PANGENOMIC HEALTH INC.
(formerly Zetta Capital Corp.)

Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

Notice of No Auditor Review

The accompanying unaudited condensed interim consolidated financial statements of Pangenomic Health Inc. (formerly Zetta Capital Corp.) (the “Company”) have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company’s independent auditors have not performed a review or audit of these condensed interim consolidated financial statements.

PANGENOMIC HEALTH INC.
(formerly Zetta Capital Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	June 30, 2022 $ (Unaudited)	December 31, 2021 $ (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	1,255,003	1,348,622
Amounts receivable (Note 3)	91,411	41,366
Prepaid expenses	177,545	280,420
Total current assets	1,523,959	1,670,408
Non-current assets		
Equipment (Note 5)	23,079	24,880
Intangible assets (Note 6)	926,000	850,000
Loan receivable (Note 4)	32,182	31,640
Total non-current assets	981,261	906,520
TOTAL ASSETS	2,505,220	2,576,928
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	366,629	170,794
Due to related parties (Note 7)	143,124	163,660
Total liabilities	509,753	334,454
SHAREHOLDERS' EQUITY		
Common shares (Note 8)	4,709,568	4,634,568
Preferred shares (Note 9)	497,330	497,330
Equity reserves (Note 10 and 11)	299,985	97,770
Share subscriptions received (Note 8)	1,104,900	–
Deficit	(4,616,316)	(2,987,194)
Total shareholders' equity	1,995,467	2,242,474
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,505,220	2,576,928

Nature of operations and continuance of business (Note 1)
Commitments (Note 14)
Subsequent events (Note 15)

Approved and authorized for issuance on behalf of the Board of Directors on August 25, 2022:

"Vincent Lum"	*"Robert Nygren"*
Vincent Lum, Director	Robert Nygren

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

PANGENOMIC HEALTH INC.
(formerly Zetta Capital Corp.)
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	$	$	$	$
Expenses				
Advertising and promotion	67,297	–	200,604	25,000
Consulting fees (Note 7)	258,009	56,000	493,509	77,000
Depreciation (Note 5)	2,720	–	5,246	–
General and administrative	15,691	4,647	23,672	8,533
Professional fees	90,627	24,776	156,897	42,436
Rent	3,000	–	6,000	–
Research and development	191,590	–	351,144	–
Share-based compensation (Notes 10 and 11)	67,111	4,603	202,215	9,691
Transfer agent and filing fees	2,092	5,625	8,382	7,437
Wages and benefits	109,661	–	182,008	–
Total expenses	807,798	95,651	1,629,677	170,097
Loss before other income (expense)	(807,798)	(95,651)	(1,629,677)	(170,097)
Other income (expense)				
Interest expense	224	(178)	(57)	(2,466)
Interest income	582	3,452	1,410	5,431
Foreign exchange translation loss	(798)	–	(798)	–
Total other income (expense)	8	3,274	555	2,965
Net loss and comprehensive loss for the period	(807,790)	(92,377)	(1,629,122)	(167,132)
Loss per common share, basic and diluted	(0.02)	(0.01)	(0.04)	(0.01)
Weighted average common shares outstanding	39,249,973	13,299,171	39,042,791	11,443,513

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

PANGENOMIC HEALTH INC.
(formerly Zetta Capital Corp.)
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common shares		Preferred shares					
	Number of shares	Amount $	Number of shares	Amount $	Subscriptions received $	Equity reserves $	Deficit $	Total shareholders' equity $
Balance, December 31, 2020	5,869,355	200,324	–	–	148,500	–	(337,872)	10,952
Issuance of units for cash	7,119,342	750,901	–	–	(148,500)	–	–	602,401
Issuance of units to settle debt	1,301,309	79,977	–	–	–	–	–	79,977
Share subscriptions received	–	–	–	–	170,250	–	–	170,250
Share-based compensation	–	–	–	–	–	9,691	–	9,691
Net loss for the period	–	–	–	–	–	–	(167,132)	(167,132)
Balance, June 30, 2021	14,290,006	1,031,202	–	–	170,250	9,691	(505,004)	706,139
Balance, December 31, 2021	38,749,973	4,634,568	10,000,000	497,330	–	97,770	(2,987,194)	2,242,474
Issuance of shares for acquisition of intangible asset	500,000	75,000	–	–	–	–	–	75,000
Unit subscriptions received	–	–	–	–	1,104,900	–	–	1,104,900
Share-based compensation	–	–	–	–	–	202,215	–	202,215
Net loss for the period	–	–	–	–	–	–	(1,629,122)	(1,629,122)
Balance, June 30, 2022	39,249,973	4,709,568	10,000,000	497,330	1,104,900	299,985	(4,616,316)	1,995,467

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

PANGENOMIC HEALTH INC.
(formerly Zetta Capital Corp.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six months ended June 30, 2022 $	Six months ended June 30, 2021 $
Operating activities		
Net loss	(1,629,122)	(167,132)
Items not involving cash:		
Amortization of loan fee	–	2,000
Depreciation expense	5,246	–
Foreign exchange translation loss	(542)	–
Share-based compensation	202,215	9,691
Changes in non-cash operating working capital:		
Amounts receivable	(50,038)	(3,148)
Prepaid expenses	102,875	–
Accrued interest receivable	(7)	(5,431)
Accounts payable and accrued liabilities	175,159	(38,729)
Due to related parties	(860)	26,399
Net cash used in operating activities	(1,195,074)	(176,350)
Investing activities		
Investment in loans receivable	–	(250,000)
Purchase of equipment	(3,445)	–
Net cash used in investing activities	(3,445)	(250,000)
Financing activities		
Proceeds from issuance of units, net of issuance costs	–	602,401
Proceeds from shares subscribed	–	170,250
Proceeds from units subscribed	1,104,900	–
Proceeds from loan payable	–	20,000
Net cash provided by financing activities	1,104,900	792,651
Change in cash and cash equivalents	(93,619)	366,301
Cash and cash equivalents, beginning of period	1,348,622	38,227
Cash and cash equivalents, end of period	1,255,003	404,528
Cash and cash equivalents consist of:		
Cash in bank	1,250,003	404,528
Cashable short-term investment certificate	5,000	–
Total cash and cash equivalents	1,255,003	404,528
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–
Non-cash investing and financing activities:		
Issuance of common shares for acquisition of intangible asset	75,000	–
Issuance of units to settle loan payable	–	79,977

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

1. Nature of Operations and Continuance of Business

Pangenomic Health Inc. (formerly Zetta Capital Corp.) (the "Company") was incorporated under the laws of the province of British Columbia, Canada, on December 11, 2015. On December 6, 2021, the Company changed its name from Zetta Capital Corp. to Pangenomic Health Inc. The address of the Company's corporate office and principal place of business is 102 – 3800 Wesbrook Mall, Vancouver, BC, V6S 2L9. The Company's common shares trade on the Canadian Stock Exchange ("CSE") under the symbol "NARA".

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. For the period ended June 30, 2022, the Company has not generated any revenues and has negative cash flow of from operations. As at June 30, 2022, the Company has an accumulated deficit of $4,616,316. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements of the Company should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2021, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Pangenomic Technologies Corp. ("PTC"), which was incorporated on in the province of British Columbia, Canada. All intercompany transactions have been eliminated on consolidation.

2. Basis of Presentation (continued)

(c) Significant Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the recoverability of loan receivable, useful lives and carrying values of equipment, carrying value of intangible assets, and the fair value of share-based payments.

<u>Recoverability of Loan Receivable</u>

The recoverability of loan receivable is assessed by management at the reporting date by applying the expected credit loss impairment model. The model reflects historical loss experiences, facts and circumstances that have existed during the period, informed credit assessment, and consideration of forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.

<u>Carrying Value of Equipment and Intangible Asset</u>

The Company assesses impairment of non-financial assets such as equipment and intangible asset. In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit ("CGU") based on expected future cash flows. When measuring expected future cash flows, management makes assumptions about future growth of profits which relate to future events and circumstances. Actual results could vary from these estimated future cash flows. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate.

Long-lived assets are reviewed for impairment by determining the recoverable amount of each CGU or groups of CGUs to which the long-lived assets relate. Management estimates the recoverable amount of the CGUs based on the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"). The VIU calculations are based on expected future cash flows. When measuring expected future cash flows, management makes key assumptions about future growth of profits which relate to future events and circumstances. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate. Actual results could vary from these estimates which may cause significant adjustments to the Company's long-lived assets in subsequent reporting periods.

<u>Share-based Payments</u>

Fair values of share-based payments are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options and performance warrants.

(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

(c) Significant Accounting Estimates and Judgments (continued)

Significant Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the Company's condensed interim consolidated financial statements are as follows:

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its condensed interim consolidated financial statements for the period ended June 30, 2022. Management prepares the condensed interim consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there is a significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

(d) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2022, and have not been early adopted in preparing these condensed interim consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

3. Amounts Receivable

	June 30, 2022 $	December 31, 2021 $
Accrued interest receivable	1,217	1,210
GST receivable	89,589	40,156
Other receivables	605	–
	91,411	41,366

4. Loan Receivable

On November 23, 2021, the Company entered into an agreement with The Horizons Center Public Benefit Corporation ("Horizons") whereby the Company can invest up to US$1,000,000 in convertible promissory notes which bear interest at 6% per annum and will be due on the two year anniversary of the date as of which the first of the convertible notes is issued. The promissory note is convertible upon the initial closing of the sale of equity securities by Horizons of at least US$500,000 ("Qualified Financing") into shares of Horizons at 90% of the price per equity for the Qualified Financing. Upon the initial closing of the sale of equity securities by Horizons that is not a Qualified Financing ("Non-Qualified Financing"), the total debt is to be repaid and at the option of the Company, the note can be converted into shares of Horizon at 90% of the price per equity for the Non-Qualified Financing.

As at June 30, 2022, the Company has invested $32,182 (US$25,000) (December 31, 2021 - $31,640 (US$25,000)) and recognized accrued interest of $1,159 (US$900) (December 31, 2021 - $198 (US$156)), which is included in amounts receivable.

(Expressed in Canadian Dollars)

5. Equipment

	Computer equipment $
Cost	
Balance, December 31, 2021	29,629
Additions	3,445
Balance, June 30, 2022	33,074
Depreciation	
Balance, December 31, 2021	4,749
Depreciation	5,246
Balance, June 30, 2022	9,995
Carrying amounts	
Balance, December 31, 2021	24,880
Balance, June 30, 2022	23,079

6. Intangible Assets

(a) On October 4, 2021, the Company entered into a share purchase agreement with the shareholders of PGT, whereby the Company acquired 100% of the issued and outstanding common shares of PGT. Upon acquisition, the Company applied the initial measurement requirements in IAS 38, *Intangible Assets,* and determined the intangible asset acquired had a fair value of $850,000. As the transaction price of $2,644,042 differed from the fair value, the Company recognized an impairment loss on initial recognition of $1,794,042 during the year ended December 31, 2021, and recorded the intangible asset at its fair value of $850,000.

(b) On January 10, 2022, the Company entered into an intellectual property asset purchase agreement with LivNao Technologies Inc. ("LivNao Agreement"). Under the terms of the LivNao Agreement, the Company purchased from LivNao all of LivNao's rights, titles, and interests to the LivNao intellectual property ("LiveNao IP") for 500,000 common shares and cash of $1,000. In addition, the Company has agreed to issue to LivNao up to 1,500,000 additional common shares upon satisfaction of the of the following milestones on or before March 31, 2023:

- 500,000 common shares upon the Nara App having 100,000 active users;
- 500,000 common shares upon the Nara App having 500,000 active users; and
- 500,000 common shares upon the Nara App having 1,000,000 active users.

On March 16, 2022, the Company issued the 500,000 shares of common stock with a fair value of $75,000. As at June 30, 2022, the Company has not recognized any additional consideration related to the additional 1,500,000 common shares as it is not reasonably certain that any of the milestones will be met.

(Expressed in Canadian Dollars)

7. Related Party Transactions

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel. The following are the remuneration of the Company's related parties:

	Six months ended June 30, 2022	Six months ended June 30, 2021
	$	$
Chief Executive Officer ("CEO") and Director, for consulting fees	60,000	–
Chief Financial Officer ("CFO"), for consulting fees	12,000	–
Executive Chair and Director, for consulting fees	60,000	–
Chief Scientific Officer ("CSO"), for consulting fees	60,000	–
Company controlled by the Chief Technology Officer ("CTO") for consulting fees	30,000	–
Company controlled by the CTO for research and development	362,624	–
Director, for consulting fees	15,000	–
Director, for consulting fees	17,500	–
Former VP Finance, for consulting fees	–	60,000
Former CEO, for consulting fees	–	12,000
Share-based compensation	157,297	–
	774,421	72,000

Amounts due to related parties are non-interest bearing, unsecured and due on demand.

	June 30, 2022	December 31, 2021
	$	$
CFO	2,100	–
Executive Chair and Director	500	(1,600)
CSO	20,587	37,869
CTO	–	15,730
Company controlled by the CTO	114,812	91,985
Directors	5,125	–
Former VP Finance*	–	13,676
Former CEO*	–	6,000
	143,124	163,660

* Amounts owing to the former VP Finance and former CEO have been reclassified to accounts payable at June 30, 2022.

(Expressed in Canadian Dollars)

8. Common Shares

Authorized: Unlimited number of Class A common shares without par value

(a) On March 16, 2022, the Company issued 500,000 common shares with a fair value of $75,000 pursuant to the LivNao Agreement as described in Note 6(b).

(b) On June 28, 2022, the Company completed a subscription receipt offering of 7,365,999 subscription receipts at a price of $0.15 per subscription receipt for gross proceeds of $1,104,900, which is included in share subscriptions received. Each subscription receipt is convertible into one unit on satisfaction of the escrow release conditions: (i) 4 business days have passed after the date that a receipt has been issued for a final prospectus to qualify the distribution of the common shares and the warrants issuable upon the conversion of the subscription receipts and (ii) the receipt of conditional approval from the CSE for the listing of the common shares on the CSE. Each subscription receipt will entitle the holder to receive, without any further action on the part of the holder, and for no additional consideration, one unit consisting of one common share of the Company and one warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.30 per share for a period of two years from the date the subscription receipts are converted into units, subject to the Company's right to accelerate the expiry date of such warrant if the closing price of the common shares is equal to or greater than $0.60 per share for 10 consecutive trading days. If the escrow release conditions are not satisfied by August 31, 2022, each subscription receipt will be deemed null and void, and the Company will return to the holders of the subscription receipts the subscription price paid for those subscription receipts plus a pro rata portion of any interest earned thereon. Subsequent to the period ended June 30, 2022, the subscription receipts were converted into units upon the satisfaction of the escrow release conditions (Note 15).

9. Preferred Shares

Authorized: Unlimited number of Class B preferred shares without par value

The holders of Class B preferred shares shall not be entitled as such to receive notice of, to attend, or to vote at any meeting of the shareholders of the Company. The holders of Class B shares shall, in preference to the holders of the common shares, be entitled to receive dividends and shall be entitled to receive priority in the event of liquidation, dissolution of winding-up of the Company.

10. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2021 and June 30, 2022	22,229,911	0.26

(Expressed in Canadian Dollars)

10. Share Purchase Warrants (continued)

As at June 30, 2022, the following share purchase warrants were outstanding:

Number of warrants outstanding	Number of warrants exercisable	Exercise price $	Expiry date	Weighted average remaining contracted life (years)
4,322,198	4,322,198	0.10	January 13, 2023	0.54
500,000	500,000	0.10	January 21, 2023	0.56
4,098,453	4,098,453	0.30	April 22, 2023	0.81
6,945,294	6,945,294	0.30	July 23, 2023	1.06
5,863,966	5,863,966	0.30	September 16, 2023	1.21
500,000	500,000	0.30	October 25, 2023	1.32
22,229,911	22,229,911			

During the period ended June 30, 2022, the Company recognized share-based compensation expense of $1,565 (2021 - $9,691) in equity reserves related to the performance warrants. As at June 30, 2022, there was $nil (December 31, 2021 - $1,565) of unrecognized share-based compensation related to the unvested performance warrants.

11. Stock Options

On December 27, 2021, the Company adopted a stock option plan providing for the grant of stock options to purchase Class A common shares to officers, directors, employees, and consultants in an amount equal to up to 20% of the issued and outstanding common shares. The exercise price is determined by the Board of Directors. Stock options are granted for a maximum term of 10 years.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price $
Balance, December 31, 2021	2,065,000	0.15
Granted	1,160,000	0.16
Cancelled	(175,000)	0.15
Balance, June 30, 2022	3,050,000	0.15
Exercisable, June 30, 2022	766,320	0.15

Additional information regarding stock options outstanding as at June 30, 2022, is as follows:

Number of stock options outstanding	Number of stock options exercisable	Exercise price $	Expiry date	Weighted average remaining contracted life (years)
150,000	–	0.15	October 31, 2024	2.34
1,890,000	516,320	0.15	December 27, 2024	2.50
1,000,000	250,000	0.15	January 10, 2025	2.53
10,000	–	0.30	February 28, 2025	2.67
3,050,000	766,320			

(Expressed in Canadian Dollars)

11. Stock Options (continued)

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the period ended June 30, 2022, the Company recognized share-based compensation expense of $200,650 (2021 - $nil) in equity reserves, of which $150,056 (2021 - $nil) pertains to officers and directors of the Company. The weighted average fair value of options granted during the period ended June 30, 2022, was $0.12 (2021 – $nil) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2022
Risk-free interest rate	2.13%
Dividend yield	0%
Expected volatility	150%
Expected life (years)	2.77
Forfeiture rate	0%

12. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash and cash equivalents, amounts receivable (except GST receivable), loan receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and loans receivable. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate 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. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

12. Financial Instruments and Risk Management (continued)

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

13. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital, and accumulated deficit.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2022. The Company is not subject to externally imposed capital requirements.

14. Commitments

(a) On January 1, 2022, the Company entered into an employment agreement with an executive to serve as the Company’s CSO, whereby the Company agreed to pay a base salary of $8,250 per month commencing on February 1, 2022. Upon the general availability release of the PlantGx Platform, the base salary will be increased to $10,000 per month. The Company agreed to grant 750,000 stock options which will vest and become exercisable at $0.15 per option, expiring three years after effective date, based on the successful completion of certain performance milestones.

(b) On March 22, 2022, the Company entered into an employment agreement with an executive to serve as the Company’s Executive Chair, whereby the Company agreed to pay a base salary of $10,000 per month commencing on the earlier of July 1, 2022 and the date the Company becomes listed on the CSE (the “Listing Date”). The Company also agreed to grant the executive 1,500,000 performance warrants on the earlier of July 1, 2022 and the Listing Date, which will vest and become exercisable at $0.15 per common share based on the successful completion of certain performance milestones.

(c) On March 22, 2022, the Company entered into an employment agreement with an executive to serve as the Company’s CEO, whereby the Company agreed to pay a base salary of $10,000 per month commencing on the earlier of July 1, 2022 and the Listing Date. The Company also agreed to grant the executive 1,500,000 performance warrants on the earlier of July 1, 2022 and the Listing Date, which will vest and become exercisable at $0.15 per common share based on the successful completion of certain performance milestones.

15. Subsequent Events

(a) On July 1, 2022, the Company issued a total of 3,000,000 performance warrants to the Company's Executive Chair and the Company's CEO, which will vest and become exercisable at $0.15 per common share based on the successful completion of certain performance milestones.

(b) On July 18, 2022, the Company issued a total of 7,365,999 units pursuant to the satisfaction of escrow release conditions for the subscription receipts of $1,104,900 received on June 28, 2022 (Note 8). Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.30 per share for a period of two years.

(c) On July 18, 2022, the Company entered into an agreement for market making services for an initial term of 6 months in consideration for $7,500 per month, payable quarterly, with such fee subject to an annual increase of 3%. The agreement automatically renews for successive 6 month terms unless terminated by the Company.

(d) On July 19, 2022, the Company entered into an agreement for capital markets advisory, investor relations and corporate strategy services for a monthly fee of $5,000. In addition, the Company granted 30,000 stock options exercisable at $0.25 per share for a period of two years, with one-half of the stock options vesting immediately and the remaining one-half vesting 3 months thereafter.

(e) On July 29, 2022, the Company issued 25,000,000 common shares pursuant to the conversion of 10,000,000 Class B preferred shares.