PANGENOMIC HEALTH INC.

Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pangenomic Health Inc.

Opinion

We have audited the consolidated financial statements of Pangenomic Health Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended, and 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 financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not generated any revenue and has negative cash flow from operations during the year ended December 31, 2022 and, as at that date, the Company has a working capital deficit of $234,882 and an accumulated deficit of $14,981,522. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

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

- Identify and assess the risks of material misstatement of the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

May 1, 2023

PANGENOMIC HEALTH INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2022 $	December 31, 2021 $
ASSETS		
Current assets		
Cash and cash equivalents	88,526	1,348,622
Amounts receivable (Note 5)	157,817	41,366
Prepaid expenses	204,103	280,420
Loan receivable (Note 6)	33,924	–
Total current assets	484,370	1,670,408
Non-current assets		
Equipment (Note 7)	19,772	24,880
Intangible assets (Notes 4 and 8)	–	850,000
Loan receivable (Note 6)	–	31,640
Total non-current assets	19,772	906,520
TOTAL ASSETS	504,142	2,576,928
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	399,016	170,794
Loan payable (Note 9)	101,771	–
Due to related parties (Note 10)	218,465	163,660
Total liabilities	719,252	334,454
SHAREHOLDERS' EQUITY (DEFICIT)		
Common shares (Note 11)	11,240,056	4,634,568
Preferred shares (Note 12)	–	497,330
Equity reserves (Notes 13 and 14)	3,526,356	97,770
Deficit	(14,981,522)	(2,987,194)
Total shareholders' equity (deficit)	(215,110)	2,242,474
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	504,142	2,576,928

Nature of operations and continuance of business (Note 1)
Commitments (Note 17)
Subsequent events (Note 19)

Approved and authorized for issuance on behalf of the Board of Directors on May 1, 2023:

/s/ "Vincent Lum"	/s/ "Robert Nygren"
Vincent Lum, Director	Robert Nygren, Director

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

PANGENOMIC HEALTH INC.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2022 $	Year ended December 31, 2021 $
Expenses		
Advertising and promotion (Note 10)	495,694	81,625
Consulting fees (Note 10)	954,847	357,000
Depreciation (Note 7)	11,113	2,127
Director's fees (Note 10)	42,500	–
General and administrative	119,729	13,531
Professional fees	269,364	167,998
Rent (Note 10)	10,000	12,000
Research and development (Note 10)	534,113	129,669
Share-based compensation (Notes 10, 12, and 13)	616,786	50,877
Transfer agent and filing fees	64,914	19,024
Wages and benefits (Note 10)	522,767	34,804
Total expenses	3,641,827	868,655
Loss before other income (expense)	(3,641,827)	(868,655)
Other income (expense)		
Interest expense	(1,311)	(2,466)
Interest income	2,454	15,841
Impairment of intangible assets (Notes 4 and 8)	(8,361,114)	(1,794,042)
Foreign exchange translation gain	7,470	–
Total other income (expense)	(8,352,501)	(1,780,667)
Net loss and comprehensive loss for the year	(11,994,328)	(2,649,322)
Loss per common share, basic and diluted	(0.22)	(0.13)
Weighted average common shares outstanding	54,805,722	19,779,471

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

PANGENOMIC HEALTH INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)

	Common shares		Preferred shares					
	Number of shares	Amount $	Number of shares	Amount $	Subscriptions received $	Equity reserves $	Deficit $	Total shareholders' equity (deficit) $
Balance, December 31, 2020	5,869,355	200,324	–	–	148,500	–	(337,872)	10,952
Issuance of units for cash	19,912,642	2,669,896	–	–	(148,500)	–	–	2,521,396
Share issuance costs	–	(65,629)	–	–	–	1,448	–	(64,181)
Issuance of units to settle debt	1,301,309	79,977	–	–	–	–	–	79,977
Issuance of Series B preferred shares for cash	–	–	10,000,000	500,000	–	–	–	500,000
Series B preferred share issuance costs	–	–	–	(2,670)	–	–	–	(2,670)
Issuance of common shares for acquisition of Pangenomic Technologies Corp.	11,666,667	1,750,000	–	–	–	–	–	1,750,000
Issuance of finder's warrants upon acquisition of Pangenomic Technologies Corp.	–	–	–	–	–	45,445	–	45,445
Share-based compensation	–	–	–	–	–	50,877	–	50,877
Net loss for the year	–	–	–	–	–	–	(2,649,322)	(2,649,322)
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 units for cash	8,699,331	1,304,900	–	–	–	–	–	1,304,900
Share issuance costs	–	(14,242)	–	–	–	–	–	(14,242)
Conversion of Series B preferred shares to common shares	25,000,000	497,330	(10,000,000)	(497,330)	–	–	–	–
Issuance of units for acquisition of Mindleap Health Inc.	18,000,000	4,140,000	–	–	–	2,530,620	–	6,670,620
Issuance of finder's units upon acquisition of Mindleap Health Inc.	2,000,000	460,000	–	–	–	281,180	–	741,180
Issuance of shares for acquisition of intangible asset	500,000	75,000	–	–	–	–	–	75,000
Issuance of shares upon exercise of warrants	1,425,000	142,500	–	–	–	–	–	142,500
Share-based compensation	–	–	–	–	–	616,786	–	616,786
Net loss for the year	–	–	–	–	–	–	(11,994,328)	(11,994,328)
Balance, December 31, 2022	94,374,304	11,240,056	–	–	–	3,526.356	(14,981,522)	(215,110)

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

PANGENOMIC HEALTH INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2022 $	December 31, 2021 $
Operating activities		
Net loss	(11,994,328)	(2,649,322)
Items not involving cash:		
Amortization of loan fee	–	2,000
Depreciation	11,113	2,127
Foreign exchange translation gain	(2,284)	–
Impairment of intangible asset	8,361,114	1,794,042
Share-based compensation	616,786	50,877
Changes in non-cash operating working capital:		
Amounts receivable	(93,641)	(41,585)
Prepaid expenses	76,317	(274,541)
Accounts payable and accrued liabilities	227,222	60,936
Due to related parties	(15,155)	(3,776)
Net cash used in operating activities	(2,782,546)	(1,059,242)
Investing activities		
Acquisition costs upon acquisition of Mindleap Health Inc.	(47,147)	–
Cash acquired upon acquisition of Mindleap Health Inc.	1,023	–
Cash acquired upon acquisition of Pangenomic Technologies Inc.	–	33,546
Investment in loans receivable	–	(631,640)
Purchase of equipment	(6,005)	(6,814)
Net cash used in investing activities	(52,129)	(604,908)
Financing activities		
Proceeds from issuance of units, net of issuance costs	1,290,658	2,457,215
Proceeds from issuance of preferred shares, net of issuance costs	–	497,330
Proceeds from issuance of shares upon exercise of warrants	142,500	–
Proceeds from loan payable	101,771	20,000
Proceeds from related party loans	39,650	–
Net cash provided by financing activities	1,574,579	2,974,545
Change in cash	(1,260,096)	1,310,395
Cash and cash equivalents, beginning of year	1,348,622	38,227
Cash and cash equivalents, end of year	88,526	1,348,622
Cash and cash equivalents consist of:		
Cash in bank	77,276	198,622
Cashable short-term investment certificate	11,250	1,150,000
Total cash and cash equivalents	88,526	1,348,622
Non-cash investing and financing activities:		
Issuance of broker's warrants	–	1,448
Issuance of common shares to acquire intangible asset	75,000	–
Issuance of common shares to acquire Pangenomic Technologies Corp.	–	1,750,000
Issuance of finder's warrants upon acquisition of Pangenomic Technologies Corp.	–	45,445
Issuance of units to acquire Mindleap Health Inc.	6,670,620	–
Issuance of finder's units upon acquisition of Mindleap Health Inc.	741,180	–
Issuance of units to settle loan payable	–	79,977
Conversion of Series B preferred shares to common shares	497,330	–

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

1. Nature of Operations and Continuance of Business

Pangenomic Health Inc. (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 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 year ended December 31, 2022, the Company has not generated any revenues and has negative cash flow of from operations. As at December 31, 2022, the Company has a working capital deficit of $234,882 and an accumulated deficit of $14,981,522. 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 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee.

(b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these 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 consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Pangenomic Technologies Corp. ("PTC"), MUJN Diagnostics Inc. (formerly PlantGX Diagnostics Inc.) ("MUJN"), and Mindleap Health Inc. ("Mindleap"), which were incorporated 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 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:

<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 Values 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.

2. Basis of Presentation (continued)

(c) Significant Accounting Estimates and Judgments (continued)

Current and Deferred Income Taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of current and deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

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 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 consolidated financial statements for the year ended December 31, 2022. Management prepares the 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.

3. Significant Accounting Policies

(a) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(b) Financial Instruments

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

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

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

3. Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

The Company has made the following classifications:

Cash	Amortized cost
Amounts receivable (except GST receivable)	Amortized cost
Loan receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Loan payable	Amortized cost

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations 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.

3. Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(c) Equipment

Equipment consists of computer equipment, which are recorded at cost. The Company depreciates the cost of computer equipment over their estimated useful life of 3 years using the straight-line basis.

(d) Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life
- an intangible asset not yet available for use
- goodwill acquired in a business combination

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

3. Significant Accounting Policies (continued)

(d) Impairment of Non-financial Assets (continued)

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(e) Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated statement of operations and comprehensive loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets.

(f) Share-based Payment

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

3. Significant Accounting Policies (continued)

(g) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) Loss Per Share

Basic loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding incentive stock options and their equivalents is reflected in the diluted loss per share by application of the treasury stock method. As at December 31, 2022, the Company had 56,704,242 (2021 – 24,294,911) potentially dilutive shares outstanding.

(i) Comprehensive Loss

Comprehensive loss is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the consolidated statement of operations.

(j) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2022, and have not been early adopted in preparing these 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 consolidated financial statements.

(Expressed in Canadian Dollars)

4. Acquisitions

(a) On October 4, 2021, the Company completed a share purchase agreement with the shareholders of Pangenomic Technologies Corp. (formerly Pangenomic Health Corp.) ("PTC"), whereby the Company acquired 100% of the issued and outstanding common shares of PTC in consideration of 11,666,667 common shares of the Company (the "Transaction"). In connection with the Transaction, the Company issued 500,000 warrants as a finder's fee, which are exercisable at $0.30 per share for a term of two years following the date of issuance.

The Transaction resulted in the Company obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The Company elected to apply the optional test to identify concentration of fair value to determine whether the Transaction constitutes a business combination or an asset acquisition. It was determined that the acquisition met the concentration test and the Transaction has been accounted for as an asset acquisition in accordance with the guidance provided in IFRS 2, *Share-based Payments*.

The Company recognized the fair value of the acquisition using the fair value of the common shares issued on the date of acquisition and the fair value of other direct acquisition costs. The Company determined the fair value of the 11,666,667 common shares issued at $0.15 per share based on the most recent private placement financing received from investors of the Company prior to the acquisition. The fair value of the 500,000 finder's warrants of $45,445 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate – 0.86%, dividend yield – 0%, expected volatility – 150%, and expected life – 2 years.

The Company allocated the total acquisition costs of $1,795,445 to the acquisition to the individual assets acquired and liabilities assumed on the basis of their relative fair values as follows:

	$
Cash	33,546
Amounts receivable	10,079
Prepaid expenses	4,879
Equipment	20,193
Intangible asset	2,644,042
Accounts payable and accrued liabilities	(59,241)
Loans payable to the Company	(718,296)
Due to related parties	(139,757)
Fair value of net assets acquired	1,795,445

Upon acquisition, the Company applied the initial measurement requirements in IAS 38, *Intangible Assets,* and determined the intangible asset had a fair value of $850,000. As the transaction price differed from the fair value, the Company recognized an impairment loss on initial recognition of $1,794,042 and recorded the intangible asset at its fair value of $850,000. During the year ended December 31, 2022, the Company recognized an impairment loss of intangible asset of $850,000 due to the uncertainty of the recoverability of the investment and availability of resources to sustain its future development.

(Expressed in Canadian Dollars)

4. Acquisitions (continued)

(b) On December 9, 2022, the Company completed a share exchange agreement with the shareholder of Mindleap Health Inc. ("Mindleap"), whereby the Company acquired 100% of the issued and outstanding common shares of Mindleap in consideration of 18,000,000 units of the Company (the "Transaction"). In connection with the Transaction, the Company issued 2,000,000 units as a finder's fee and incurred acquisition costs of $47,147. Each unit was comprised of one common share of the Company and one share purchase warrant, which is exercisable at $0.30 per share until December 9, 2024.

The Transaction resulted in the Company obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The Company elected to apply the optional test to identify concentration of fair value to determine whether the Transaction constitutes a business combination or an asset acquisition. It was determined that the acquisition met the concentration test and the Transaction has been accounted for as an asset acquisition in accordance with the guidance provided in IFRS 2, *Share-based Payments*.

The Company recognized the fair value of the acquisition using the fair value of the Units issued on the date of acquisition and the fair value of other direct acquisition costs. The Company determined the fair value of the 20,000,000 common shares at $0.23 per share based on the publicly quoted stock price of the Company on the closing date. The fair value of the 20,000,000 warrants of $2,811,800 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate – 3.76%, dividend yield – 0%, expected volatility – 131%, and expected life – 2 years.

The Company allocated the total acquisition costs of $7,458,948 to the acquisition to the individual assets acquired and liabilities assumed on the basis of their relative fair values as follows:

	$
Cash	1,024
Amounts receivable	22,810
Intangible asset	7,435,114
Fair value of net assets acquired	7,458,948

In addition, the Company entered into a transition services agreement upon closing of the Transaction, whereby the Company engaged the vendor to assist in the transition, transfer, and integration of Mindleap technologies into the Company's technology platform for 2 months following the closing. As consideration, the Company shall pay a monthly consulting fee of $50,000.

During the year ended December 31, 2022, the Company recognized an impairment loss of intangible asset of $7,435,114 due to the uncertainty of timing and amount of future economic benefits.

(Expressed in Canadian Dollars)

5. Amounts Receivable

	December 31, 2022 $	December 31, 2021 $
Accrued interest receivable and other	2,451	1,210
GST receivable	155,366	40,156
	157,817	41,366

6. Loans Receivable

(a) On December 11, 2020, the Company entered into a loan agreement with PTC pursuant to which the Company agreed to advance PTC up to $250,000. On December 15, 2020, the Company advanced $100,000 to PTC. On February 24, 2021, the Company advanced the remaining $150,000 to PTC. The loans were unsecured, bore interest at 5% per annum, and were due on June 30, 2021. On June 8, 2021, the maturity date was extended to June 30, 2022.

On June 8, 2021, the Company entered into a loan agreement with PTC pursuant to which the Company agreed to advance an additional loan of up to $250,000. On June 9, 2021, the Company advanced $100,000 to PTC. On July 7, 2021, the Company advanced $150,000 to PTC. The loans were unsecured, bore interest at 5% per annum, and were due on June 8, 2022.

On August 31, 2021, the Company entered into a loan agreement with PTC pursuant to which the Company advanced an additional loan of $100,000 to PTC. The loan is unsecured, bears interest at 5% per annum, and is due on September 1, 2022.

On September 30, 2021, the Company entered into a loan agreement with PTC pursuant to which the Company advanced an additional loan of $100,000. The loan was unsecured, bore interest at 5% per annum, and was due on October 1, 2022.

Effective October 25, 2021, the Company assumed the total principal of $700,000 and $18,296 owing from PTC upon acquisition.

(b) 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 December 31, 2022, the Company has invested $33,924 (US$25,000) (2021 - $31,640 (US$25,000)) and recognized accrued interest of $2,247 (US$1,656) (2021 - $198 (US$156)), which is included in amounts receivable.

(Expressed in Canadian Dollars)

7. Equipment

	Computer equipment $
Cost:	
Balance at December 31, 2020	–
Assumed upon acquisition of PTC	22,815
Additions	6,814
Balance, December 31, 2021	29,629
Additions	6,005
Balance, December 31, 2022	35,634
Accumulated depreciation:	
Balance, December 31, 2020	–
Assumed upon acquisition of PTC	2,622
Additions	2,127
Balance, December 31, 2021	4,749
Additions	11,113
Balance, December 31, 2022	15,862
Carrying amounts:	
Balance, December 31, 2021	24,880
Balance, December 31, 2022	19,772

(Expressed in Canadian Dollars)

8. Intangible Assets

	Intellectual property $
Cost:	
Balance at December 31, 2020	–
Acquired upon acquisition of PTC	2,644,042
Balance, December 31, 2021	2,644,042
Acquired upon acquisition of Mindleap	7,435,114
Additions	76,000
Balance, December 31, 2022	10,155,156
Accumulated depreciation and impairment:	
Balance, December 31, 2020	–
Impairment	1,794,042
Balance, December 31, 2021	1,794,042
Impairment	8,361,114
Balance, December 31, 2022	10,155,156
Carrying amounts:	
Balance, December 31, 2021	850,000
Balance, December 31, 2022	–

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 December 31, 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.

During the year ended December 31, 2022, the Company recognized an impairment loss of intangible asset of $76,000 due to the uncertainty on the recoverability of the investment and availability of resources to sustain its future development.

(Expressed in Canadian Dollars)

9. Loans Payable

(a) On September 15, 2020, the Company entered into a loan agreement with a company controlled by the former Vice President of Finance ("VP Finance") of the Company for $25,000. The loan bore interest at 10% per annum and was due on or before 90 days from the date of the loan agreement. In addition, the Company agreed to pay a loan fee of $2,500. On January 13, 2021, the Company entered into a debt settlement agreement to settle the $27,500 principal balance of the loan and $917 of accrued interest owing to the company controlled by the former VP Finance. Refer to Note 11.

(b) On January 8, 2021, the Company entered into a loan agreement with OroGroup Investors Inc. for $20,000. The loan bears interest at 10% per annum and is due on or before 90 days from the date of the loan agreement. In addition, the Company agreed to pay a loan fee of $2,000. On April 1, 2021, the Company entered into a debt settlement agreement to settle the $20,000 principal balance of the loan, $2,000 loan fee, and $367 of accrued interest owing to OroGroup. Investors Inc. Refer to Note11.

(c) On November 23, 2022, the Company entered into a loan agreement with an arm's length party for $101,771 (US$75,000). The loan bears interest at 8% per annum and is due on or before December 31, 2022. The loan was repaid subsequent to the year ended December 31, 2022. Refer to Note 19.

10. 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:

	Year ended December 31, 2022	December 31, 2021
	$	$
Chief Executive Officer ("CEO"), for wages incurred	60,000	–
Chief Financial Officer ("CFO"), for consulting fees	41,000	3,000
Executive Chair and Director and the Company he controlled, for wages and rent incurred	70,000	90,000
Chief Scientific Officer ("CSO"), for consulting fees and wages incurred	41,250	6,300
Chief Technology Officer ("CTO"), for consulting fees	60,000	61,750
Company controlled by the Executive Chair and Director, for consulting fees	80,000	33,000
Company controlled by a Director and former CEO, for consulting fees	79,500	33,000
Company controlled by the CTO, for advertising and promotion	35,587	–
Company controlled by the CTO, for research and development	449,182	129,669
Company controlled by the CSO, for consulting fees and director's fees	70,000	82,850
Company controlled by a Director, for consulting fees and director's fees	70,000	–
Director, for consulting and director's fees	77,500	–
Former VP Finance, for consulting fees	90,000	120,000
Former CEO, for wages and consulting fee	60,000	89,250
Share-based compensation	511,565	15,835
	1,795,584	664,654

(Expressed in Canadian Dollars)

10. Related Party Transactions (continued)

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

	December 31, 2022	December 31, 2021
	$	$
CTO	1,043	15,730
Company controlled by the CTO	110,272	91,985
Company controlled by the CSO	–	37,869
Director and company controlled by a Director	69,150	(1,600)
Company controlled by a Director	17,500	–
Director	31,000	–
Director	(10,500)	–
Former VP Finance*	–	13,676
Former CEO*	–	6,000
	218,465	163,660

* Amounts owing to the former VP Finance and former CEO have been reclassified to accounts payable at December 31, 2022.

11. Common Shares

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

Share transactions during the year ended December 31, 2022:

(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 8.

(a) On July 7, 2022, the Company issued 7,365,999 units at $0.15 per unit for gross proceeds of $1,104,900. Each unit consisted of one common share of the Company and one share purchase warrant. Each share purchase warrant is exercisable at $0.30 per common share expiring on July 7, 2024, 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. In connection with the issuance, the Company incurred share issuance costs of $9,657.

(b) On July 29, 2022, the Company issued 25,000,000 common shares pursuant to the conversion of 10,000,000 Class B preferred shares. Refer to Note 12.

(c) On December 9, 2022, the Company issued 18,000,000 units with a fair value of $6,670,620, whereby $4,140,000 was allocated to the common share component and $2,530,620 was allocated to the warrant component, in exchange for 100% of the issued and outstanding shares of Mindleap. Refer to Note 4. Each unit was comprised of one common share of the Company and one share purchase warrant, which is exercisable at $0.30 per share until December 9, 2024.

In connection with the acquisition, the Company issued 2,000,000 units as a finder's fee with a fair value of $741,180, whereby $460,000 was allocated to the common share component and $281,180 was allocated to the warrant component.

(d) On December 23, 2022, the Company issued 1,333,332 units at $0.15 per unit for gross proceeds of $200,000. Each unit consisted of one common share of the Company and one share purchase warrant. Each share purchase warrant is exercisable at $0.30 per common share expiring on December 23, 2024, 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. In connection with the issuance, the Company incurred share issuance costs of $4,585.

(e) During the year ended December 31, 2022, the Company issued a total of 1,425,000 common shares upon the exercise of share purchase warrants at $0.10 per share for proceeds of $142,500.

11. Common Shares (continued)

Share transactions during the year ended December 31, 2021:

(a) On January 13, 2021, the Company issued 3,170,000 units at $0.05 per unit for proceeds of $158,500, of which $148,500 was received at December 31, 2020. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.10 per common share expiring on January 13, 2023, 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.

(b) On January 13, 2021, the Company issued 672,198 units with a fair value of $33,610 to settle $33,610 owed to the VP Finance and a company controlled by the VP Finance (refer to Note 9(a)). Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.10 per common share expiring on January 13, 2023, 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.

(c) On January 13, 2021, the Company issued 480,000 units with a fair value of $24,000 to settle $24,000 owed to the former CEO of the Company. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.10 per common share expiring on January 13, 2023, 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.

(d) On April 22, 2021, the Company issued 3,949,342 units at $0.15 per unit for proceeds of $592,401. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.30 per common share expiring on April 22, 2023, 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.

(e) On April 22, 2021, the Company issued 149,111 units with a fair value of $22,367 to settle an aggregate of $22,367 of an outstanding loan plus accrued interest owed (refer to Note 9(b)). Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.30 per common share expiring on April 22, 2023, 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.

(f) On July 23, 2021, the Company issued 6,929,334 units at $0.15 per unit for proceeds of $1,039,400. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.30 per common expiring on July 23, 2023, 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. In connection with the issuance, the Company paid cash finder's fees of $62,364, incurred other issuance costs of $1,817, and issued 15,960 broker's warrants with a fair value of $1,448, which were recorded as share issuance costs. The broker's warrants have the same terms as the warrants issued in the unit private placement.

(g) On September 16, 2021, the Company issued 5,863,966 units at $0.15 per unit for proceeds of $879,595. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.30 per common share expiring on September 16, 2023, 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.

(h) On October 25, 2021, the Company issued 11,666,667 common shares with a fair value of $1,750,000 in exchange for 100% of the issued and outstanding shares of PTC. Refer to Note 4.

(Expressed in Canadian Dollars)

12. 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.

Share transactions during the year ended December 31, 2022:

(a) On July 29, 2022, the Company converted 10,000,000 preferred shares into 25,000,000 common shares of the Company. Refer to Note 11.

Share transactions during the year ended December 31, 2021:

(a) On August 31, 2021, the Company issued 1,600,000 preferred shares at $0.05 per share for proceeds of $80,000.

(b) On September 1, 2021, the Company issued 7,400,000 preferred shares at $0.05 per share for proceeds of $370,000. In connection with this issuance, the Company incurred share issuance costs of $2,670.

(c) On December 14, 2021, the Company issued 1,000,000 preferred shares at $0.05 per share for proceeds of $50,000.

13. 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, 2020	–	
Issued	22,229,911	0.26
Balance, December 31, 2021	22,229,911	0.26
Issued	31,699,331	0.29
Exercised	(1,425,000)	0.10
Balance, December 31, 2022	52,504,242	0.28
Exercisable, December 31, 2022	50,504,242	0.28

(Expressed in Canadian Dollars)

13. Share Purchase Warrants (continued)

As at December 31, 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)
2,897,198	2,897,198	0.10	January 13, 2023(1)	0.04
500,000	500,000	0.10	January 21, 2023(2)	0.06
4,098,453	4,098,453	0.30	April 22, 2023(2)	0.31
6,945,294	6,945,294	0.30	July 23, 2023(3)	0.56
5,863,966	5,863,966	0.30	September 16, 2023	0.71
500,000	500,000	0.30	October 25, 2023	0.82
7,365,999	7,365,999	0.30	July 7, 2024	1.52
20,000,000	20,000,000	0.30	December 9, 2024	1.94
1,333,332	1,333,332	0.30	December 23, 2024	1.98
3,000,000	1,000,000	0.15	July 1, 2025	2.50
52,504,242	50,504,242			

(1) 2,672,198 of the 2,897,198 share purchase warrants were exercised subsequent to the year ended December 31, 2022.

(2) Expired subsequent to the year ended December 31, 2022.

(3) 200,000 of the 6,945,294 shares purchase warrants were exercised subsequent to the year ended December 31, 2022.

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the year ended December 31, 2022, the Company recognized share-based compensation expense of $244,390 (2021 - $13,529) in equity reserves related to the performance warrants, which pertains to officers and directors of the Company. The weighted average fair value of options granted during the year ended December 31, 2022, was $0.12 (2021 – $0.03) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense related to the performance warrants are as follows:

	2022	2021
Risk-free interest rate	3.08%	0.17%
Dividend yield	0%	0%
Expected volatility	147%	150%
Expected life (years)	3.00	2.00
Forfeiture rate	0%	0%

As at December 31, 2022, there was $120,636 (2021 - $1,565) of unrecognized share-based compensation related to the unvested performance warrants.

(Expressed in Canadian Dollars)

14. 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, 2020	–	–
Granted	2,065,000	0.15
Balance, December 31, 2021	2,065,000	0.15
Granted	2,310,000	0.19
Cancelled	(175,000)	0.15
Balance, December 31, 2022	4,200,000	0.17
Exercisable, December 31, 2022	1,869,283	0.16

Additional information regarding stock options outstanding as at December 31, 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	93,750	0.15	October 31, 2024	1.84
1,890,000	1,162,200	0.15	December 27, 2024	1.99
1,000,000	500,000	0.15	January 10, 2025	2.03
10,000	–	0.30	February 28, 2025	2.16
30,000	30,000	0.25	July 19, 2024	1.55
1,000,000	83,333	0.23	September 6, 2025	2.68
120,000	–	0.23	December 9, 2025	2.94
4,200,000	1,869,283			

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the year ended December 31, 2022, the Company recognized share-based compensation expense of $372,395 (2021 - $37,348) in equity reserves, of which $267,175 (2021 - $2,306) pertains to officers and directors of the Company. The weighted average fair value of stock options granted during the year ended December 31, 2022, was $0.16 (2021 – $0.07) per option. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2022	2021
Risk-free interest rate	2.71%	1.10%
Dividend yield	0%	0%
Expected volatility	147%	150%
Expected life (years)	2.79	3.00
Forfeiture rate	0%	0%

As at December 31, 2022, there was $214,140 (2021 - $17,475) of unrecognized share-based compensation related to the unvested stock options.

15. 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, amounts due to related parties, and loans payable, 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.

(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.

(Expressed in Canadian Dollars)

16. 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 year ended December 31, 2022. The Company is not subject to externally imposed capital requirements.

17. Commitments

(a) 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.

(b) On July 21, 2022, the Company entered into an agreement for business development and advisory services for a term of 1 year in consideration for $350,000.

18. Income Taxes

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

	2022 $	2021 $
Net loss for the year	(11,994,328)	(2,649,322)
Statutory income tax rate	27%	11%
Income tax recovery at statutory rate	(3,238,469)	(291,425)
Permanent differences and other	2,420,689	174,080
Change in tax rates	(193,462)	–
Change in unrecognized deferred income tax assets	1,011,242	117,345
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2022 $	2021 $
Deferred income tax assets		
Non-capital losses carried forward	1,140,902	133,006
Financing costs	3,346	–
Total gross deferred income tax assets	1,144,248	133,006
Unrecognized deferred income tax assets	(1,144,248)	(133,006)
Net deferred income tax assets	–	–

(Expressed in Canadian Dollars)

18. Income Taxes (continued)

As at December 31, 2022, the Company has non-capital losses carried forward of $4,225,563, which are available to offset future years' taxable income. These losses expire as follows:

	$
2035	185
2036	4,926
2037	2,131
2038	187,887
2039	3,832
2040	203,894
2041	804,786
2042	3,017,922
	4,225,563

19. Subsequent Events

(a) Subsequent to December 31, 2022, the Company issued 2,872,198 shares upon the exercise of share purchase warrants and received proceeds of $327,220.

(b) On January 19, 2023, the Company issued 2,081,667 units at a price of $0.15 per unit, for total gross proceeds of $312,250. In connection with the private placement, the Company paid a registered broker a fee of $750. Each unit consisted of one Class A common share and one Class A share purchase warrant. Each warrant is exercisable at $0.30 per share for a period of 24 months from the date of issue. If the closing price of the shares on the Canadian Securities Exchange is greater than or equal to $0.60 for 10 consecutive trading days, the Company has the right to accelerate the expiration date of the warrants.

(c) In March 2023, the Company entered into four promissory notes for an aggregate principal of $400,000. The loans are unsecured, bear interest at 8% per annum, and due on June 30, 2023.

(d) On April 21, 2023, the Company and its board of directors approved a reduction of the exercise price of an aggregate of outstanding 45,472,751 share purchase warrants of the Company (the "Warrants") from $0.30 per Class A Common Share of the Company (a "Share") to $0.20 per Share.

The Warrants to be repriced consist of 20,743,417 outstanding Warrants issued pursuant to private placements and debt settlements completed by the Company on April 22, 2021, September 16, 2021, June 28, 2022, December 23, 2022 and January 19, 2023; and 18,000,000 outstanding Warrants issued in connection with the acquisition of Mindleap Health Inc. on December 9, 2022. In accordance with the requirements of the Canadian Securities Exchange ("CSE"), the repricing of an additional 6,729,334 outstanding Warrants issued in a private placement completed by the Company on July 23, 2021 will be subject to the consent of certain holders of those Warrants. If the required consents are not provided, the exercise price of these Warrants will remain at $0.30 per Share. In accordance with the requirements of the CSE, the exercise price of any warrants issued as compensation warrants or as finder warrants are not eligible for repricing. The expiration date of the Warrants is not being amended.