

PANGENOMIC HEALTH INC.

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2023

This Management Discussion and Analysis (“MD&A”) provides a detailed analysis of the business of Pangenomic Health Inc. (“PHI” or the “Company”). This MD&A should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the six months ended June 30, 2023 and the audited consolidated financial statements for the year ended December 31, 2022 and the related notes, which have been prepared under International Financial Reporting Standards (“IFRS”).

All financial information in this MD&A has been prepared in accordance with IFRS. All dollar amounts included therein and in the following MD&A are in Canadian dollars, the reporting and functional currency of the Company, except where noted. The MD&A contains information up to and including August 29, 2023 (the “Report Date”).

FORWARD-LOOKING STATEMENT

Certain statements contained in this MD&A may constitute “forward-looking statements”. Such term is defined in applicable securities laws. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors and assumptions include, among others, uncertainty relating to the Company’s ability to successfully execute its business plans and intentions, the ability of the Company to raise additional capital to complete its business plans and fund its research and development activities, the commercial viability of the Company’s products under development, the continued availability of key leadership personnel and the ability to attract and retain qualified personnel, general business, economic, and competitive uncertainties; the limited operating history of the Company; the ability to protect, maintain and enforce intangible property rights; future growth plans and the ability to meet business objectives; the acceptance by customers and the marketplace of new products; ability to attract and retain personnel; and expectations with respect to advancement and adoption of new product lines.

While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. Accordingly, readers should not place undue reliance on any such forward-looking information. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Company’s management to predict all of such factors and to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company does not undertake any obligation to update any forward-looking information to reflect information, events, results, circumstances or otherwise after the date hereof or to reflect the occurrence of unanticipated events, except as required by law including securities laws.

OVERVIEW

PHI is a precision health company registered as a benefit company under the laws of British Columbia. The Company’s benefit statement is to improve the health and wellness of people by providing a technology platform that identifies plant-based solutions tailored to the health profile of each individual. Through its subsidiaries, Pangenomic Technologies Corp. (“PTC”), MUJN Diagnostics Inc. (“MUJN”) and Mindleap Health Inc. (“Mindleap”), the Company is developing a self-care digital platform to deliver personalized,

evidence-based information about natural treatments to support a user's specific health needs. The Company's vision is that all people will have access to affordable and effective natural remedies for better health and wellness. The Company's initial focus will be to provide information on personalized natural mental health solutions. PHI's mission is to promote and improve the health and wellness of people and society by providing a technology platform that identifies plant-based solutions tailored to the health profile of each individual.

The Company's Articles provide that the Company commits to promoting the following public benefits:

To promote and improve the health and wellness of people and society by providing a technology platform that identifies plant-based solutions tailored to the health profile of each individual, as the Company's board of directors may from time to time determine to be appropriate.

The Company's Articles further provide that the Company commits to conducting the Company's business in a responsible and sustainable manner, and to promote the above public benefits.

The Company was incorporated under the laws of British Columbia on December 11, 2015 for the purpose of new business ventures. 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. Effective July 18, 2022, the Company's common shares trade on the Canadian Stock Exchange ("CSE") under the symbol "NARA". During the period ended June 30, 2023, the Company commenced trading on the Frankfurt Stock Exchange under the symbol "LL30" and on the Aquis Stock Exchange ("AQSE") under the ticker "NARA" and with its existing ISIN CA 69842E 20 5 0. The Company's shares continue to trade on the CSE.

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 agreed to purchase from LivNao all of LivNao's rights, titles, and interests to the LivNao intellectual property ("LivNao IP") for 500,000 common shares to be issued at an agreed upon deemed value of \$0.30 per share, plus \$1,000. On February 15, 2022, the Company and LivNao amended the LivNao Agreement to extend the deadline for the completion of the acquisition of the LivNao IP to March 31, 2022. Under the terms of the LivNao Agreement, the Company agreed to issue to LivNao up to 1,500,000 additional common shares upon satisfaction of the of the certain active users milestones on or before March 31, 2023 which were not met. On March 16, 2022, the Company completed the acquisition of the LivNao IP and issued 500,000 Common Shares to LivNao.

The Company entered into the LivNao Agreement in order to gain access to certain passive data collection technologies and algorithms that can automate aspects of the mental health assessments conducted by users of the Company's Nara consumer app and provide behavioural nudges to users.

On June 30, 2022, the Company received receipt of the Company's long form prospectus filed on June 28, 2022, for the purpose of complying with Policy 2 – Qualifications for Listing of the Canadian Securities Exchange (the "CSE" or the "Exchange") which permitted PHI to meet one of the eligibility requirements for the listing of the Class A Common Shares (the "Common Shares") of PHI on the CSE. On July 15, 2022, the CSE published a bulletin whereby the Company's shares were approved for listing and commenced trading effective July 18, 2022, under the trading symbol "NARA".

The following is a breakdown of the variances from the Company's estimated of projected use or proceeds for the six months ending December 31, 2022:

	Estimated⁽¹⁾ \$	Actual through December 31, 2022 \$
Business objectives and milestones	340,000	337,151
Marketing and Investor Relations	250,000	201,782
Estimated costs of the prospectus and listing on the CSE	100,000	128,583
Estimated general and administrative expenses over the next 12 months	399,000	421,484
Total expenses	1,089,000	1,089,000

(1) For the 12 months following June 28, 2022 (date of long form prospectus).

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. The performance warrants expire on July 1, 2025.

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.

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.

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

On August 30, 2022, the Company incorporated MUJN to develop the MUJN clinical decision support platform, which will provide health practitioners with access to a natural remedy knowledge base, treatment analytics, diagnostics tests and user health data from the Nara app.

On September 6, 2022, the Company appointed Maryam Marissen as President & Chief Executive Officer ("CEO") of PHI. Ms. Marissen brings over two decades of experience in consumer product marketing, private clinic services and public advocacy. Ms. Marissen helped establish one of the first online personal care and wellness e-commerce stores in North America. As Managing Director of a Canadian government relations and public affairs agency, she oversaw advocacy campaigns for healthcare, education, and public policy. She has also been involved in psychedelic therapy research, consulting with academic, industry, and regulatory stakeholders to develop clinical pathways to patient care. Vincent Lum, former President and CEO continues to serve on the board of directors and has been appointed as President and CEO of MUJN. During the period ended June 30, 2023, Maryam Marissen joined the board of directors.

On September 6, 2022, the Company granted 1,000,000 stock options to Ms. Marissen at \$0.23 per share for a period of three years vesting in quarterly installments.

On December 9, 2022, the Company completed a share exchange agreement (the "Share Exchange Agreement") with Mydecine Innovations Group Inc. ("Mydecine"), a company listed on the NEO Exchange, and Mydecine's wholly owned subsidiary, Mindleap, whereby the Company acquired 100% of the issued and outstanding common shares of Mindleap for consideration of 18,000,000 units of the Company (the "Transaction"). As at the Report Date, the board of directors approved a reduction of the exercise price of the warrants from \$0.30 per common share to \$0.20 per common share. 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.

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. 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 Mydecine to assist in the transition, transfer, and integration of Mindleap's 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 (paid as at the Report Date).

Mindleap launched the world's first telehealth platform for psychedelic integration on the iOS and Android stores in 2020. Upon closing of the Transaction, Mindleap became a wholly-owned subsidiary of the Company and will focus on B2C and B2B services for the wellness industry.

The Company entered into the Transaction in order to gain access to certain technologies and an installed base of consumers and health specialists. Mindleap's technological know-how, mental health content library and marketing footprint is expected to help us expand our reach to more users that align with the Company's Nara and MUJN business strategies. Which may accelerate the initial revenue expected to be earned from monthly subscription fees and one-time fees paid by consumers and health practitioners on the Nara app and MUJN platform.

During the period ended June 30, 2023 the Company, through its subsidiary MUJN, entered into a development partnership agreement with LumiQuick Diagnostics, Inc., a Santa Clara-based medical device company ("LumiQuick "). The two companies are jointly developing targeted biomarker diagnostics to help patients undergoing alternative medicine therapy objectively track the efficacy of their treatment. The partnership between MUJN and LumiQuick is expected to provide a new diagnostics platform to help healthcare professionals more effectively monitor and treat their patients.

During the period ended June 30, 2023, the Company retained Pulse Investor Relations Services Inc. ("PulseIR") to provide digital marketing services for investor relations. PulseIR is a digital marketing and advisory services firm based in Vancouver, BC, that specializes in providing its mobile-first, social-centric, community platform for investor relations. Under the terms of its agreement, PulseIR will provide its mobile wallet pass investor relations platform at a total cost to the Company of \$120,000 for an initial contract term of twelve months beginning January 16, 2023.

During the period ended June 30, 2023, PulseIR participated in the January 19, 2023 Offering by subscribing for 840,000 Units at an aggregate price of \$126,000.

During the period ended June 30, 2023, the Company, through its subsidiary MUJN, signed an agreement to lease space at Psy Integrated Health, Inc.'s ("Psy") Empower Health Wellness Centre clinic facility located in Vancouver, BC. The rental agreement will cover an initial term of 6 months, ending August 1, 2023, at \$600 per month. This rental agreement represents an important step in the development of a proposed joint diagnostic testing facility with Psy. Co-locating a diagnostic testing facility at the Empower Health Wellness Centre is expected to help both MUJN and Psy more effectively understand the needs of clients suffering from brain health challenges.

During the period ended June 30, 2023, the Company, through its subsidiary, MUJN, signed a definitive master services agreement ("MSA") with Psy. Under the initial statement of work in the MSA, the trial biomarker testing program will collect patient biomarker data to assist practitioners and therapists in optimizing treatment plans that are personalized and specific based on the objective data obtained. MUJN will pay Psy a total fee of \$45,000 during the initial statement of work project, which is estimated to be completed by September 2023. Either party may terminate the MSA on 30 days prior written notice.

During the period ended June 30, 2023, the Company, through its subsidiary MUJN, is collaborating with Circle Innovation, a non-profit facilitator of technology solutions and innovation based in Vancouver. The collaboration project will include up to \$80,000 in financial support from Circle Innovation for the development of MUJN Diagnostics' brain health targeted clinical decision support system ("MUJN DSS"). The project will include development of analytics software, hardware integration and point-of-care diagnostic. MUJN DSS has the potential to change the way patients interact with integrative health providers by providing more personal and objective information on their treatment progress. The collaboration with Circle Innovation is invaluable to our development program. New alternative therapies for a variety of brain health conditions need objective data for clinicians and their patients to track the efficacy of their treatment.

Circle Innovation is a non-profit facilitator of technology solutions and innovation based in Vancouver. Circle Innovation helps companies connect with consumers, tech providers and other stakeholders to solve R&D challenges, grow revenues, create jobs, and develop emerging technologies across Canada. Founding members of Circle Innovation are Simon Fraser University, Canada's leading university in research and innovation, as well as AGE-WELL, Canada's federally funded technology and aging network.

During the period ended June 30, 2023, the Company, through MUJN, signed a master services agreement with Hemex Health Inc. ("Hemex Health"), a medical diagnostic device company focused on developing life changing testing solutions for the point-of-care market. The term of the master services agreement extends for an initial period expiring June 30, 2023, and may be terminated upon 30 days prior written notice. Notwithstanding the initial term of the Hemex Agreement, the work to be performed by Hemex is expected to extend to September 30, 2023, with the total expected cost of \$45,000.

Hemex Health will assist MUJN in developing a diagnostics system, which can be used to support patients being treated with alternative therapies for brain health. This system will objectively track the efficacy of a patient's treatment program. As part of this engagement, MUJN will develop proprietary brain biomarker diagnostic panels, and Hemex Health will enhance their Gazelle point of care platform ("Gazelle") to analyze these tests. In March 2023, MUJN and Hemex Health initiated the diagnostic cartridge design phase of the engagement.

The relationship between MUJN and Hemex Health is expected to help usher in a new platform for integrated healthcare professionals using new brain health therapies to more effectively monitor and treat their patients. New promising alternative therapies for a variety of brain and mental health conditions and disorders, such as the use of psychedelics as a part of a structured treatment program, need objective data for clinicians and their patients to track and quantify the efficacy of their treatment.

Hemex Health breaks traditional barriers with its innovative diagnostic system that expands the potential of diagnostics for emerging diseases, making accurate tests accessible to new locations and new populations. Gazelle technology was developed in collaboration with Case Western Reserve University. Hemex Health

is based in Portland, Oregon, USA. HemexDx, a subsidiary of Hemex Health, is based in Mumbai, India. More information can be found by going to www.hemexhealth.com

During the period ended June 30, 2023, the Company retained Yellow Jersey PR Limited ("Yellow Jersey") to provide investor relations and digital marketing services (the "Services"). Under the terms of the agreement, Yellow Jersey will provide a combination of public relations, investor relations advisory services, content development, web development, media buying and distribution, and campaign reporting at a monthly cost to the Company of £2,500 over an initial three-month period beginning April 5, 2023. Thereafter Yellow Jersey's fee will increase to £3,250 per month, provided that if the engagement exceeds a maximum of 13 hours per month, Yellow Jersey will charge the Company at an equivalent hourly rate. Additional hourly charges will also apply to supplementary services, including digital design work and urgent crisis communications work (crisis communications work at rate of £350 per hour). Yellow Jersey's engagement may be terminated upon the provision of three months prior written notice.

Yellow Jersey is arm's length to the Company and does not currently own any securities of the Company. Yellow Jersey is a full-service public relations and investor relations firm with offices in London, Leeds and Zurich, that specializes in marketing publicly listed companies in the UK and Europe.

During the period ended June 30, 2023, the Company entered into a non-binding letter of intent ("LOI") with Interactive Health Inc. ("IHI"), whereby PanGenomic Health will license IHI's CyberPatient AI medical education platform ("CyberPatient AI Platform") for the exclusive use in the consumer, public health, and complementary and alternative medicine sectors ("CyberPatient Licence"). The proposed terms of the LOI, which are subject to change as diligence and negotiations progress, included:

- The Company will acquire the CyberPatient Licence from IHI for an aggregate purchase price of C\$5,250,000, payable by the issuance of C\$2,250,000 worth of the Company's Class A common shares at a per share price to be set prior to execution of a definitive agreement, or at such price as may be required by the Canadian Securities Exchange or Aquis Stock Exchange ("Exchanges") and a cash payment of C\$3,000,000.
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- IHI will provide the Company with an exclusive and perpetual special purpose license to develop and operate an interactive platform using the CyberPatient AI Platform for the public health, consumer and CAM markets.
- The Company and IHI have agreed to an exclusivity period until July 26, 2023 (lapsed) in order to negotiate and sign a definitive agreement. The proposed transaction is subject to the negotiation and execution of definitive documentation, the performance of any closing conditions, satisfactory completion of the respective due diligence investigations of each of the parties and the receipt of any required approvals from the Exchanges. The proposed issuance of the Class A Common Shares is not anticipated to trigger a change of control scenario under the rules of the Exchanges. The Company also intends to pursue financing to fund the cash portion of the purchase price for the CyberPatient Licence. There can be no assurance that the proposed transaction will be completed as proposed or at all.

Subsequent to the period ended June 30, 2023, The Company retained Traktor Beam Media Strategies Inc. ("TB") to provide social media engagement and audience procurement services (the "Services"). Under the terms of the agreement, TB will provide the Services at a monthly cost to the Company of US\$13,500 over an expected three-month period beginning August 1, 2023. TB is arm's length to the Company and does not own any securities of the Company. TB is a Vancouver-based social media intelligence firm that offers its clients audience analytics and communication solutions for brand support and marketing, utilizing proprietary AI based algorithms.

Subsequent to the period ended June 30, 2023, the Company entered into debt settlement agreements with a non-arm's length company controlled by an officer and an arm-length service provider, pursuant to which the Company has agreed to settle an aggregate amount of \$307,825 in outstanding debt in exchange for the issuance of 6,156,496 common shares of the Company at a deemed price of \$0.05 per share. The

common shares will be subject to a statutory hold period of four months from the date of issuance, in accordance with the CSE.

Products and Services

The Company, through its subsidiaries, is developing its products using machine learning functionality to enable predictive analytics and personalization of mental health support resources. Community-based supported resources are curated by leveraging machine learning models using sentiment analysis.

The core products offered by the Company are a mobile app for consumers ("Nara"), a telehealth mental health app and telehealth platform for consumers ("Mindleap") and a clinical decision support platform for health practitioners ("MUJN"). The Nara mobile app provides consumers with a knowledge base tailored to an individual's unique user profile, leveraging input from mental health questionnaires, current drug treatment regimen, genomic sequencing analysis, as well as their protein and microbiome biomarker reports. The Mindleap platform provides a broad variety of tools and resources to help individuals understand and improve their inner wellness. Mindleap is a community platform that aims to foster the conscious and responsible adoption of holistic mental health offerings. The MUJN clinical decision support platform will provide health practitioners with access to the consumer's mobile app data and their diagnostic reports. This enhances identification of appropriate natural remedy treatments and allows practitioners to track their patient's natural treatment progress and effectiveness. The Company's planned lab-based services will provide health practitioners with proprietary genetic and protein biomarkers point of care diagnostics tests that will be developed to assist in tracking patient response to natural treatments. Until the Company is able to develop its own labs services, it will rely on third-party diagnostic labs for multi-omic analysis of blood, urine, stool and saliva specimens.

The Company anticipates that its initial revenue will be earned from monthly subscription fees and one-time fees paid by consumers for access to premium services on the Nara app. Revenue will also be earned from monthly subscription fees paid by health practitioners for access to an advanced knowledge base and treatment analytics, as well as fees earned for new patient and biomarker test referrals.

App for Consumers

The Company's Nara mobile app provides users with personalized information about non-pharmaceutical alternatives to address mental health concerns. The Nara app is available for download in North America, United Kingdom, Ireland, Germany, Spain, France, Australia and New Zealand on the Apple App Store and the Google Play Store. The Company anticipates updates to be released each quarter. The free Nara App includes a plant medicine library, curated articles, a mental wellness tracker, a community forum and access to DNA insight reports to learn how genetics may impact the effectiveness of natural remedy solutions. The Company anticipates that the Nara app will be used by a wide-range of consumers interested in information about alternative plant-based medicine.

At appropriate stages, the app will refer consumers to a local health practitioner for professional treatment, and the individual will have the option to make their app data available to the health practitioner in the Company's MUJN platform. As the Nara app develops a deeper profile of the consumer through questionnaires, journaling and biomarker and genomics testing, it will provide more tailored information to the consumer about natural treatments.

The Mindleap app is an all-in-one app and telehealth platform that provides holistic mental health and resilience through access to educational information about general wellness solutions including psychedelic-assisted therapies (PAT) and access to health practitioners involved in non-PAT treatments for mental health and wellness through the platform for consumers who are interested in accessing telehealth services from health practitioners practicing wellness treatments, such as breathwork and meditation. The Mindleap app is available for download worldwide on the Apple App Store and the Google Play Store. Mindleap's aim is to improve the delivery of mental wellness, from mood disorders to everyday resilience and capacity building, by providing a more cost-efficient all-in-one app and telehealth platform that improves accessibility, and saves time for users and clinicians alike. New content will be added to the

Mindleap library that educates and guides users through leading-edge programs and new tools, such as Internal Family Systems (IFS), Non-Sleep Deep Rest (NSDR) and Vagal Nerve Stimulation (VNS).

The Nara and Mindleap apps handle highly personal health data, and the Company plans to ensure that such data will be strongly encrypted. Data shared within the app is owned by the user and will not be shared with third party organizations without the user's consent. The Company will adhere to the health data and privacy laws in relevant jurisdictions, such as compliance with the Health Insurance Portability and Accountability Act (HIPAA) in the United States.

During the period ended June 30, 2023, the Company launched its new visual identity, website and e-commerce store for its Nara brand, available at nara.care. The Nara e-commerce platform offers curated information about natural supplements and lifestyle products, all tailored to feedback provided by consumers through the Nara app and DNA reports. The Nara proprietary DNA-based mental health report is available now to consumers via the updated Nara website. The Company expects to follow this update with two additional DNA reports next quarter; one covering general physical wellness, and the other women's health.

During the period ended June 30, 2023, the Company made available the Nara Plant Library on the Nara app as a resource to provide science-backed information about natural remedy alternatives to pharmaceutical drugs. Additionally, the Nara app now complies with US Federal Trade Commission ("FTC") guidelines.

Clinical Decision Support Platform for Health Practitioners

Targeted customers of the MUJN clinical decision support system will be health practitioners that are interested in tracking progress with natural remedy treatments for mental health conditions by analyzing symptoms, and indication specific protein/genetic biomarkers in a patient's biological samples.

The Company is developing the MUJN DSS to provide health practitioners with access to user health data, and the ability to: track patient natural medicine treatments, track patient symptoms, order MUJN biomarker diagnostics and eventually track prognosis using data analytics. In addition, MUJN will receive new patient referrals via Nara access to alternative care providers. The Company plans to launch the MUJN clinical platform in Canada and the United States by the fourth quarter of 2023 with planned updates to be released each quarter. The Company anticipates that the clinic platform will be used by a variety of health-practitioners including medical doctors, naturopathic doctors, pharmacists, herbalists and counsellors.

The clinic platform accesses and analyzes data from pharmacogenomics, biomarker, nutrigenomics and ethnobotany research, together with data from an individual's genome sequence (whole genome, whole exome or single nucleotide polymorphisms), an individual's protein biomarkers and gut microbiome profile. By aggregating and curating health data from active and passive sources, the MUJN clinic platform translates data into concise, actionable insights for a health practitioner that provide targeted information for effective treatment of patients using a variety of alternative treatments.

Many alternative remedy compounds contain active ingredients that bind to and activate key receptors in the body. One of the challenges of using natural treatments is the differential individual patient dose responses, change in tolerance within individual patients and the inability to effectively monitor patients undergoing treatment effectively in a quantitative manner. Monitoring a patient's biomarker levels, determining appropriate dosing and confirming efficacy will assist in driving appropriate usage and demand for alternative treatments.

Underpinning the Company's MUJN platform is the scalable Excelar digital health platform acquired by the Company that provides:

- A secure data capture and analytics platform;
- Proven privacy & security compliance data management;
- Electronic health/medical records integration;

- Cross linking and integration of data across patient continuum of care; and
- User consent support for research data and data sharing for clinical referrals.

Subsequent to the period ended June 30, 2023, the Company, through its subsidiary MUJN, has commenced a Vitamin D health assessment service and has also launched a corporate website at mujn.ai. The company introduced the MUJN biomarker assessment platform at Vancouver-based Empower Health Wellness Centre. This first service provides Empower Health practitioners with rapid in-clinic access to patient Vitamin D assessments. Vitamin D deficiency is a global public health problem affecting over one billion people, regardless of age, ethnicity or location.

Proprietary Protection

We protect our intellectual property rights through a combination of patents, trademarks and trade secret laws as well as contractual provisions. The Company uses non-disclosure agreements with business partners, prospective customers, and other relationships where disclosure of proprietary information may be necessary. We also use such agreements with our employees and consultants which assign to us all intellectual property developed in the course of their employment or engagement. We also secure from such individuals obligations to execute such documentation as is reasonably required by the Company to evidence our ownership of such intellectual property.

We have filed trademark applications in Canada covering the word marks "Nara", "Nustasis", "PanGenomic", and "PlantGx" and trademark applications in Canada and the United States covering the word marks "Mindleap" and "Future of Inner Wellness".

The Company uses machine learning primarily for predictive analytics and personalization of mental health support resources for the end user. A significant portion of our proprietary technology focuses on data collection and data normalization including data categorization and labeling.

The Nara consumer app collects a diverse set of user data including user demographic profile information, lifestyle data such as alcohol and substance use as well as mental health risk factors relating to the user's health conditions such as specific chronic diseases. The app captures standardized GAD7 anxiety and PHQ9 depression questionnaire data, as well as normalized user journey data including mood, sleep, and cognition, and tracks changes in the user parameters over time. User medication regimen data includes anti-anxiety, anti-depression, as well as other pharmaceutical medications, and natural treatments. The predictive personalization model is augmented by user feedback based on support resources that the user found useful, shared, or liked. Community-based supported resources are curated leveraging machine learning models using sentiment analysis.

The Company's data model domains also include multi-dimensional biomarkers such as gene, protein, metabolite, and microbiome. As our system uses a multi-domain approach, the machine learning model being developed uses a distributed machine learning approach to overlay and enhance the personalization based on available user data.

As a result of the acquisition of the LivNao IP on March 16, 2022, the Company also has rights to pending patent claims from an international Patent Cooperation Treaty application filed in January 2021 (the "LivNao PCT Application"), bearing the Publication Number WO/2021/144652 and International Application Number PCT/IB2021/000013, for a "Mental Health Management Platform" (the "LivNao Patent Claims"). The LivNao Patent Claims are related to "systems and methods for monitoring an individual's behaviour, via passive collection of data associated with the individual, and determining a mental health status of the individual based on such behaviour". The Company expects that the LivNao Patent Claims will support the intellectual property rights of the Nara App, as such claims relate to planned product enhancements that will enable passive data collection from the mobile phones of Nara App users.

As a result of the acquisition of Mindleap on December 9, 2022, the Company through its subsidiary, Mindleap, has rights to pending patent claims from a USPTO patent application filed in 2021 bearing the Application Number 63/149913 and an international Patent Cooperation Treaty application filed in 2022

(the "Mindleap PCT Application"), bearing the Publication Number WO 2022/174342 A1 and International Application Number PCT/CA2022/050226, for a "Method Of Generating A Recommendation For Improving A User's Mental Health" (the "Mindleap Patent Claims"). The Company expects that the Mindleap Patent Claims will support the intellectual property rights of the Mindleap app.

FUTURE PLANS

The Company through its subsidiary, PTC, will focus on generating revenue from monthly subscription fees and one-time fees paid by consumers for access to premium services on the Nara app. Revenue is also expected to be earned by the Company's subsidiary, MUJN, from monthly subscription fees and one-time fees paid by health practitioners for access to the PGx platform and diagnostic tests, which will provide treatment analytics. The Company subsidiary, Mindleap, is expected to launch a marketing campaign and generate subscription and fee sharing revenue from Mindleap's app users and health specialists.

PROPOSED TRANSACTIONS

In the normal course of business, management actively targets sources of additional financing through alliances with financial entities or other business and financial transactions which would assure continuation of the Company's operations and technology programs. As of the Report Date the Company has no proposed transactions other than what has been outlined in the MD&A.

DISCUSSION OF OPERATIONS

The Company incurred a net loss and comprehensive loss of \$2,019,661 (2022 - \$1,629,122) for the six months ended June 30, 2023. The increase in the net loss for the six months ended June 30, 2023 was primarily due to the increase in operating activities as the Company completed the listing on the CSE and the AQSE. Details of material expenses are as follows:

- advertising and promotion of \$57,801 (2022 - \$200,604) primarily relating to a service agreement entered into whereby the service provider would launch a strategic digital marketing campaign to build brand recognition and awareness and to gain access to potential customers, vendors and partners;
- consulting fees of \$560,401 (2022 - \$493,509) relating to various services pertaining to potential business ventures including consulting fees to related parties (see section "Related Party Disclosures" below);
- professional fees of \$258,909 (2022 - \$156,897) relating to accounting and legal work primarily relating to the long form prospectus and listing on the CSE and the AQSE;
- rent of \$3,600 (2022 - \$6,000) for a short-term office space entered into during the period ended June 30, 2023 and the year ended December 31, 2021;
- transfer agent and filing fees of \$105,336 (2022 - \$8,382) primarily relating to the long form prospectus and listing on the CSE;
- research and development of \$224,852 (2022 - \$351,144) relating to consulting fees for developing the Company's products using machine learning functionality to enable predictive analytics and personalization of mental health support resources;
- wages and benefits of \$450,047 (2022 - \$182,008) relating to the hiring of management as outlined in the long form prospectus and employees for development resource, market analysts and research and development; and
- Non-cash share-based compensation of \$148,693 (2022 - \$202,215) relating to the value of performance warrants and stock options vested during the period, and the incremental fair value of certain warrants modified during the period.

Research and development for the six months ended June 30, 2023 compared to June 30, 2022:

	June 30, 2023	June 30, 2022
	\$	\$
<i>App for Consumers</i>		
Mindleap Consulting	49,516	-
Nara Consulting	79,574	351,144
<i>Clinical Decision Support Platform for Health Practitioners</i>		
MUJN Consulting	95,762	-
Total	224,852	351,144

The Company incurred a net loss and comprehensive loss of \$961,441 (2022 - \$807,790) for the three months ended June 30, 2023. The increase in the net loss for the period ended June 30, 2023 was primarily due to the increase in operating activities since the completion of the CSE and AQSE listing.

Details of material expenses are as follows:

- advertising and promotion of \$12,233 (2022 - \$67,297) primarily relating to a service agreement entered into whereby the service provider would launch a strategic digital marketing campaign to build brand recognition and awareness and to gain access to potential customers, vendors and partners. The reduction is due to a service agreement to build brand recognition with a term of 12 months that was entered into during the year ended December 31, 2021.;
- consulting fees of \$272,105 (2022 - \$258,009) relating to various services pertaining to potential business ventures including consulting fees to related parties (see section “Related Party Disclosures” below);
- professional fees of \$148,795 (2022 - \$90,627) relating to accounting and legal work primarily relating to the long form prospectus and listing on the CSE in 2022 and the AQSE in 2023;
- rent of \$1,800 (2022 - \$3,000) for a short-term office space entered into during the six months ended June 30, 2023 and the year ended December 31, 2021;
- transfer agent and filing fees of \$40,354 (2022 - \$2,092) primarily relating to the long form prospectus and listing on the CSE and the AQSE;
- research and development of \$64,868 (2022 - \$191,590) relating to consulting fees for developing the Company’s products using machine learning functionality to enable predictive analytics and personalization of mental health support resources;
- wages and benefits of \$206,851 (2022 - \$109,661) relating to the hiring of management as outlined in the long form prospectus and employees for development resource, market analysts and research and development; and
- Non-cash share-based compensation of \$87,088 (2022 - \$67,111) relating to the value of performance warrants and stock options vested during the period, and the incremental fair value of certain warrants modified during the period.

Research and development for the three months ended June 30, 2023 compared to June 30, 2022:

	June 30, 2023	June 30, 2022
	\$	\$
<i>App for Consumers</i>		
Mindleap Consulting	6,320	-
Nara Consulting	23,508	191,590
<i>Clinical Decision Support Platform for Health Practitioners</i>		
MUJN Consulting	35,040	-
Total	64,868	191,590

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information derived from the Company's consolidated financial statements prepared in accordance with IFRS.

Period	Total revenue \$	Loss and comprehensive loss for the period \$	Net loss per share, basic and fully diluted \$
June 30, 2023	-	(961,441)	(0.01)
March 31, 2023	-	(1,058,220)	(0.01)
December 31, 2022	-	(9,364,744)	(0.16)
September 30, 2022	-	(1,000,462)	(0.02)
June 30, 2022	-	(807,790)	(0.02)
March 31, 2022	-	(821,332)	(0.02)
December 31, 2021	-	(2,391,244)	(0.10)
September 30, 2021	-	(115,946)	(0.01)

Over the past eight quarters, comprehensive losses ranged from a high of \$9,364,744 in the last quarter of the fiscal year ended in 2022 to a low of \$115,946 in the third quarter of the fiscal year ended in 2021.

Significant expenses during the quarter ended September 30, 2021 include professional fees of \$48,532, and consulting fees of \$66,000. Overall net loss was slightly higher than the previous quarter as the Company continued on reviewing the eligibility requirements that permit the Company to list its shares on the CSE.

Significant expenses during the quarter ended December 31, 2021 include professional fees of \$77,030, advertising and promotion of \$81,625, consulting fees of \$214,000, research and development of \$129,669, non-cash impairment of intangible totaling \$1,794,042 and share-based compensation of \$38,628. The increase in the net loss for the three months ended December 31, 2021 from the previous quarters were primarily due to the increase in operating activities as the Company completed the PGT acquisition. For additional information see "Fourth Quarter" section of this MD&A.

Significant expenses during the quarter ended March 31, 2022 include professional fees of \$66,270, advertising and promotions of \$133,307, consulting fees of \$235,500, research and development of \$159,554 and share-based compensation of \$135,104. Overall net loss was lower than the previous quarter as a result of no assets meeting the impairment test, which was offset with higher operating costs resulting from the PGT acquisition, the cost incurred during the quarter in connection with the long form prospectus and listing on the CSE, and a non-cash share-based compensation charge being incurred to reflect the fair value relating to the period.

Significant expenses during the quarter ended June 30, 2022 include professional fees of \$90,627, advertising and promotions of \$67,297, consulting fees of \$258,009, research and development of \$191,590 and share-based compensation of \$67,111. Overall net loss remained consistent with the previous quarter due to the PGT operating costs, the cost incurred during the quarter in connection with the long form prospectus and listing on the CSE, and a non-cash share-based compensation charge being incurred to reflect the fair value relating to the period.

Significant expenses during the quarter ended September 30, 2022 include professional fees of \$71,308, advertising and promotions of \$164,130, consulting fees of \$237,428, research and development of \$118,584, wages and benefits of \$140,720 and share-based compensation of \$214,899. Overall net loss increased from the previous quarter due to the filing of the long form prospectus and listing on the CSE.

Significant expenses during the quarter ended December 31, 2022 include professional fees of \$41,159, advertising and promotions of \$130,957, consulting fees of \$223,910, research and development of \$64,385, wages and benefits of \$210,039 and share-based compensation of \$199,672. Overall net loss increased from the previous quarter due to the impairment of the intangible assets. In accordance with IAS 36 Impairment of Intangible Assets (“IAS 36”), the Company recognized an impairment loss on intangible assets of \$8,361,114: comprised of \$7,435,114 for Mindleap, \$76,000 for LivNao and \$850,000 for the Nara and MUJN intangible assets. Pursuant to IAS 36, a primary impairment indicator existed for each of the intangible assets, wherein there was uncertainty that the Company will be sufficiently certain to meet the probability of future economic benefits in a timely manner and the amounts of the future economic benefit. This was due to the Company not yet generating income on the related intellectual properties. The Company does not foresee any impact to the Company’s operations and future performance resulting from the impairment of these intangible assets.

Significant expenses during the quarter ended March 31, 2023 include professional fees of \$110,114, advertising and promotions of \$45,568, consulting fees of \$288,296, research and development of \$159,984 and share-based compensation of \$61,605. Overall net loss was lower than the previous quarter as a result of no assets meeting the impairment test, the cost incurred during the quarter in connection with the listing on the AQSE subsequent to the period, the acquisition of Mindleap in the previous quarter and a non-cash share-based compensation charge being incurred to reflect the fair value relating to the period.

Significant expenses during the quarter ended June 30, 2023 include professional fees of \$148,795, consulting fees of \$272,105, research and development of \$64,868, wages and benefits of \$206,851 and share-based compensation of \$87,088. Overall net loss was slightly lower than the previous quarter as a result of no assets meeting the impairment test, the cost incurred in connection with the listing on the AQSE in the previous periods, no acquisition and a non-cash share-based compensation charge being incurred to reflect the fair value relating to the period.

LIQUIDITY

During the period ended June 30, 2023, the Company has not generated any revenues. The Company started the year with working capital deficiency of \$234,882. As at June 30, 2023, the Company had a working capital deficiency of \$1,464,305 and an accumulated deficit of \$17,001,183. The Company’s performance was as follows:

	June 30, 2023	June 30, 2022	
	\$	\$	Change
Cash used in operating activities	(1,112,997)	(1,195,074)	(82,077)
Cash used in investing activities	(3,142)	(3,445)	303
Cash provided by financing activities	1,027,618	1,104,900	(77,282)

Operating Activities

Operating activities generated a net cash outflow of \$1,112,997 (2022 - \$1,195,074). The use of cash increase is primarily attributable to the listing on the CSE and the AQSE, and the acquisition of Mindleap.

Investing Activities

Investing activities consisted of the purchase of equipment totaling \$3,142 during the period ended June 30, 2023 compared to the purchase of equipment totaling \$3,445 during the period ended June 30, 2022.

Financing Activities

The cash inflow relates to proceeds received from units issued, warrants exercised and loans.

On July 7, 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. Each subscription receipt was 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 entitled 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 entitled 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 were 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. On July 7, 2022, the subscription receipts were converted into units upon the satisfaction of the escrow release conditions. As at the Report Date, the board of directors approved a reduction of the exercise price of the warrants from \$0.30 per common share to \$0.20 per common share.

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. As at the Report Date, the board of directors approved a reduction of the exercise price of the warrants from \$0.30 per common share to \$0.20 per common share.

On January 19, 2023, the Company closed the final tranche (the "Final Tranche") of its oversubscribed private placement offering (the "Offering") of units (each a "Unit") at a price of \$0.15 per Unit, for total gross proceeds under the Offering of \$312,250. Each Unit under the Offering consists of one (1) Class A Common share (each, a "Share") of the Company and one (1) Class A Common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable for one additional Share at an exercise price of \$0.30 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. Warrant holders will be notified of the Company's exercise of the acceleration right by news release, and will thereafter have a 30-day period to exercise the Warrants. As at the Report Date, the board of directors approved a reduction of the exercise price of the warrants from \$0.30 per common share to \$0.20 per common share.

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 gross proceeds of \$142,500.

Subsequent to the six months ended June 30, 2023, the Company received a \$100,000 loan from an arm's length party. The loan bears interest at 8% per annum and is due and payable on September 30, 2023.

During the period ended June 30, 2023, the Company received unsecured loan proceeds of \$500,000 from arms-length parties due on or before June 30, 2023 (the "Maturity Date"). Interest is payable at a rate of 8% per annum on the Maturity Date. The loans are still outstanding as of the date of this MD&A.

During the period ended June 30, 2023, the Company issued a total of 2,672,198 common shares upon the exercise of share purchase warrants at \$0.10 per share for proceeds of \$267,220.

During the period ended June 30, 2023, the Company issued a total of 200,000 common shares upon the exercise of share purchase warrants at \$0.30 per share for proceeds of \$60,000.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company's ability to

continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

RELATED PARTY DISCLOSURES

As at the Report Date, the directors, officers and management of the Company are as follows:

Maryam Marissen, CEO, President and Director
 Robert Nygren, Executive Chair and Director
 Vincent Lum, CEO and President of MUJN, Director and Former CEO and President of PHI
 Tammy Gillis, Chief Financial Officer (“CFO”), Treasurer and Secretary
 Kaidong Zhang, Chief Scientific Officer (CSO”)

Subsequent to the period ended June 30, 2023, the Company’s, Colin Quon, has been appointed Chief Technology Officer (“CTO”) of MUJN and ceased his role as CTO of the Company. Mr. Quon’s focus as CTO of MUJN will be on the development of the MUJN Diagnostic Support System. The independent directors, Peter Green and Jonah Lutz, tendered their resignations effective July 12, 2023.

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, 2023	June 30, 2022
	\$	\$
Chief Executive Officer (“CEO”), for wages and consulting fees	82,500	–
Chief Financial Officer (“CFO”), for consulting fees	37,500	12,000
Executive Chair and Director and the Company he controlled, for wages incurred and consulting fees	62,500	60,000
Chief Scientific Officer (“CSO”), for wages incurred	43,915	–
Company controlled by the Chief Technology Officer (“CTO”), for consulting fees	30,000	30,000
Company controlled by the CTO, for research and development	69,999	362,624
Company controlled by the CSO, for consulting fees	–	60,000
Company controlled by a Director, for consulting fees	–	15,000
Company controlled by a Director, for consulting fees and director’s fees	60,000	17,500
Director, for consulting fees and director’s fees	60,000	–
Former CEO, for wages and consulting fees	84,915	60,000
Share-based compensation	86,528	157,297
	617,857	774,421

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

	June 30, 2023	December 31, 2022
	\$	\$
CEO	304	–
CFO	13,125	–
CTO	1,404	1,043
Companies controlled by the CTO	189,753	110,272
Director and company controlled by a Director	64,186	69,150
Company controlled by a Director	31,000	17,500
Director	67,250	31,000
Director and former CEO	(8,029)	(10,500)
	<u>358,993</u>	<u>218,465</u>

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, 2023, and have not been early adopted in preparing the interim condensed 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.

OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of unlimited common shares without par value and unlimited number of Class B preferred shares without par value. As at the Report Date, there were 99,328,169 (June 30, 2023 – 99,328,169) common shares. As at the Report Date, the board of directors approved a reduction of the exercise price of certain warrants from \$0.30 per common share to \$0.20 per common share.

As at the Report Date the following stock options were outstanding:

	Exercise Price	Expiry Date
1,890,000	0.15	December 27, 2024
1,000,000	0.15	January 10, 2025
150,000	0.15	October 31, 2024
1,000,000	0.23	September 6, 2025
120,000	0.23	December 9, 2025
30,000	0.25	July 19, 2024
4,166	0.30	February 28, 2025
<u>4,194,166</u>		

As at the Report Date the following share purchase warrants were outstanding:

	Exercise	
	Price	Expiry Date
3,000,000	0.15	July 1, 2025
5,863,966	0.20	September 16, 2023
7,365,999	0.20	July 7, 2024
18,000,000	0.20	December 9, 2024
2,000,000	0.30	December 9, 2024
1,333,332	0.20	December 24, 2024
2,081,667	0.20	January 19, 2025
500,000	0.30	October 25, 2023
<u>40,144,964</u>		

CAPITAL RESOURCES

The Company has not yet realized profitable operations and it has relied on non-operational sources of financing to fund operations. The ability of the Company to achieve its objectives, meet its ongoing obligations and recover its investments in assets will depend on management's ability to successfully execute its business plan, achieve profitable operations and obtain additional financing, if or when required. There is no assurance that these initiatives will be successful.

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, 2023. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity, credit, foreign exchange rate and interest rate. Where material, these risks are reviewed and monitored by the Board of Directors.

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 cash equivalents and loans receivable. The Company minimizes its credit risk associated with its cash and cash equivalents by dealing with major financial institutions in Canada. The carrying amount of financial assets represents the maximum credit exposure.

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.

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.

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.

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.

RISK AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. Our goal is to enable the Company's business processes and opportunities by ensuring that the risks arising from our business activities, the markets and political environments in which we operate are mitigated. The risks and uncertainties described in the MD&A for the year ended December 31, 2022 are considered by management to be the most important in the context of the Company's business and are substantially unchanged as of the Report Date. Those risks and uncertainties are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the Report Date. Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. Management will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional personnel in order to provide greater segregation of duties. Since there is insufficient work at this time to warrant the additional costs, management has chosen to disclose the potential risk in its

filings and proceed with increased personnel only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by management of the financial reports, and the integrity and reputation of senior accounting personnel.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.