected life of 3 years; risk free interest rate of 3.63% and volatility of 100%. The value of the stock options in the amount of $1,398,199 for the year ended 30 June 2023 (2022 - $nil) has been recognized as share-based payments expense in the combined consolidated statements of loss and comprehensive loss.

As of 30 June 2024, there were a total of 26,593,250 options exercisable. The weighted average remaining life for the options is 1.84 years. The weighted average exercise price of the options is $0.10 CAD.

Warrants issued

Options outstanding	Number of warrants	Exercise price	Expiry date
Granted 5 May, 2023	17,398,422	$0.05 CAD	5 May, 2024
Total	17,398,422		

As of 30 June 2024, all the warrants outstanding expired on 5 May 2024.

As at 30 June 2023, there were a total of 6,666,058 warrants (17,398,422 warrants on a post share split basis) outstanding with a weight average remaining life of 0.73 years and a weighted average exercise price of $0.41 CAD.

Basic and diluted loss per common share based on net loss for the years ended 30 June 2024 and 2023:

	2024	2023
Net Loss	$484,866	$4,279,639
Basic and diluted weighted average number of shares	135,047,305	110,135,224
Basic and diluted loss per share (cents)	0.004	3.89

The determination of the year ended 30 June 2024 diluted weighted average number of common shares outstanding excludes 26,593,250 stock options and 12,076,249 warrants that were anti-dilutive.

(Prepared in Australian dollars)

Note 10. Non-controlling interest

On 01 December 2022, the Group amended its agreement with University of Auckland (see Note 15) that was originally signed on 17 May 2021. The amendment removed the right for University of Auckland to receive a royalty of 2% on any future sales revenue that arises from the commercialization of intellectual property and medicinal sales, arising as an outcome from work completed under the agreement, and replaced with offering University of Auckland with 2% of the issued and outstanding common shares of Mind NZ for $1 in consideration.

The following table summarizes the net loss attributable to the non-controlling shareholder for the year:

Net assets of NCI	**$**
As at 30 June 2022	**-**
Non-controlling interest in the net assets on the share issuance date	(54,966)
Net loss attributable to non-controlling interest	(7,081)
As at 30 June 2023	**(62,046)**
Net loss attributable to non-controlling interest	8,526
As at 30 June 2024	**(53,520)**

Note 11. Government Assistance

Research and Development tax incentive credits
The Group is eligible for research and development tax incentive credits. For the year ended 30 June 2024, the Group recognized $630,772 (2023 - $251,825) in relation to research and development tax incentive credits.

As of June 30, 2023, the Group received an excess of $115,649 in grant income which was classified as deferred grant income. The excess was adjusted against the $630,772 grant income recognized during the current year and a total of $515,123 was received as of June 30, 2024.

(Prepared in Australian dollars)

Note 12. Capital Management policy

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The current evolution of the Group requires the capital management to be measured in light of the listing aspirations of the Group. Early investors into the Group are exposed to the risks associated with this proposed course and this has been reflected in the returns attributed to the discounts offered in the investor loans issued in the past.

The Group also has issued debt to investors which has a higher interest rate than the market, which also is reflective of the early-stage risk associated with the Group.

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern. The Group does not have any externally imposed capital requirements to which it is subject.

As at 30 June 2024, the Group had capital resources consisting of all components of shareholders' deficit and investor loans. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may attempt to issue common shares and or debt.

There were no changes in the Group's approach to capital management for the year ended 30 June 2024.

The capital and debt managed by the Group is as follows as at 30 June 2024:

	$
Investor loans	5,020,834
Issued capital	5,484,526
Total at 30 June 2024	10,505,360

The capital and debt managed by the Group is as follows as at 30 June 2023:

	$
Investor loans	4,972,473
Issued capital	5,372,815
Total at 30 June 2023	10,345,288

Note 13. Management of financial risk

Financial risk management objectives
The Group's financial instruments consist of cash, monies held in trust, SAFE investment, trade and other payables and investor loans. The Group director's (the Board) are responsible for managing risks relating to its financial instruments. The Board considers the following financial risks are material to the combined consolidated financial statements:

Market risk

Foreign currency risk
The Mind NZ loan set out in Note 7 is denominated in CAD, which is different from Mind NZ's functional currency. As at year-end, a 5% depreciation of the AUD relative to the CAD result in an additional repayment required by the Group of AUD 92,810 to extinguish the debt and vice versa in the event of an appreciation of the AUD relative to the CAD.

Foreign exchange risks are managed by the Board through cashflow forecasting techniques.

Interest rate risk
The Group has interest and non-interest-bearing loans as set out in the Investor Loans note (Note 7). The interest-bearing loans have fixed interest terms and therefore are not subject to any volatilities in market interest rates.

Fair value risk
The Group is also exposed to market risk in estimating the fair value of its SAFE investment. The Group adjust its SAFE investment to fair value at the end of each reporting period. This process could result in write-downs of the Group's SAFE investment over one or more reporting periods, particular during periods of overall market instability, which would have an unfavourable effect on the Group's financial position.

The carrying values of cash and trade and other payables approximate their fair values due to the short term to maturity for these instruments.

The face value of Mind NZ loan approximates its fair value due the short-term nature to maturity for these instruments.

Liquidity risk
Liquidity risk relates to the risk that Group entities do not have sufficient liquid resources to pay debts as and when they fall due. A formal evaluation of this position, as at 30 June 2024 is set out in Note 1.

The contractual maturities of the Group's financial liabilities are set out in Note 6 and Note 7. Liquidity risks are managed by the Board through cashflow forecasting techniques.

Note 14. Related party transactions and balances

Directors
The following persons were directors of The Mindbio Therapeutics Australia and NZ Group during the financial year:

Justin Hanka	Executive Director and CEO
Zena Burgess	Non-Executive Director
Gavin Upiter	Non-Executive Director and Chairman

Remuneration of key management personnel
Amounts accrued to key management personnel for fees and remuneration during the year was $121,833 (2023 - $103,333). During the year ended 30 June 2024, a total of $nil (2023 - $417,525) worth of share-based payments were recorded for related parties.

Other transactions with key management personnel
A total of $30,619 was paid to reimburse members of key management personnel for expenses of the Group in-respect of travel expenses (2023 - $156,312).

(Prepared in Australian dollars)

Note 14. Related party transactions and balances (continued)

Of the 9,900,000 common shares issued to the Mind Inc.'s founders, a total of 2,700,840 common shares were held by members of Key Management Personnel. As a proportion of the dilution charge incurred totalling $1,634,206, Key Management Personnel received a dilutive benefit of the transaction totalling $485,025 in 2023.

The following related transactions occurred and were reflected in the combined consolidated financial statements for the year ended 30 June 2024:

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

The transactions with the related parties of the financial year are summarized as follows:

Related Party	**Consulting**	**Director fee**	**Total**
	$	**$**	**$**
Accelerative Investments	49,000	-	49,000
Zena Burge	-	-	-
Gavin Upiter	-	-	-
John Dinan	72,833	-	72,833
Total	121,833	-	121,833

The following related transactions occurred and were reflected in the combined consolidated financial statements for the year ended 30 June 2023:

Related Party	**Consulting**	**Director fee**	**Total**
	$	**$**	**$**
Accelerative Investments	60,000	-	60,000
958 Consulting	10,000	-	10,000
Zena Burge	-	17,500	17,500
Gavin Upiter	-	19,561	19,561
John Dinan	33,333	-	33,333
Total	103,333	37,061	140,394

Justin Hanka (CEO) owns Accelerative Investments Pty Ltd
John Dinan (CFO) part owns Square Financial Pty Ltd

As at 30 June 2024, the total balance owing to related parties is $nil (2023 - $8,333) which has been included in trade and other payables in the combined consolidated statements of financial position.

During the year ended 30 June 2024, the Group recognized a total of $nil (2023 - $403,443) of share based payments on the options issued to related parties.

(Prepared in Australian dollars)

Note 15. Commitments

On the 17 May 2021, the Group signed an agreement with the University of Auckland where the Group would fund research conducted by the University into developing new and innovative ways for managing and responding to mental illness via the use of medicinal psychedelics. The total funding expected is NZD$3,200,000. Currently, NZD $2,727,320 (AUD $2,458,374) has been paid. The remaining payments are subject to the progress of the ongoing research. The Group has the ability, if funding is not available to limit or veto the progress of this research through budgetary approval processes built into the agreement. In addition to this, the University of Auckland under the agreement is entitled to a royalty of 2% on any future sales revenue that arises from the commercialization of intellectual property and medicinal sales, arising as an outcome from work completed under the agreement. The agreement was then amended on 1 December 2022, where the terms of the agreement has been modified to remove the right for University of Auckland to receive a royalty of 2% on any future sales revenue that arises from the commercialization of the intellectual property and medicinal sales, and replaced with offering the University of Auckland with 2% of the issued and outstanding common shares of Mind NZ on 1 December 2022. See Note 10.

The funds the Group has expended in New Zealand are of a research and development (R&D) nature. The New Zealand Government provides R&D grants that may be available to the Group. The Group is currently perusing its eligibility to qualify for the R&D grant.

Similar grants are available in the Australian market and the Group is also assessing its eligibility to qualify for R&D grants in Australia.

Note 16. Finance Costs

Finance costs are disclosed in the following table:

For the Years ended 30 June	**2024** **$**	2023 $
Finance costs on Mind Aust loan (Note 7)	158,636	221,376
Finance costs on DMT loan (Note 7)	200,364	161,456
Finance costs on Mind NZ loan (Note 7)	-	38,465
Finance costs on Mind Aust 2023 loan (Note 7)	-	30,000
Foreign exchange impact on finance costs	-	1,214
Total Finance costs	**359,000**	**454,772**

Note 17. Supplemental cash flow information

The following table shows the supplemental cash flow information:

For the Years ended 30 June	**2024** **$**	2023 $
Cash interest paid on Mind Aust 2023 loan (Note 7)	-	31,500
Cash interest paid on DMT loan (Note 7)	2,213	57,611
Total cash interest paid on investor loans	**2,213**	**89,111**

Note 18. Segment note

The Group creates novel and emerging treatments for mental health conditions. It has developed a multi-disciplinary platform for developing treatments and is involved in psychedelic medicine development, is in the completion stages of Phase 1 clinical trials micro dosing psychedelic medicines in 80 patients, has two Phase 2 clinical trials in development and is also developing wearable devices to collect biometric data in mental health patients taking psychedelic medicines. It also invests in research that forms the basis for developing novel and clinically proven treatments for debilitating health conditions such as depression, anxiety, PTSD and chronic pain.

During the period all activity of the Group took place in the Australasia geographic region.

Note 19. Events after the reporting period

There were no events after balance date to report.

In the directors' opinion:

- the attached combined consolidated financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the combined consolidated financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached combined consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to the Corporations Act 2001.

On behalf of the directors

October 28 2024