TRYP THERAPEUTICS

TRYP THERAPEUTICS INC.

Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended August 31, 2023 and August 31, 2022

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF TRYP THERAPEUTICS INC.

Opinion

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

- the consolidated statements of financial position as at August 31, 2023 and 2022,
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $5,267,073 during the year ended August 31, 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance to our audit of the consolidated financial statements for the year ended August 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming an opinion thereon, and we do not express a separate opinion on these matters.

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

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

December 28, 2023

TRYP THERAPEUTICS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at August 31, 2023 and August 31, 2022
(Expressed in Canadian dollars)

	Notes		August 31, 2023		August 31, 2022
ASSETS (Note 7)					
Current					
Cash and cash equivalents	3	$	**359,187**	$	1,810,137
Restricted cash	3		**38,832**		72,048
Prepaids and advances			**54,285**		286,894
Other receivables			**29,488**		6,382
Total current assets			**481,792**		2,175,461
Non-Current					
Intangible assets	5		**171,259**		163,091
Total Assets		$	**653,051**	$	2,338,552
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current					
Trade payables and accrued liabilities	6,13	$	**1,971,457**	$	1,195,274
Total current liabilities			**1,971,457**		1,195,274
Non-current					
Convertible debentures	7		**2,102,880**		-
Derivative liability	7		**339,160**		-
Total non-current liabilities			**2,442,040**		-
Total liabilities			**4,413,497**		1,195,274
Shareholders' equity (deficiency)					
Share capital	8		**13,497,123**		13,497,123
Warrants	7,8		**655,000**		655,000
Contributed surplus	9		**3,526,796**		3,163,447
Accumulated deficit			**(21,439,365)**		(16,172,292)
Total shareholders' equity (deficiency)			**(3,760,446)**		1,143,278
Total Liabilities and Shareholders' Equity (Deficiency)		$	**653,051**	$	2,338,552

Nature of operations (Note 1) **and going concern** (Note 2)

Approved on behalf of the Board of Directors:

"Gage Jull"	*"Peter Molloy"*
Director	Director

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

TRYP THERAPEUTICS INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the year ended August 31, 2023
(Expressed in Canadian dollars)

	Notes		Year ended August 31, 2023		Year ended August 31, 2022
Convertible debt expense	7	$	**522,245**	$	-
General and administration	10		**2,004,454**		4,124,976
Research and development	11		**2,356,359**		2,964,171
Share-based payments	9,12		**363,349**		274,915
Total expenses			**5,246,407**		7,364,062
Other income and expenses					
Interest income			**(1,751)**		(3,245)
Foreign exchange loss			**22,417**		134,149
Net loss and comprehensive loss for the year		$	**(5,267,073)**	$	(7,494,966)
Loss per share for the year - basic and diluted		$	**(0.05)**	$	(0.10)
Weighted average number of shares outstanding			**96,419,347**		**78,064,602**

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

TRYP THERAPEUTICS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
For the year ended August 31, 2023
(Expressed in Canadian dollars)

	Notes	Number	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Total
Balance August 31, 2021		66,668,759	$ 9,691,644	-	$ 2,908,495	$ (8,677,326)	$ 3,922,813
Net loss for the year		-	-	-	-	(7,494,966)	(7,494,966)
Share issued for private placement		26,000,000	4,150,000	-	-	-	4,150,000
Exercise of options	6	180,000	46,963	-	(19,963)	-	27,000
						-	
Warrants issued on exercise of units		-	(655,000)	655,000	-	-	-
Shares issued for services		3,570,588	303,500	-	-	-	303,500
Share issuance costs		-	(39,984)	-	-	-	(39,984)
Share-based payments	7, 11	-	-	-	274,915	-	274,915
Balance August 31, 2022		**96,419,347**	**$ 13,497,123**	**655,000**	**$ 3,163,447**	**$ (16,172,292)**	**$ 1,143,278**
Net loss for the year		-	-	-		(5,267,073)	(5,267,073)
Share-based payments	11	-	-	-	363,349	-	363,349
Balance August 31, 2023		**96,419,347**	**$ 13,497,123**	**$ 655,000**	**$ 3,526,796**	**$ (21,439,365)**	**$ (3,760,446)**

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

TRYP THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended August 31,
(Expressed in Canadian dollars)

	Notes	2023	2022
OPERATING ACTIVITIES			
Net loss and comprehensive loss		$ (5,267,073)	$ (7,494,966)
Items not affecting cash:			
Share-based payments	9,12	363,349	274,915
Shares issued for services		-	303,500
Convertible debt expense	7	339,160	-
Unrealized foreign exchange		(42,878)	-
Changes in non-cash working capital			
Other receivables		(23,106)	15,393
Prepaids and advances		232,609	82,272
Trade payables and accrued liabilities	6	776,182	1,009,911
Cash used in operating activities		$ (3,621,757)	$ (5,808,975)
INVESTING ACTIVITY			
Purchase of intangibles	5	$ (8,168)	$ (138,127)
Cash used in investing activity		$ (8,168)	$ (138,127)
FINANCING ACTIVITIES			
Proceeds from private placement - Shares	8	$ -	$ 4,150,000
Proceeds from private placement - Debentures	7	2,145,759	-
Share issue costs	8	-	(39,984)
Exercise of stock options		-	27,000
Cash provided by financing activities		$ 2,145,759	$ 4,137,016
Increase (decrease) in cash, cash equivalents and restricted cash during the year		$ (1,484,166)	$ (1,810,086)
Cash, cash equivalents and restricted cash, beginning of the year		1,882,185	3,692,271
Cash, cash equivalents and restricted cash, end of the year		$ 398,019	$ 1,882,185
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents		$ 359,187	$ 1,810,137
Restricted cash		38,832	72,048
Total cash, cash equivalents and restricted cash		$ 398,019	$ 1,882,185

Cash flow information:			
Interest paid		$ -	$ -
Taxes paid		-	-

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

1. COMPANY INFORMATION

Nature of Operations

Tryp Therapeutics Inc. (the "Company" or "Tryp") was incorporated under the *BC Business Corporations Act* on September 24, 2019 under the name "Artos Pharma Corp." ("Artos"). On June 30, 2020, Artos changed its name to "Tryp Therapeutics Inc."

Tryp is a clinical-stage biotechnology company focused on developing psilocybin-related molecules, including TRP-8803, for the treatment of diseases with unmet medical needs through accelerated regulatory pathways. Tryp's program is focused on the development of synthetic psilocybin-related molecules as a new class of drug for the treatment of binge eating, chronic pain, and other indications.

On December 17, 2020, the Company completed its initial public offering ("IPO") of the Company's shares pursuant to a final prospectus dated December 8, 2020 (the "Prospectus"). The Common Shares of Tryp commenced trading on the Canadian Securities Exchange under the symbol "TRYP" on December 18, 2020. On April 5, 2021, the Company commenced trading on the OTCQB Venture Market under the symbol "TRYPF".

On March 16, 2021, Tryp Therapeutics (USA) Inc. ("Tryp USA") was incorporated in the State of Delaware, United States of America, and is 100% owned by Tryp Therapeutics Inc.

The Company's principal address, records office, and registered address are located at 301 – 1665 Ellis Street, Kelowna, BC V1Y 2B3, Canada.

2. BASIS OF PRESENTATION AND GOING CONCERN

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were authorized for issue by the Board of Directors on December 28, 2023.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION AND GOING CONCERN (continued)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency is measured using the currency of the primary economic environment which the entity operates. The functional currency of Tryp Therapeutics Inc. is Canadian dollars ("CAD" or $). The functional currency of Tryp USA is U.S. dollars ("USD" or "US$") and certain transactions are incurred in Australian dollars ("AUD").

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Tryp USA. The Company consolidates this subsidiary on the basis that it controls the subsidiary. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balance have been eliminated on consolidation.

Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Going concern

The Company is in the development stage and currently has no sources of cash from operations. Further funds will be required to successfully develop the Company's business and there is no certainty that these funds will be available. The Company had a net loss and comprehensive loss of $5,267,073 for the fiscal year ended August 31, 2023 (2022 - $7,494,966) and a negative cash flow from operating activities of $3,621,757 for the fiscal year ended August 31, 2023 (2022 - $5,808,975). The Company has accumulated a deficit of $21,439,307 (2022 - $16,172,292) since inception. The operations of the Company have primarily been funded by the issuance of common shares and convertible debt. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations, development, and ultimately achieve profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash in the bank held at financial institutions and cash held in trust. As at August 31, 2023, the balance consists of $345,100 (2022 - $1,796,050) in cash held at financial institutions and $14,087 (2022 - $14,087) in cash held in trust.

Restricted cash

Restricted cash consists of short-term guaranteed investment certificates ("GICs") used to secure corporate credit cards. As at August 31, 2023, the balance consists of $38,832 (2022 - $72,048) in a short-term US$28,500 GIC that bears interest at 2%.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at fair value. Following initial recognition, intangible assets with finite useful lives are stated at cost less accumulated amortization (Note 5). The Company has capitalized costs that were directly attributable to the acquisition of its intellectual property and patents. Those capitalized direct costs include costs incurred during the application and prosecution of its patents. As at August 31, 2023, the Company has capitalized legal and filing fees of $171,259 (2022 - $163,0911) related to patent applications.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization periods and the amortization methods for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the remaining amortization periods or methods, as appropriate, and are treated as changes in accounting estimates.

The amortization period for the patents will be straight-line over the life of the patent upon the approval of the patents.

Research and development expenditures

Research and development costs are expensed, except in cases where development costs meet certain identifiable criteria for deferral, including technical and economic feasibility. Development costs are capitalized only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. As at August 31, 2023, the Company has not capitalized any development costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company's cash and cash equivalents, restricted cash, and trade and other payables are classified as amortized cost.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss.

Financial assets at FVTOCI

Financial assets at FVTOCI are initially recorded at fair value adjusted for transaction costs. Dividends are recognized as income in the consolidated statements of loss and comprehensive loss unless the dividend clearly represents a recovery of part of the cost of the investment. Gains or losses recognized on the sale of FVOTCI investment are recognized in other comprehensive income (loss) and are never reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liability

The Company derecognizes financial liabilities when the obligation is discharged, cancelled, or expired.

Impairment of non-financial assets

Impairment tests of non-financial assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued at the fair value of the assets received or the services rendered. If the fair value of the assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at their fair value on the date of issuance.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issued date. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as contributed surplus.

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

Share-based compensation

The fair value, at the grant date, of equity-settled share option awards is charged to profit or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Forfeiture rate
- Current market price of the underlying shares
- Risk-free interest rate
- Expected volatility

Equity settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where this fair value cannot be measured reliably, in which case they are measure at the fair value of the equity instruments grants, as at the date the Company obtains the goods or the counterparty renders the service. The fair value of the share-based compensation is only re-measured if there is a modification to the terms of the instrument, such as change in exercise price or legal life. The fair value of the share-based compensation is recognized as an expense over the expected vesting period with a corresponding entry to contributed surplus.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed surplus

Contributed surplus consists of the fair value of stock options granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options or warrants vest and then subsequently expire or are forfeited, no reversal of contributed surplus is recognized.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average common shares outstanding are increased to include additional shares for the assumed exercise of share options and share purchase warrants, if dilutive. The number of additional common shares is calculated by assuming that outstanding share options and share purchase warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Convertible debenture

The convertible debenture denominated in AUD will be settled in the Company's common shares. Therefore, the conversion feature is a derivative liability, and the hybrid contract is measured at fair value through profit or loss.

Derivative liabilities

The Company values derivative liabilities by reference to their fair value at the date at which the instrument is granted and each reporting period. Estimating fair value requires determining the most appropriate valuation model. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life and volatility and making assumptions about them. Changes in the input assumptions can materially affect the fair value estimate.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Foreign currency transactions and translations

Foreign currency accounts of the Company are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue, and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date.

At the year end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net loss. Exchange gains and losses on non-monetary financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

The Company translates the accounts of Tryp Therapeutics (USA) Inc. into Canadian dollars using the closing rate of exchange for both monetary and non-monetary assets and liabilities and the average exchange rate for revenues and expenses. The Company records the exchange differences on the translation of net assets whose functional currency is the USD in unrealized foreign exchange gain (loss) on translation of foreign subsidiary in the consolidated statements of comprehensive loss. This amount is reflected on the consolidated statements of financial position as part of shareholders' equity. For the years ended August 31, 2023 and 2022, there was no activity in Tryp Therapeutics (USA) Inc.; therefore, there is no adjustment to equity.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in loss/income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Critical accounting estimates:

Recoverability of the carrying value of intangible assets

Recoverability of the carrying value of intangible assets requires management to determine whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of research results, as well as the Company's financial ability to continue its research and development programs. Refer to Note 5.

Useful lives of intangible assets

Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense. As at August 31, 2023 and 2022, the Company has not amortized the intangible assets as amortization begins when the intangible assets are available for use.

Share-based payments and warrants

The fair value of share-based compensation expense and warrants is estimated using the Black-Scholes option pricing model and relies on a number of estimates, such as the expected life of the option or warrant, the volatility of the underlying share price, the risk-free rate of return, the estimated rate of forfeiture of options granted, future exercise behaviors, and corporate performance. Such estimates and assumptions are inherently uncertain, and any changes in these assumptions affect the fair value estimates of share-based compensation expense and warrants.

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further non-market-based information indicates actual forfeitures may vary from the original estimate. Any revisions are recognized in the consolidated statements of loss and comprehensive loss such that the cumulative expense reflects the revised estimate.

The measurement of deferred income tax assets and liabilities

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows.

In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Critical accounting estimates: (continued)

The measurement of derivative liabilities

The measurement of the broker warrants is estimated using the Black-Scholes option pricing model and relies on a number of estimates, such as the expected life of the warrant, the volatility of the underlying share price, the risk-free rate of return, future exercise behaviors, and corporate performance. Such estimates and assumptions are inherently uncertain, and any changes in these assumptions affect the fair value estimates of the broker warrants. These broker warrants are revalued at each reporting period and recorded in the consolidated statements of loss and comprehensive loss.

The measurement of convertible debentures

The fair value of the convertible debentures was determined using a probability weighted expected return model based on the scenarios in accordance with the agreements. The timing and probability for each scenario is based on management's best estimate. Where the actual outcome is different from the estimate, such difference will impact the carrying value of convertible debenture.

Critical accounting judgments:

Going concern

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 2.

Research and development

Management monitors the progress of its research and development activities. Significant judgment is required to distinguish between the research and development phases and if development cost capitalization criteria are met. Development costs are recognized as an asset when the following criteria are met: (i) technical feasibility; (ii) intention to complete the project; (iii) the ability to generate future economic benefits; (iv) availability of technical and financial resources; and (v) the ability to measure the expenditures reliably. Research costs are expensed as incurred. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. As at August 31, 2023, the Company has not capitalized any development costs.

Treatment of acquired intangible assets

Consideration paid in the acquisition of intangible assets is capitalized to the extent that the definition of an intangible asset and the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the intangible asset be identifiable, the Company must have control over it, and it must provide future economic benefits. Management considers these factors in aggregate and applies significant judgment to determine whether the intangible asset should be recognized in the consolidated statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Critical accounting judgments: (continued)

Treatment of acquired intangible assets (continued)

At each reporting date, the Company assesses if the intangible assets have indicators of impairment. In determining whether the intangible assets are impaired, the Company assesses certain criteria, including observable decreases in value, significant changes with adverse effects on the entity, evidence of technological obsolescence, and future plans. There were no indicators of impairment at August 31, 2023 and 2022.

Deferred taxes

Significant estimates are required in determining the Company's income tax provision. Some estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favorable or unfavorable effects on the Company's future effective tax rate. These include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, and results of tax audits by tax authorities.

Future Accounting Changes

IAS 1 Classification of Liabilities as Current or Non-Current

In January 2021, the International Accounting Standards Board ("IASB") issued a narrow scope amendment to IAS 1 – Classification of Liabilities as Current or Non-Current, which affects only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued an amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment introduces the definition of an accounting estimate and sets criteria to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

5. INTANGIBLE ASSETS

During the years ended August 31, 2023 and 2022, the Company invested $8,168 (2022 - $138,127) in intellectual property to secure patents as follows:

Costs	Intellectual Property
Balance August 31, 2021	$ 24,964
Additions	138,127
Impairment	-
Balance August 31, 2022	163,091
Additions	8,168
Balance August 31, 2023	**$ 171,259**

The balance as at August 31, 2023 relates to patent applications. The intangible assets are not yet available for their intended use and no amortization has been recorded for the years ended August 31, 2023 and 2022. The Company performed an annual impairment test and determined that no impairment to the intangible assets were incurred.

6. TRADE AND OTHER PAYABLES

	August 31, 2023	**August 31, 2022**
Trade payables	**$ 1,881,288**	$ 1,148,863
Due to related party - Note 12	**90,168**	46,411
Total	**$ 1,971,456**	$ 1,195,274

7. CONVERTIBLE DEBENTURES

On April 26, 2023, the Company issued secured convertible debentures at a price of AUD$1,000 each (the "Debentures") for gross proceeds of AUD$2,400,000 ($2,145,759). The Debentures are denominated in Australian Dollars, with a term of 18 months (the "Maturity Date") and are interest free during the initial 8 months following the date of issuance. During the period between the date that is 8 months from the date of issuance and 18 months from the date of issuance, the Debentures shall pay interest of 20% per annum. The Debentures shall automatically convert, as to principal and accrued interest, into common shares in the capital of the Company (the "Common Shares") on the earlier of: (i) the Maturity Date; or (ii) the time the Company is completing a liquidity event. The price at which the Debentures (including any accrued but unpaid interest thereon) shall be converted into Common Shares (the "Conversion Price") will vary depending on various scenarios as set out in the debenture and at a conversion price fixed in accordance with CSE policies.

The Debentures are secured by a general security interest over substantially all of the present and after-acquired personal property of the Company. The Debentures and the underlying Common Shares will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

7. CONVERTIBLE DEBENTURES (continued)

The Company engaged Westar Capital Limited ("Westar") and paid a cash fee of 6% of gross proceeds in the amount of $128,745 (AUD$144,000) and were issued warrants (the "Broker Warrants") equal to 10.05% of the Company's total undiluted issued and outstanding shares on closing in the amount of 9,690,144 Broker Warrants. Each Broker Warrant shall entitle the holder to acquire one Common Share at an exercise price equal to the greater of: (i) the closing market price of the Common Shares on the date of issuance; and (ii) the price implied by an AUD$15 million equity valuation on an undiluted basis, for a period of three years from the date of issuance. The Company shall retain the ability to cancel up to 60% of the Broker Warrants in certain circumstances.

The fair value of the liability is at the face amount of the convertible debt. The broker warrants are recorded as a derivative liability and revalued at each period end.

The Company recognized $599,000 as Debenture issuance costs related to the broker warrants, which were valued using the Black-Scholes option pricing model under the following assumptions: a risk-free interest rate of 3.69%, annualized volatility of 99.32%, an expected life of 3 years, nil dividend yield, $0.106 exercise price, and a $0.08 share price. In addition, the Company incurred other Debenture issuance costs of $54,340. The costs associated with issuing the convertible debt totaled $782,085 and was recognized as convertible debt expense.

The Company revalued the Broker Warrants at August 31, 2023 using the Black-Scholes option pricing model under the following assumptions: a risk-free interest rate of 4.68%, annualized volatility of 106.71%, an expected life of 2.65 years, nil dividend yield, $0.106 exercise price, and a $0.065 share price resulting in a reduction of the derivative liability of $259,840 and was recognized as a reduction to convertible debt expense.

8. SHARE CAPITAL AND WARRANTS

Authorized share capital

The Company's authorized share capital consists of:

a) Unlimited common shares without par value.
b) Unlimited preferred shares without par value. As at August 31, 2023, there were no preferred shares issued.

(Expressed in Canadian dollars)

8. SHARE CAPITAL AND WARRANTS (continued)

Common Shares

The following is a summary of changes in share capital from August 31, 2022 to August 31, 2023:

	Number	Issue Price ($)	Share Capital
Balance August 31, 2021	66,668,759		$ 9,691,644
Shares issued on exercise of options	180,000	0.150	46,963
Shares issued for private placement	5,000,000	0.200	1,000,000
Shares issued for settlement of consulting fees	3,570,588	0.085	303,500
Shares issued for private placements	21,000,000	0.150	3,150,000
Warrants issued with private placement	-	-	(655,000)
Share issue costs	-	-	(39,984)
Balance August 31, 2022	**96,419,347**		**$ 13,497,123**
Change in year	-	-	-
Balance August 31, 2023	**96,419,347**		**$ 13,497,123**

Share Issuance

2022:

On February 22, 2022, the Company completed the first tranche of a non-brokered private placement issuing 5,000,000 common shares at a price of $0.20 per common share for gross proceeds of $1,000,000 to the controlling shareholder and former director of the Company. Share issue costs during the year ended August 31, 2022 in connection with the placement included legal and filing fees of $23,320.

Placement Closing Date		**February 22, 2021**
Issue price per unit	$	0.20
Common shares issued		5,000,000
Warrants issued		-
Warrant exercise price	$	-
Cash Proceeds Summary		
Gross proceeds	$	1,000,000
Share issuance costs		(23,320)
Net cash proceeds on issuance	**$**	**976,680**

On April 22, 2022, the Company issued an aggregate of 3,570,588 common shares at a fair value of $0.085 per common share in settlement of $303,500 owed to a consultant and former interim CFO for past services.

(Expressed in Canadian dollars)

8. SHARE CAPITAL AND WARRANTS (continued)

Share Issuance (continued)

2022: (continued)

On April 22, 2022, the Company completed the second tranche of a non-brokered private placement issuing 20,000,000 units (the "Units") at a price of $0.15 per Unit, for gross proceeds of $3,000,000 to the controlling shareholder and former director of the Company. Each individual unit consists of one common share and one-half of one non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share at a price of $0.20 per common share until April 22, 2024. As part of the unit offering, the Company issued 10,000,000 warrants valued at $650,000 using the residual method. Share issue costs during the year ended August 31, 2022 in connection with the placement included legal and filing fees in the amount of $10,217.

Placement Closing Date		**April 22, 2022**
Issue price per unit	$	0.15
Common shares issued		20,000,000
Warrants issued		10,000,000
Warrant exercise price	$	0.20
Cash proceeds summary		
Gross proceeds		3,000,000
Share issuance costs		(10,217)
Net cash proceeds on issuance	**$**	**2,989,783**

On July 8, 2022, the Company completed a third tranche of the non-brokered private placement issuing 1,000,000 units (the "Units") at a price of $0.15 per Unit, for gross proceeds of $150,000 to a third party. Each individual unit consists of one common share and one-half of one non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share at a price of $0.20 per Common Share until July 8, 2024. As part of the unit offering, the Company issued 500,000 warrants valued at $5,000 using the residual method. Share issue costs during the year ended August 31, 2022 in connection with the placement included legal and filing fees of $5,100.

Placement Closing Date		**July 8, 2022**
Issue price per unit	$	0.15
Common shares issued		1,000,000
Warrants issued		500,000
Warrant exercise price	$	0.20
Cash proceeds summary		
Gross proceeds		150,000
Share issuance costs		(5,100)
Net cash proceeds on issuance	**$**	**144,900**

(Expressed in Canadian dollars)

8. SHARE CAPITAL AND WARRANTS (continued)

Warrants Continuity

As at August 31, 2023, the following share purchase warrants were outstanding:

Issue Date	Expiry Date	Number of Warrants	Exercise Price
April 22, 2022	April 22, 2024	10,000,000	$0.20
July 8, 2022	July 8, 2024	500,000	$0.20
Balance at August 31, 2022		**10,500,000**	**$0.20**
Changes in the year		-	-
April 22, 2022[i]	April 22, 2027	10,000,000	$0.10
July 8, 2022	July 8, 2024	500,000	$0.20
Balance at August 31, 2023		**10,500,000**	**$0.10**

(i) Effective July 27, 2023, the Company reduced the exercise price of 10,000,000 warrants to $0.10 per common shares and extended the expiry date to April 22, 2027. The warrants were originally issued to the controlling shareholder as part of a $3,000,000 non-brokered private placement on April 22, 2022, which entitled the holder to acquire one additional common share at a price of $0.20 per common share until April 22, 2024.

As at August 31, 2023, 10,500,000 share purchase warrants were outstanding and exercisable (August 31, 2022 - 10,500,000) with a weighted average remaining contractual life of 3.51 (August 31, 2022 - 1.73) years.

The following is a summary of changes in broker warrants:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance August 31, 2021	574,352	$0.50
Expired	(574,352)	0.50
Balance August 31, 2022	-	-
Issued in the year	9,690,144	0.106
Balance August 31, 2023	**9,690,144**	**$0.106**

On April 26, 2023, the Company issued 9,690,144 Broker Warrants. Each Broker Warrant shall entitle the holder to acquire one Common Share at an exercise price equal to the greater of: (i) the closing market price of the Common Shares on the date of issuance; and (ii) the price implied by an AUD$15 million equity valuation on an undiluted basis, for a period of three years from the date of issuance. The Company shall retain the ability to cancel up to 60% of the Broker Warrants in certain circumstances.

(Expressed in Canadian dollars)

8. SHARE CAPITAL AND WARRANTS (continued)

Warrants Continuity (continued)

The following is a summary of changes in Agent Compensation Units from August 31, 2022 to August 31, 2023:

	Number of Agent Units	Weighted Average Exercise Price
Balance August 31, 2021	1,294,996	$0.25
Expired	(1,294,996)	$0.25
Balance August 31, 2022	-	-
Balance August 31, 2022	-	-
Changes	-	-
Balance August 31, 2023	-	-

Agent Compensation Units outstanding at August 31, 2021 expired on December 17, 2021.

Escrow Shares

In connection with the Company's initial public offering completed on December 17, 2020, as at August 31, 2023, 3,043,860 common shares were held in escrow (August 31, 2022 - 9,131,580) and will be released based on the Company's escrow agreement whereby 3,043,860 common shares will be released every six months until December 17, 2023.

9. SHARE-BASED PAYMENTS

Option Plan Details

On January 9, 2020, the Company implemented an Incentive Stock Option Plan that was further amended on April 1, 2021 (the "Stock Option Plan"). Pursuant to the Stock Option Plan, the Company may grant stock options to directors, officers, employees, and consultants for services, provided that the number of common shares reserved for issuance shall not exceed 15% of the issued and outstanding common shares with options exercisable for a period of up to 10 years, other than common shares issuable upon the exercise of Special Consultant Options. Special Consultant Options relate to the 5,269,684 options granted to consultants of the Company on November 2, 2020. The exercise price and vesting terms of the options granted under the Stock Option Plan will be determined by the Board of Directors.

(Expressed in Canadian dollars)

9. SHARE-BASED PAYMENTS (continued)

Options

The following is the summary of changes in options from August 31, 2021 to August 31, 2023:

	Number of Options	Weighted Average Exercise Price
Balance August 31, 2021	14,869,684	$ 0.32
Granted	10,200,000	$ 0.17
Exercised	(180,000)	$ (0.15)
Cancelled	(2,000,000)	$ (0.71)
Forfeited	(6,900,000)	$ (0.65)
Balance August 31, 2022	**15,989,684**	**$ 0.17**
Granted	500,000	$ 0.17
Cancelled	(500,000)	$ (0.15)
Forfeited	(1,405,557)	$ (0.17)
Balance August 31, 2023	**14,584,127**	$ 0.17

As at August 31, 2023, the following options were outstanding:

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
September 29, 2025	$0.15	800,000	800,000	-
November 2, 2025	$0.15	820,000	728,889	91,111
November 2, 2030	$0.15	3,769,684	3,350,830	418,854
March 31, 2031	$0.68	100,000	83,333	16,667
April 22, 2032	$0.17	5,000,000	5,000,000	-
May 22, 2032	$0.17	2,000,000	2,000,000	-
June 14, 2032	$0.17	1,594,443	1,594,444	-
September 15, 2032	$0.17	500,000	152,778	347,222
		14,584,127	**13,710,274**	**873,854**

On October 18, 2021, 200,000 options were granted to an employee. The options have an exercise price of $0.40, a term of 10 years, with one-sixth vesting in April 2022 and the remaining options vesting in equal monthly instalments thereafter. These options were subsequently cancelled on April 22, 2022 and 200,000 options were reissued to the employee on May 22, 2022 as described below.

(Expressed in Canadian dollars)

9. SHARE-BASED PAYMENTS (continued)

Options (continued)

On October 22, 2021, 180,000 vested options that were originally issued on November 2, 2020 were exercised for shares at $0.15. The Company's stock price on the date of exercise was $0.37 per common share.

On January 31 and February 3, 2022, 2,400,000 and 4,500,000 options were forfeited, respectively.

On April 22, 2022, the Company granted 5,000,000 options to officers, employees, and directors at an exercise price of $0.17, a term of 10 years, and vest in equal monthly instalments over a period of 12 months.

On April 22, 2022, the Company cancelled an aggregate of 2,000,000 options held by certain officers, employees, and directors with exercise prices ranging from $0.40 to $0.75 and re-granted the same number of options to such individuals on May 22, 2022 at an exercise price of $0.17 and a term of 10 years, subject to vesting restrictions. The stock option grant was accounted for as replacement and modification of stock options previously granted. This modification of options has been treated as a repricing of options, where the remaining incremental fair value of the cancelled options was immediately expensed, and a new fair value is used in determining share-based payment expense over the new vesting period of the regranted options.

On June 14, 2022, 800,000 options were granted to a director of the Company. The options have an exercise price of $0.17, a term of 10 years, and vest in equal monthly instalments over a period of 12 months.

On June 14, 2022, the Company granted 2,200,000 options to an officer of the Company. The options have an exercise price of $0.17, a term of 10 years, and vest in equal monthly instalments over a period of three years.

On September 15, 2022, the Company granted 500,000 options to an officer at an exercise price of $0.17, a term of 10 years, and vesting in equal monthly instalments over a period of 36 months.

The fair value of the options was determined using the Black-Scholes option pricing model assumptions in the table below for the nine months ended August 31, 2023.

	September 15, 2022	**October 18, 2021**
Options granted	500,000	200,000
Share price	$0.17	$0.40
Exercise price	$0.17	$0.40
Expected life	10 years	10 years
Volatility	96.3%	81.4%
Risk-free Rate	3.03%	1.66%
Fair value of options grant	$ 75,694	$ 65,383

The total fair value of options vested during the twelve months ended August 31, 2023 was $363,349 (August 31, 2022 - $274,915) has been recorded to share-based payments in the consolidated statements of loss and comprehensive loss with a corresponding increase in contributed surplus.

(Expressed in Canadian dollars)

10. GENERAL AND ADMINISTRATION EXPENSES

	August 31, 2023	August 31, 2022
Directors' fees	$ 106,667	$ 197,651
Professional fees	274,533	202,818
Consulting fees and salaries	577,230	1,231,331
Insurance	570,795	575,610
Office and administration fees	143,755	341,749
Regulatory and legal fees	175,561	490,072
Investor relations and corporate development	155,913	1,085,745
	$ 2,004,454	**$ 4,124,976**

11. RESEARCH AND DEVELOPMENT EXPENSES

	August 31, 2023	August 31, 2022
Preclinical activities for TRP-8803	$ 134,302	$ 574,396
Development activities for TRP-8802	1,111,188	931,224
Staff, consultants, and other expenses	1,110,869	1,458,551
	$ 2,356,359	**$ 2,964,171**

12. KEY MANAGEMENT AND PERSONNEL COMPENSATION

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the year, including Company officers, directors, and private companies controlled by officers and directors, was as follows:

	August 31, 2023	August 31, 2022
Key management personnel compensation comprised:		
Compensation	$ 684,815	$ 860,926
Director fees	106,667	197,651
Share-based payments	359,402	263,111
	$ 1,150,884	**$ 1,321,688**

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS

Share-based payments are the fair value of options granted to key management personnel.

As of August 31, 2023, included in trade and other payables are amounts due to officers and directors for fees and expenses of $90,168 (2022 - $46,411). Amounts due to related parties included in trade and other payables are unsecured, non-interest bearing and are without fixed terms of repayment.

Related party transactions have occurred in the normal course of operations and are measured at their fair values.

A major shareholder acquired an aggregate principal amount of AUD$1,200,000 of Debentures on the same basis as other subscribers (Note 7).

A director of the Company acquired AUD$100,000 of the Debentures on the same basis as other subscribers. In addition, this same director received certain fees from the broker in connection with the Debentures, including 4,845,072 Broker Warrants (Note 7).

14. INCOME TAXES

Income tax recovery (expense) differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2022 - 27%) to income before income taxes. The reasons for the differences are as follows:

		August 31, 2023		**August 31, 2022**
Net loss	$	5,267,073	$	7,494,966
Statutory tax rate		27%		27%
Expected income tax recovery at the statutory tax rate	$	1,422,110	$	2,023,641
Non-deductible items and other		(189,677)		(64,881)
Change in unrecognized deductible temporary differences		1,232,433		1,958,760
Under (over) provided in prior years		-		(220,847)
Anticipated income tax recovery	$	1,232,432	$	1,737,913
Effect of tax benefit of losses carried forward		(1,23,432)		(1,737,913)
		-		-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	August 31, 2023	**August 31, 2022**
Non-capital losses[(i)]	$ 16,305,665	$ 11,741,101
Share issuance cost	329,387	478,085
Intangible assets	960,565	960,567
	$ 17,595,617	**$ 13,179,753**

(i) The Company's non-capital losses will commence expiring in the year 2040.

15. FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, restricted cash and trade and other payable approximate their carrying values as they are typically expected to be settled within twelve months.

Fair value measurements recognized in the consolidated statement of financial position is categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three fair value hierarchy levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

a) Risks associated with financial instruments

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents and restricted cash held in bank accounts and GICs.

The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company's financial liabilities are comprised of trade and other payables which are classified as current on the consolidated statements of financial position.

(iii) Interest risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at August 31, 2023 and 2022, the Company did not have any financial instruments subject to significant interest rate risk.

15. FINANCIAL INSTRUMENTS (continued)

b) Capital management

The Company considers its share capital as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended August 31, 2023.

16. SEGMENTED DISCLOSURES

The Company is a Canadian clinical stage pharmaceutical development company that operates in two reportable operating segments: the development of repurposed therapeutic drugs in Canada, and the facilitation of the Company's lead drug candidates into off-label phase II clinical trials (humans) in the United States. All of the Company's expenditures are incurred in both Canada and the United States. As at August 31, 2023 and 2022, all of the Company's long-term assets are located in Canada.

17. SUBSEQUENT EVENTS

On October 11, 2023, the Company closed a private placement of unsecured convertible debentures ("Notes") to Tryp's newly appointed Chief Executive Officer, Jason Carroll, for aggregate gross proceeds of AUD$175,000. The Notes are denominated in Australian Dollars, have a term of 12 months, and are interest free. The Notes shall automatically convert into Common Shares on the earlier of: (i) October 11, 2024; or (ii) the time the Company is completing a liquidity event. The price at which the Notes will be converted into Common Shares will vary depending on various scenarios as set out in the Notes and at a conversion price fixed in accordance with CSE policies.

On October 24, 2023, the Company acquired Tryptamine Therapeutics Australia PTY LTD, an Australian private company incorporated on September 28, 2023, by the Company's CEO. The Company's acquisition cost was limited to the reimbursement of the original incorporation expenses.

On October 30, 2023, the Company granted stock options to three named executive officers to acquire 10,463,348 Common Shares at an exercise price of $0.106 per share on or before October 20, 2028. The stock options vest based on specific performance objectives for each officer.

On October 30, 2023, the Company accelerated the vesting periods of options granted on March 31, 2021 and September 15, 2022, resulting in 363,889 unvested options at August 31, 2023 to become fully vested.

On November 20, 2023, the Company closed private placement of Notes for aggregate gross proceeds of AUD$3,125,000.

In connection with Notes, the Company has entered into an engagement agreement (the "Engagement Agreement") with ACNS Capital Markets Pty Ltd trading as Alto Capital ("Alto Capital") pursuant to which Alto Capital is entitled to a cash fee of 6% of proceeds raised under the Private Placement and will be issued such number of warrants as equals to 4.0% of the Common Shares issuable on conversion of Notes-1 and Notes-2.

17. SUBSEQUENT EVENTS (continued)

On December 8, 2023, the Company entered into an arrangement agreement (the "Arrangement Agreement") with Exopharm Limited ACN 163,765,991 ("Exopharm" or the "Purchaser"), pursuant to which Exopharm has agreed to acquire all of the issued and outstanding common shares in the capital of Tryp (the "Tryp Shares") in consideration of the issuance of 4.52 ordinary shares in the capital of Exopharm (the "Exopharm Shares") for each one (1) Tryp Share. The arm's length transaction will be completed by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement").

Key Transaction Highlights:

- The purchase price of CAD$0.08 represents a 78% premium to the closing price of $0.045 and a 112% premium to the 20-day volume weighted price of $0.0378 per Tryp Share on December 8, 2023;
- Tryp shareholders expected to receive 4.52 Exopharm Shares for each one (1) Tryp Share held, representing an aggregate transaction value of approximately $12.8 million;
- The combined entity is expected to relist on the Australian Securities Exchange (the "ASX") in Q1 2024 subject to, among other conditions, receipt of the requisite approval of Exopharm shareholders and raising a minimum of AUD$6,000,000 under a public offering; and
- The Arrangement is subject to customary closing conditions, including approvals from Tryp securityholders and Exopharm shareholders, from the ASX and the Supreme Court of British Columbia (the "Court").

On December 17, 2023, the final 3,043,860 common shares remaining in escrow in connection with the Company's initial public offering completed on December 17, 2020 were released from escrow.