PANGENOMIC HEALTH INC.

Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2024 and 2023

(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, 2024 $	December 31, 2023 $
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	29,256	12,560
Amounts receivable (Note 3)	31,349	42,215
Prepaid expenses	-	6,191
Total current assets	60,605	60,966
Non-current assets		
Equipment (Note 5)	2,147	10,512
TOTAL ASSETS	62,752	71,478
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	852,118	798,846
Loans payable (Note 6)	-	964,746
Due to related parties (Note 7)	855,403	452,490
Total liabilities	1,707,521	2,216,082
SHAREHOLDERS' DEFICIT		
Common shares (Note 8)	14,218,558	12,070,043
Equity reserves (Note 9 and 10)	5,045,522	3,739,789
Deficit	(20,908,849)	(17,954,436)
Total shareholders' deficit	(1,644,769)	(2,144,604)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	62,752	71,478

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on November 28, 2024:

/s/ "Kent Carasquero"	/s/ "Robert Nygren"
Kent Carasquero, Director	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)

	Notes	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
				$	$
Expenses					
Advertising and promotion		-	18,063	6,452	75,864
Consulting fees	7	63,750	111,698	199,490	672,099
Depreciation	5	2,112	3,127	8,365	9,275
Director's fees	7	-	-	-	60,000
General and administrative		9,767	26,308	29,489	113,367
Professional fees		8,365	15,262	76,572	274,171
Rent		-	1,800	-	5,400
Research and development	7	(616)	(1,648)	(15,455)	223,204
Share-based compensation	7, 9, 10	32,050	18,807	104,994	167,500
Transfer agent and filing fees		22,682	22,524	38,282	127,860
Wages and benefits	7	59,110	158,203	183,756	608,250
Total expenses		197,220	374,144	631,945	2,336,990
Loss before other income (expense)		(197,220)	(374,144)	(631,945)	(2,336,990)
Other income (expense)					
Interest expense		(486)	(12,159)	(33,686)	(24,651)
Interest income		25	565	151	1,804
Foreign exchange translation loss		-	(6,181)	(13,078)	(15,515)
Loss on settlement of debt		-	-	(2,279,924)	-
Write-off of amounts receivable		-	(8,463)	-	(44,691)
Total other income (expense)		(461)	(26,238)	(2,326,537)	(83,053)
Net loss and comprehensive loss for the period		(197,681)	(400,382)	(2,958,482)	(2,420,043)
Loss per common share, basic and diluted		(0.03)	(0.20)	(0.67)	(1.22)
Weighted average common shares outstanding		6,399,814	1,986,563	4,422,228	1,979,638

(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				Total
	Number of shares* #	Amount $	Equity reserves $	Deficit $	shareholders' equity (deficit) $
Balance, December 31, 2022	1,877,486	11,240,056	3,526,356	(14,981,522)	(215,110)
Issuance of units for cash	28,300	212,250	–	–	212,250
Share issuance costs	–	(931)	–	–	(931)
Issuance of units to settle loan payable	13,333	100,000	-	-	100,000
Issuance of shares upon exercise of warrants	57,444	327,220	–	–	327,220
Share-based compensation	–	–	75,927	–	75,927
Warrant modification	–	–	91,573	–	91,573
Net loss for the period	–	–	–	(2,420,043)	(2,420,043)
Balance, September 30, 2023	1,976,53	11,878,595	3,693,856	(17,401,565)	(1,829,114)
Balance, December 31, 2023	2,099,349	12,070,043	3,739,789	(17,954,436)	(2,144,604)
Issuance of units to settle loan payable	4,095,000	2,047,500	1,147,246	-	3,194,746
Issuance of units to settle accounts payable	205,463	102,732	57,562	-	160,294
Share issuance costs	-	(1,717)	-	-	(1,717)
Share-based compensation	-	-	104,994	-	104,994
Expiry of stock options	-	-	(4,069)	4,069	-
Net loss for the period	-	-	-	(2,958,482)	(2,958,482)
Balance, September 30, 2024	6,399,812	14,218,558	5,045,522	20,908,849)	(1,644,769)

(*) The Company effected a 10:1 share consolidation of its common shares on March 21, 2024. Subsequent to the period ended September 30, 2024, the Company effected a 5:1 share consolidation of its common shares. All common share and per share amounts have been retrospectively presented to reflect the share consolidation.

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

	Nine months ended September 30 2024 $	Nine months ended September 30, 2023 $
Operating activities		
Net loss	(2,958,482)	(2,420,043)
Items not involving cash:		
Depreciation expense	8,365	9,275
Foreign exchange translation loss	12,004	729
Loss on settlement of debt	2,279,924	-
Write-off of amounts receivable	-	44,691
Share-based compensation	104,994	75,927
Warrant modification	-	91,573
Changes in non-cash operating working capital:		
Amounts receivable	10,866	41,807
Prepaid expenses	6,191	166,166
Accounts payable and accrued liabilities	104,638	599,023
Due to related parties	402,913	163,993
Net cash used in operating activities	(28,587)	(1,226,859)
Investing activities		
Purchase of equipment	-	(3,142)
Net cash used in investing activities	-	(3,142)
Financing activities		
Proceeds from issuance of units, net of issuance costs	(1,717)	311,319
Proceeds from issuance of shares upon exercise of warrants	-	327,220
Proceeds from loans payable	47,000	626,400
Repayment of loans payable	-	(101,771)
Repayment of related party loans	-	(9,150)
Net cash provided by financing activities	45,283	1,154,018
Change in cash	16,696	(75,983)
Cash and cash equivalents, beginning of period	12,560	88,526
Cash and cash equivalents, end of period	29,256	12,543
Cash and cash equivalents consist of:		
Cash in bank	18,006	1,293
Cashable short-term investment certificate	11,250	11,250
Total cash and cash equivalents	29,256	12,543
Non-cash financing activities		
Issuance of common shares to settle accounts payable	102,732	-
Issuance of common shares to settle loans payable	2,047,500	-

(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. 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". The Company operates in one business segment being the precision health markets with all assets located in Canada.

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, 2024, the Company has not generated any revenues and has negative cash flow from operations. As at September 30, 2024, the Company has an accumulated deficit of $20,908,849. 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, 2023, 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:

Carrying Value of Equipment and Intangible Assets

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.

Share-based Payments

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.

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.

(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

(c) Significant Accounting Estimates and Judgments (continued)

Significant Judgments

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

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its condensed interim consolidated financial statements for the nine months ended September 30, 2024. Management prepares the condensed interim consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there is a significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

(d) Recent Accounting Pronouncement

The following new standards and amendments to existing standards have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2024:

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

ii. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases).

The adoption of these amendments had no material impact on the condensed interim consolidated financial statements.

3. Amounts Receivable

	September 30, 2024 $	December 31, 2023 $
Accrued interest receivable and other	-	103
GST receivable	124,397	128,677
Allowance for GST receivable	(93,048)	(86,565)
	31,349	42,215

During the period ended September 30, 2024, the Company recognized an allowance for GST receivable totaling $93,048 (December 31, 2023 - $86,565) 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. The Company invested US$25,000.

During the year ended December 31, 2023, the Company recognized an impairment loss of loan receivable of $37,345 consisting of $33,159 (US$25,000) and accrued interest of $4,186 (US$3,156) due to the uncertainty on the recoverability.

5. Equipment

	Computer equipment $	Lab equipment $	Total $
Cost			
Balance, December 31, 2023 and September 30, 2024	35,634	3,142	38,776
Depreciation			
Balance, December 31, 2023	27,740	524	28,264
Depreciation	7,894	471	8,365
Balance, September 30, 2024	35,634	995	36,629
Carrying amounts			
Balance, December 31, 2023	7,894	2,618	10,512
Balance, September 30, 2024	-	2,147	2,147

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 is due and payable on June 30, 2023. The loan was repaid during the period ended September 30, 2024 (Note 8).

(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 is due and payable on June 30, 2023. The loan was repaid during the period ended September 30, 2024 (Note 8).

(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 was repaid during the period ended September 30, 2024(Note 8).

(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 was repaid during the period ended September 30, 2024 (Note 8).

(Expressed in Canadian Dollars)

6. Loans Payable (continued)

(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 was repaid during the period ended September 30, 2024 (Note 8).

(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 was repaid during the period ended September 30, 2024 (Note 8).

(h) On September 15, 2023, the Company entered into a loan agreement with an arm's length party for $26,527 (US$20,000). The loan bears interest at 8% per annum and is due and payable on February 28, 2024. The loan was repaid during the period ended September 30, 2024 (Note 8).

(i) On October 10, 2023, the Company entered into a loan agreement with an arm's length party for $338,219 (US$255,000). The loan bears interest at 8% per annum and is due and payable on February 28, 2024. The loan was repaid during the period ended September 30, 2024 (Note 8).

(j) On April 11, 2024, the Company entered into a loan agreement with an arm's length party for $20,000. The loan bears interest at 8% per annum and is due and payable on August 31, 2024. The loan was repaid during the period ended September 30, 2024 (Note 8).

(k) On April 12, 2024, the Company entered into a loan agreement with an arm's length party for $17,000. The loan bears interest at 8% per annum and is due and payable on August 31, 2024. The loan was repaid during the period ended September 30, 2024 (Note 8).

(l) On April 24, 2024, the Company entered into a loan agreement with an arm's length party for $7,000. The loan bears interest at 8% per annum and is due and payable on August 31, 2024. The loan was repaid during the period ended September 30, 2024 (Note 8).

(m) On April 29, 2024, the Company entered into a loan agreement with an arm's length party for $3,000. The loan bears interest at 8% per annum and is due and payable on August 31, 2024. The loan was repaid during the period ended September 30, 2024 (Note 8).

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, 2024	September 30, 2023
	$	$
Chief Executive Officer ("CEO"), for wages incurred	45,000	135,000
Chief Financial Officer ("CFO"), for consulting fees	56,250	56,250
Executive Chair and Director, for wages incurred	45,000	115,000
Chief Scientific Officer ("CSO"), for wages incurred	37,125	46,168
CEO of Mujn and former Director, for wages	45,000	137,415
Company controlled by a Director, for consulting fees	90,000	-
Company controlled by the Chief Technology Officer ("CTO"), for consulting fees	-	32,500
Company controlled by the CTO, for research and development	-	69,999
Company controlled by a Director, for consulting fees and director's fees	-	70,000
Director, for consulting fees and director's fees	-	60,000
Share-based compensation	108,289	117,915
	426,664	840,247

(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, 2024	December 31, 2023
	$	$
CEO	117,500	72,500
CFO	62,793	26,250
Companies controlled by the CTO of MUJN	13,125	13,125
CSO	53,308	15,865
Executive Chair and company controlled by the Executive Chair	197,000	156,500
Company controlled by a former Director*	-	31,500
Former Director*	-	67,250
CEO of Mujn and former Director	114,500	69,500
Director and companies controlled by Director	297,177	-
	855,403	452,490

* Amounts owing to former director and companies controlled by former directors have been reclassified to accounts payable at September 30, 2024.

8. Common Shares

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

Share transactions during the nine months ended September 30, 2024:

(a) The Company completed a settlement of outstanding indebtedness through a private placement offering (the "Offering") of an aggregate of 4,300,463 units valued at $2,150,232 resulting in a loss on settlement of debt of $1,075,116. Each unit consisted of one common share and one share purchase warrant with each exercisable at a price of $0.50 per common share for a period of 2 years from the date of issuance. If the closing price of the common shares is greater than or equal to $1.00 for a period of 10 consecutive trading days, the Company may accelerate the expiration of the share purchase warrants to the date that is 30 days after the issuance of a news release announcing such acceleration. The indebtedness settled in the Offering consisted of cash loans advanced (Note 6) to the Company as well as accounts payable owed by the Company.

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

(a) The Company issued 28,300 units for gross proceeds of $212,250. The Company also issued 13,333 units to settle a loan payable of $100,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $15.00 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 $30.00 per share for 10 consecutive trading days. In connection with the issuance, the Company incurred share issuance costs of $931.

(b) The Company issued a total of 53,440 common shares upon the exercise of share purchase warrants for proceeds of $267,220.

(c) The Company issued a total of 4,000 common shares upon the exercise of share purchase warrants for proceeds of $60,000.

(Expressed in Canadian Dollars)

9. Warrants

During the period ended September 30, 2024, the Company issued 4,300,463 warrants with a value of $0.28 per warrant in connection with the Offering resulting in a loss on settlement of debt of $1,204,808 (Note 8a). The value of the warrants were determined using the Black-Scholes option pricing model. The weighted average assumptions used were as follows:

Risk-free interest rate	4.26%
Dividend rate	0%
Annualized volatility	122.28%
Expected life (years)	1.50

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

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2023	718,390	9.60
Issued	4,300,463	0.50
Expired	(147,320)	1.00
Balance, September 30, 2024	4,871,533	1.56

As at September 30, 2024, the following warrants were outstanding:

Number of warrants outstanding	Number of warrants exercisable	Exercise price $	Expiry date	Weighted average remaining contracted life (years)
360,000	360,000	10.00[1]	December 9, 2024	0.19
40,000	40,000	15.00	December 9, 2024	0.19
26,667	26,667	10.00[1]	December 23, 2024	0.23
41,633	41,633	10.00[1]	January 19, 2025	0.30
60,000	20,000	7.50	July 1, 2025	0.75
42,770	42,770	2.50	August 31, 2025	0.92
4,300,463	4,300,463	0.50	May 27, 2026	0.92
4,871,533	4,831,533			

[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 $15.00 per share to $10.00 per share. Upon the modification of a total of 362,982 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.

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the nine months ended September 30, 2024, the Company recognized share-based compensation expense of $66,636 (2023 - $14,453) in equity reserves related to the performance warrants, of which $66,636 (2023 - $14,453) pertains to officers and directors of the Company. As at September 30, 2024, there was $42,400 (December 31, 2023 - $109,036) of unrecognized share-based compensation related to the unvested performance warrants.

(Expressed in Canadian Dollars)

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, 2023	52,000	9.30
Expired	(600)	(12.50)
Balance, September 30, 2024	51,400	9.24
Exercisable, September 30, 2024	34,567	9.13

Additional information regarding stock options outstanding as at September 30, 2024, is as follows:

Number of stock options outstanding	Number of stock options exercisable	Exercise price $	Expiry date	Weighted average remaining contracted life (years)
29,000	20,500	7.50	December 27, 2024	0.24
20,000	11,667	11.50	September 6, 2025	0.93
2,400	2,400	11.50	December 9, 2025	1.19
51,400	34,567			

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the nine months ended September 30, 2024, the Company recognized share-based compensation expense of $38,358 (2023 - $61,474,) in equity reserves, including a reversal of share-based compensation for consultant options of $Nil (2023 - $41,988),of which $41,653 (2023 - $103,462) 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, 2024, was $Nil (2023 – $0.03) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2027
Risk-free interest rate	4.32%
Dividend yield	0%
Expected volatility	138%
Expected life (years)	1.84
Forfeiture rate	0%

As at September 30, 2024, there was $17,683 (December 31, 2023 - $56,041) 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), accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. 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, 2024. The Company is not subject to externally imposed capital requirements.