PANGENOMIC HEALTH INC.

Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

Notice of No Auditor Review

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

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

	September 30, 2023 $	December 31, 2022 $
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	12,543	88,526
Amounts receivable (Note 3)	70,819	157,817
Prepaid expenses (Note 13)	37,937	204,103
Loan receivable (Note 4)	33,976	33,924
Total current assets	155,275	484,370
Non-current assets		
Equipment (Note 5)	13,639	19,772
TOTAL ASSETS	168,914	504,142
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	852,464	399,016
Loans payable (Note 6)	627,181	101,771
Due to related parties (Note 7)	518,383	218,465
Total liabilities	1,998,028	719,252
SHAREHOLDERS' DEFICIT		
Common shares (Note 8)	11,878,595	11,240,056
Equity reserves (Note 9 and 10)	3,693,856	3,526,356
Deficit	(17,401,565)	(14,981,522)
Total shareholders' deficit	(1,829,114)	(215,110)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	168,914	504,142

Nature of operations and continuance of business (Note 1)
Commitments (Note 13)
Subsequent events (Note 14)

Approved and authorized for issuance on behalf of the Board of Directors on November 29, 2023:

/s/ "Vincent Lum"
Vincent Lum, Director

/s/ "Robert Nygren"
Robert Nygren, Director

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

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

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
	$	$	$	$
Expenses				
Advertising and promotion	18,063	164,130	75,864	364,734
Consulting fees (Note 7)	111,698	237,428	672,099	730,937
Depreciation (Note 5)	3,127	2,897	9,275	8,143
Director’s fees (Note 7)	–	–	60,000	–
General and administrative	26,308	23,760	113,367	47,432
Professional fees	15,262	71,308	274,171	228,205
Rent	1,800	3,000	5,400	9,000
Research and development (Note 7)	(1,648)	118,584	223,204	469,728
Share-based compensation (Notes 7, 9 and 10)	18,807	214,899	167,500	417,114
Transfer agent and filing fees	22,524	26,013	127,860	34,395
Wages and benefits (Note 7)	158,203	140,720	608,250	322,728
Total expenses	374,144	1,002,739	2,336,990	2,632,416
Loss before other income (expense)	(374,144)	(1,002,739)	(2,336,990)	(2,632,416)
Other income (expense)				
Interest expense	(12,159)	(331)	(24,651)	(388)
Interest income	565	481	1,804	1,891
Foreign exchange translation (loss) gain	(6,181)	2,127	(15,515)	1,329
Write-off of amounts receivable (Note 3)	(8,463)	–	(44,691)	–
Total other income (expense)	(26,238)	2,277	(83,053)	2,832
Net loss and comprehensive loss for the period	(400,382)	(1,000,462)	(2,420,043)	(2,629,584)
Loss per common share, basic and diluted	(0.00)	(0.02)	(0.02)	(0.06)
Weighted average common shares outstanding	99,328,169	63,175,081	98,981,911	47,175,284

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

PANGENOMIC HEALTH INC.
Condensed Interim Consolidated Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)
(unaudited)

	Common shares		Preferred shares				
	Number of shares	Amount $	Number of shares	Amount $	Equity reserves $	Deficit $	Total shareholders' equity (deficit) $
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	7,365,999	1,104,900	–	–	–	–	1,104,900
Share issuance costs	–	(9,657)	–	–	–	–	(9,657)
Conversion of Series B preferred shares to common shares	25,000,000	497,330	(10,000,000)	(497,330)	–	–	–
Issuance of shares for acquisition of intangible asset	500,000	75,000	–	–	–	–	75,000
Share-based compensation	–	–	–	–	417,114	–	417,114
Net loss for the period	–	–	–	–	–	(2,629,584)	(2,629,584)
Balance, September 30, 2022	71,615,972	6,302,141	–	–	514,884	(5,616,778)	1,200,247
Balance, December 31, 2022	94,374,304	11,240,056	–	–	3,526,356	(14,981,522)	(215,110)
Issuance of units for cash	2,081,667	312,250	–	–	–	–	312,250
Share issuance costs	–	(931)	–	–	–	–	(931)
Issuance of shares upon exercise of warrants	2,872,198	327,220	–	–	–	–	327,220
Warrant modification	–	–	–	–	91,573	–	91,573
Share-based compensation	–	–	–	–	75,927	–	75,927
Net loss for the period	–	–	–	–	–	(2,420,043)	(2,420,043)
Balance, September 30, 2023	99,328,169	11,878,595	–	–	3,693,856	(17,401,565)	(1,829,114)

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

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

	Nine months ended September 30, 2023 $	Nine months ended September 30, 2022 $
Operating activities		
Net loss	(2,420,043)	(2,629,584)
Items not involving cash:		
Depreciation expense	9,275	8,143
Foreign exchange translation loss (gain)	729	(2,806)
Share-based compensation	75,927	417,114
Warrant modification	91,573	–
Write-off of amounts receivable	44,691	–
Changes in non-cash operating working capital:		
Amounts receivable	41,807	(82,989)
Prepaid expenses	166,166	(103,455)
Accrued interest receivable	–	(612)
Accounts payable and accrued liabilities	599,023	93,992
Due to related parties	163,993	(119,203)
Net cash used in operating activities	(1,226,859)	(2,419,400)
Investing activities		
Purchase of equipment	(3,142)	(6,005)
Net cash used in investing activities	(3,142)	(6,005)
Financing activities		
Proceeds from issuance of units, net of issuance costs	311,319	–
Proceeds from issuance of shares upon exercise of warrants	327,220	–
Proceeds from loans payable	626,400	1,104,900
Repayment of loans payable	(101,771)	–
Repayment of related party loans	(9,150)	–
Net cash provided by financing activities	1,154,018	1,104,900
Change in cash	(75,983)	(1,320,505)
Cash and cash equivalents, beginning of period	88,526	1,348,622
Cash and cash equivalents, end of period	12,543	28,117
Cash and cash equivalents consist of:		
Cash in bank	1,293	16,867
Cashable short-term investment certificate	11,250	11,250
Total cash and cash equivalents	12,543	28,117
Non-cash investing and financing activities:		
Issuance of common shares to acquire intangible asset	–	75,000

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

1. Nature of Operations and Continuance of Business

Pangenomic Health Inc. (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", and the Frankfurt Stock Exchange ("FSE") under the symbol "LL30". On April 12, 2023, the Company announced the commencement of trading on the Aquis Stock Exchange ("AQSE") under the symbol "NARA".

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. For the nine months ended September 30, 2023, the Company has not generated any revenues and has negative cash flow from operations. As at September 30, 2023, the Company has an accumulated deficit of $17,401,565. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements of the Company should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Presentation

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

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Pangenomic Technologies Corp. ("PTC"), MUJN Diagnostics Inc. (formerly PlantGX Diagnostics Inc.) ("MUJN") and Mindleap Health Inc. ("Mindleap"), which were incorporated on in the province of British Columbia, Canada. All intercompany transactions have been eliminated on consolidation.

2. Basis of Presentation (continued)

(c) Significant Accounting Estimates and Judgments

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

Significant areas requiring the use of estimates include:

<u>Recoverability of Loan Receivable</u>

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

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

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

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

<u>Share-based Payments</u>

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

(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

(c) Significant Accounting Estimates and Judgments (continued)

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 condensed interim consolidated financial statements are as follows:

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its condensed interim consolidated financial statements for the nine months ended September 30, 2023. 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.

(d) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2023, and have not been early adopted in preparing these condensed interim consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Amounts Receivable

	September 30, 2023 $	December 31, 2022 $
Accrued interest receivable and other	3,928	2,451
GST receivable	66,891	155,366
	70,819	157,817

During the nine months ended September 30, 2023, the Company recognized a write-off of amounts receivable of $44,691 due to uncertainty surrounding the collectability of certain GST receivable amounts.

(Expressed in Canadian Dollars)

4. Loan Receivable

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

As at September 30, 2023, the Company has invested $33,976 (US$25,000) (December 31, 2022 - $33,924 (US$25,000)) and recognized accrued interest of $3,776 (US$2,778) (December 31, 2022 - $2,247 (US$1,656)), which is included in amounts receivable.

5. Equipment

	Computer equipment $	Lab equipment $	Total $
Cost			
Balance, December 31, 2022	35,634	–	35,634
Additions	–	3,142	3,142
Balance, September 30, 2023	35,634	3,142	38,776
Depreciation			
Balance, December 31, 2022	15,862	–	15,862
Depreciation	8,908	367	9,275
Balance, September 30, 2023	24,770	367	25,137
Carrying amounts			
Balance, December 31, 2022	19,772	–	19,772
Balance, September 30, 2023	10,864	2,775	13,639

6. Loans Payable

(a) 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 was due on or before December 31, 2022. The loan was repaid on January 19, 2023.

(b) On March 6, 2023, the Company entered into a loan agreement with an arm's length party for $100,000. The loan bears interest at 8% per annum and was due and payable on June 30, 2023. The loan is still outstanding as of September 30, 2023.

(c) On March 8, 2023, the Company entered into a loan agreement with an arm's length party for $50,000. The loan bears interest at 8% per annum and was due and payable on June 30, 2023. The loan is still outstanding as of September 30, 2023.

(d) On March 28, 2023, the Company entered into a loan agreement with an arm's length party for $50,000. The loan bears interest at 8% per annum and was due and payable on June 30, 2023. The loan is still outstanding as of September 30, 2023.

(Expressed in Canadian Dollars)

6. Loans Payable (continued)

(e) On March 28, 2023, the Company entered into a loan agreement with an arm's length party for $200,000. The loan bears interest at 8% per annum and was due and payable on June 30, 2023. The loan is still outstanding as of September 30, 2023.

(f) On May 8, 2023, the Company entered into a loan agreement with an arm's length party for $100,000. The loan bears interest at 8% per annum and was due and payable on June 30, 2023. The loan is still outstanding as of September 30, 2023.

(g) On August 1, 2023, the Company entered into a loan agreement with an arm's length party for $100,000. The loan bears interest at 8% per annum and was due and payable on September 30, 2023. The loan is still outstanding as of September 30, 2023.

(h) On September 15, 2023, the Company entered into a loan agreement with an arm's length party for $27,181 (US$20,000). The loan bears interest at 8% per annum and is due and payable on February 28, 2024.

7. Related Party Transactions

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

	Nine months ended	
	September 30, 2023	September 30, 2022
	$	$
Chief Executive Officer ("CEO"), for wages incurred	135,000	12,923
Chief Financial Officer ("CFO"), for consulting fees	56,250	22,250
Executive Chair and Director, for consulting fees and wages incurred	115,000	100,000
Chief Scientific Officer ("CSO"), for consulting fees and wages incurred	46,168	86,500
Company controlled by the Chief Technology Officer ("CTO"), for consulting fees	32,500	45,000
Company controlled by the CTO, for research and development	69,999	457,676
Director, for consulting fees and director's fees	60,000	22,500
Company controlled by a Director, for consulting fees and director's fees	70,000	25,000
Director and former CEO, for wages and consulting fees	137,415	104,308
Share-based compensation	117,915	339,013
	840,247	1,215,170

(Expressed in Canadian Dollars)

7. Related Party Transactions (continued)

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

	September 30, 2023	December 31, 2022
	$	$
CEO	45,305	–
CFO	26,250	–
CSO	825	–
CTO of MUJN	1,404	1,043
Companies controlled by the CTO of MUJN	187,378	110,272
Executive Chair and company controlled by the Executive Chair	114,000	69,150
Company controlled by a former Director	31,500	17,500
Former Director	67,250	31,000
Director and former CEO	44,471	(10,500)
	518,383	218,465

8. Common Shares

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

Share transactions during the nine months ended September 30, 2023:

(a) On January 19, 2023, the Company issued 2,081,667 units at $0.15 per unit for gross proceeds of $312,250. 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 January 19, 2025, 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 $931.

(b) During the nine months ended September 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.

(c) During the nine months ended September 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.

9. 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, 2022	52,504,242	0.28
Issued	2,081,667	0.20
Exercised	(2,872,198)	0.11
Expired	(17,432,713)	0.20
Balance, September 30, 2023	34,280,998	0.20
Exercisable, September 30, 2023	32,280,998	0.21

(Expressed in Canadian Dollars)

9. Share Purchase Warrants (continued)

As at September 30, 2023, 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)
500,000	500,000	0.30	October 25, 2023[2]	0.07
7,365,999	7,365,999	0.20[1]	July 7, 2024	0.77
18,000,000	18,000,000	0.20[1]	December 9, 2024	1.19
2,000,000	2,000,000	0.30	December 9, 2024	1.19
1,333,332	1,333,332	0.20[1]	December 23, 2024	1.23
2,081,667	2,081,667	0.20[1]	January 19, 2025	1.31
3,000,000	1,000,000	0.15	July 1, 2025	1.75
34,280,998	32,280,998			

(1) On April 21, 2023, the Directors of the Company approved a reduction of the exercise price of certain outstanding share purchase warrants of the Company from $0.30 per share to $0.20 per share. Upon the modification of a total of 18,149,111 share purchase warrants originally issued for a debt settlement and for the acquisition of Mindleap Health Inc., the Company measured the fair value of the warrants immediately before and after the modification in accordance with IFRS 2, Share-based Payment, and recognized the incremental fair value of $91,573, which was included in share-based compensation.

(2) Expired unexercised subsequent to the nine months ended September 30, 2023.

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the nine months ended September 30, 2023, the Company recognized share-based compensation expense of $14,453 (2022 - $123,436) in equity reserves related to the performance warrants, of which $14,453 (2022 - $123,436) pertains to officers and directors of the Company. As at September 30, 2023, there was $106,184 (December 31, 2022 - $120,636) of unrecognized share-based compensation related to the unvested performance warrants.

10. 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, 2022	4,200,000	0.17
Cancelled/ Forfeited	(1,010,000)	0.15
Balance, September 30, 2023	3,190,000	0.18
Exercisable, September 30, 2023	2,454,583	0.17

(Expressed in Canadian Dollars)

10. Stock Options (continued)

Additional information regarding stock options outstanding as at September 30, 2023, 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	150,000	0.15	October 31, 2024	1.09
1,890,000	1,821,250	0.15	December 27, 2024	1.24
30,000	30,000	0.25	July 19, 2024	0.80
1,000,000	333,333	0.23	September 6, 2025	1.94
120,000	120,000	0.23	December 9, 2025	2.19
3,190,000	2,454,583			

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the nine months ended September 30, 2023, the Company recognized share-based compensation expense of $61,474 (2022 - $293,678) in equity reserves, including a reversal of share-based compensation for consultant options of $41,988, of which $103,462 (2022 - $215,577) pertains to officers and directors of the Company. The weighted average fair value of options granted or vested during the nine months ended September 30, 2023, was $0.03 (2022 – $0.16) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2023	2022
Risk-free interest rate	4.29%	2.66%
Dividend yield	0%	0%
Expected volatility	138%	163%
Expected life (years)	1.91	2.84
Forfeiture rate	0%	0%

As at September 30, 2023, there was $57,757 (December 31, 2022 - $214,140) of unrecognized share-based compensation related to the unvested stock options.

11. 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.

12. 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 nine months ended September 30, 2023. The Company is not subject to externally imposed capital requirements.

13. Commitments

(a) 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. During the nine months ended September 30, 2023, the Company recognized consulting fees of $193,699 pursuant to the agreement. As at September 30, 2023, the Company has recognized prepaid consulting fees of $nil (December 31, 2022 - $193,699) in prepaid expenses.

(b) On January 17, 2023, the Company entered into an agreement for business development and advisory services for a term of 1 year in consideration for $120,000. During the nine months ended September 30, 2023, the Company recognized consulting fees of $83,871 pursuant to the agreement. As at September 30, 2023, the Company has recognized prepaid consulting fees of $36,129 in prepaid expenses.

(c) On August 1, 2023, the Company entered into an agreement for social media engagement and audience procurement services for a term of 3 months in consideration for US$13,500 per month. During the nine months ended September 30, 2023, the Company recognized marketing fees of $17,948 pursuant to the agreement.

14. Subsequent Events

Subsequent to the nine months ended September 30, 2023:

(a) the Company issued 5,639,290 common shares and 2,138,483 warrants with an exercise price of $0.05 in connection with debt settlement agreements with a non-arm’s length company controlled by an officer and an arm-length service provider to settle an aggregated debt of $281,965.

(b) the Company received a US$255,000 loan from an arm’s length party. The loan bears interest at 8% per annum and is due and payable on February 28, 2024.

(c) a total of 500,000 share purchase warrants with an exercise price of $0.30 per share expired unexercised.

(d) A total of 590,000 stock options expired unexercised.