Gemina Laboratories Ltd.

Consolidated Financial Statements
(in Canadian dollars)

For the year ended January 31, 2022 and
period from incorporation on May 6, 2020 to January 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Gemina Laboratories Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Gemina Laboratories Ltd. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended January 31, 2022 and the period from incorporation on May 6, 2020 to January 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had a working capital of $908,821 as at January 31, 2022, had not yet achieved profitable operations and had accumulated a deficit of $5,569,066. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

May 30, 2022

Gemina Laboratories Ltd.
Consolidated Statements of Financial Position
(in Canadian dollars)
As at

	Note	January 31, 2022	January 31, 2021
		$	$
ASSETS			
Current assets			
Cash		1,156,388	881,948
Restricted cash	8	-	1,536,375
Receivables	4,10	177,879	3,937
Net investment in sublease	5	10,159	16,099
Prepaid expenses		34,885	7,875
		1,379,311	2,446,234
Net investment in sublease	5	-	10,159
Deposits		-	24,766
Property and equipment	6	15,040	-
Right-of-use assets	5	25,791	45,941
Total assets		1,420,142	2,527,100
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7,10	429,839	121,478
Lease liabilities	5	40,651	60,525
Subscription receipts liability	8	-	2,147,536
		470,490	2,329,539
Lease liabilities	5	5,427	37,600
Total liabilities		475,917	2,367,139
Shareholders' equity			
Share capital	9	5,622,177	994,114
Reserves	9	891,114	-
Accumulated deficit		(5,569,066)	(834,153)
Total shareholders' equity		944,225	159,961
Total liabilities and shareholders' equity		1,420,142	2,527,100

Nature and continuance of operations (Note 1)
Subsequent event (Note 17)

Approved on behalf of the Board on May 30, 2022:

"John Davies"
Director

"Martin Cronin"
Director

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

Gemina Laboratories Ltd.

Consolidated Statements of Loss and Comprehensive Loss
(in Canadian dollars)

	Note	Year Ended January 31, 2022	Period from incorporation on May 6, 2020 to January 31, 2021
Operating expenses			
Research and development	11	(2,705,233)	(364,903)
General and administrative	12	(2,029,680)	(139,812)
		(4,734,913)	(504,715)
Transaction expense	3	-	(329,438)
Loss and comprehensive loss		(4,734,913)	(834,153)
Basic and diluted loss per share		($0.10)	($0.02)
Weighted average number of shares			
Basic and diluted		47,658,574	33,716,049

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

Gemina Laboratories Ltd.

Consolidated Statements of Changes in Shareholders' Equity
(in Canadian dollars)

	Number of shares	Share capital	Reserves	Accumulated deficit	Shareholders' equity
		$	$	$	$
Balance, May 6, 2020	-	-	-	-	-
Issuance of shares upon incorporation	33,333,333	1	-	-	1
Private placement for units	3,333,334	500,000	-	-	500,000
Private placement for common shares	729,167	175,000	-	-	175,000
Share issuance costs	-	(3,987)	-	-	(3,987)
Issuance of shares pursuant to reverse takeover (Note 3)	1,077,001	323,100	-	-	323,100
Loss for the period	-	-	-	(834,153)	(834,153)
Balance, January 31, 2021	38,472,835	994,114	-	(834,153)	159,961
Private placements	8,031,700	2,316,642	100,793	-	2,417,435
Warrants exercised	1,333,333	200,000	-	-	200,000
Share issuance costs		(208,115)	87,992	-	(120,123)
Conversion of subscription receipts to common shares	7,765,124	2,319,536	-	-	2,319,536
Share-based compensation	-	-	702,329	-	702,329
Loss for the year	-	-	-	(4,734,913)	(4,734,913)
Balance, January 31, 2022	55,602,992	5,622,177	891,114	(5,569,066)	944,225

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

Gemina Laboratories Ltd.

Consolidated Statements of Cash Flows
(in Canadian dollars)

	Year ended January 31, 2022	Period from incorporation on May 6, 2020 to January 31, 2021
	$	$
Cash flow from operating activities:		
Loss for the period	(4,734,913)	(834,153)
Items not involving cash:		
Depreciation of right-of-use assets and property and equipment	43,834	12,090
Share-based compensation	702,329	-
Sublease expense	-	31,417
Accretion on lease liabilities	6,006	3,750
Interest income on net investment in sublease	(1,901)	(1,252)
Transaction expense	-	329,438
Changes in non-cash working capital items:		
Receivables	(173,942)	(3,937)
Prepaid expenses	(21,494)	(7,875)
Accounts payable and accrued liabilities	308,361	151,430
Net cash used in operating activities	(3,871,720)	(319,092)
Cash flows from investing activities:		
Deposit on leasehold improvements	-	(19,250)
Cash acquired on reverse takeover	-	33,164
Acquisition of equipment	(9,803)	-
Sublease payments received	18,000	-
Net cash provided by investing activities	8,197	13,914
Cash flows from financing activities:		
Proceeds from incorporation share	-	1
Private placements	2,417,435	675,000
Warrants exercised	200,000	-
Proceeds from subscription receipts	172,000	2,048,500
Share issuance costs	(120,123)	-
Restricted cash	1,536,375	(1,536,375)
Lease payments	(67,724)	-
Net cash provided by financing activities	4,137,963	1,187,126
Change in cash during the period	274,440	881,948
Cash, beginning of period	881,948	-
Cash, end of period	1,156,388	881,948

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

Gemina Laboratories Ltd.
Consolidated Statements of Cash Flows
(in Canadian dollars)

Supplemental cash flow information	**Year ended January 31, 2022**	**Period from incorporation on May 6, 2020 to January 31, 2021**
	$	**$**
Lease deposit paid by EcoMine Technologies Corporation ("EcoMine")	-	5,516
Lease payments paid by EcoMine	-	27,579
Sublease payments received by EcoMine	-	7,500
Share issuance costs in accounts payable	-	3,987
Unpaid legal fees in subscription receipts liability	-	10,002
Settlement of amount owed to Ecomine through issuance of subscription receipts	-	109,038
Accounts payable acquired on reverse takeover	-	20,806
Recognition of lease liability	9,671	-
Reclassification of subscription receipts liability to share capital	2,147,536	-
Reclassification of deposit to property and equipment	19,250	-

1 Nature and continuance of operations

Gemina Laboratories Ltd. (the "Company" or "Gemina") is a biotechnology Company that currently operates in the *In Vitro* Diagnostics ("**IVD**") market under the name "Gemina Labs." The Company was incorporated under the laws of British Columbia on October 10, 2017. The Company's head office is located at 3800 Westbrook Mall, Suite 142, Vancouver, British Columbia, and its registered and records is located at 10th floor, 595 Howe Street, Vancouver, British Columbia.

On January 31, 2021, the Company completed the acquisition of all of the issued and outstanding securities in the capital of Ecoscreen Solutions Inc. ("Ecoscreen"), a private company incorporated on May 6, 2020 under the laws of British Columbia, in exchange for the issuance of an aggregate of 36,666,667 common shares in the capital of the Company to the shareholders of Ecoscreen pursuant to the Amalgamation Agreement dated January 18, 2021 (collectively, the "Transaction"). The Transaction constituted a reverse takeover ("RTO") of the Company by Ecoscreen (Note 3). These consolidated financial statements reflect the assets, liabilities and operations of Ecoscreen since its incorporation and of the Company from January 31, 2021.

On December 29, 2020, Ecoscreen subdivided its issued and outstanding common shares on a 1 to 100,000 basis ("Share Split"). Prior to the closing on the Transaction, on January 29, 2021, the Company consolidated its issued and outstanding shares on a 3 to 1 basis ("Share Consolidation"). All share and per share information within these consolidated financial statements reflect the Share Split and Share Consolidation.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The ability of the Company to continue as a going concern is dependent on its ability to generate future cash flows from operations and obtain additional financing. As at January 31, 2022, the Company had working capital of $908,821 (January 31, 2021 – $116,695), had not yet achieved profitable operations and had accumulated a deficit of $5,569,066 since its inception and will require additional funding to maintain its operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments, which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

2 Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC").

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars which is the Company and its legal subsidiaries' functional currency.

These consolidated financial statements were approved by the Board of Directors for issue on May 30, 2022.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned legal subsidiaries, Ecoscreen and Gemina Laboratories (UK) Limited.

A subsidiary is an entity controlled by the Company and is included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of a subsidiary are changed where necessary to align them with the policies adopted by the Company.

Intercompany balances and transactions, and unrealized gains and losses arising from intercompany transactions, are eliminated in preparing these consolidated financial statements.

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the date of statement of financial position. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated using the exchange rates at the date of the transactions. Foreign exchange gains or losses resulting from the translation are recognized in the consolidated statements of loss and comprehensive loss for the period.

Financial instruments

The Company classifies its financial instruments in the following categories: as financial assets and liabilities at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income (loss) ("FVOCI"), and financial assets and liabilities at amortized cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Financial assets

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, the classification will depend on the business model in which the investment is held and contractual terms of the cash flows.

The Company classifies its financial assets into one of the following categories as follows:

Amortized cost

The Company classifies its financial assets at amortized cost only if both of the following conditions are met:

- the financial asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are measured at fair value at initial recognition and are subsequently measured at amortized costs using effective interest method less any provisions for impairment.

The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial assets measured at amortized cost. The Company will recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Fair value through other comprehensive income ("FVOCI")

The Company classifies its equity investments at FVOCI for which are not held for trading and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to retained earnings/deficit and is not reclassified to profit or loss. In addition, the other comprehensive income reserve for an impaired equity investment is not reclassified to profit or loss.

Fair value through profit or loss ("FVTPL")

The Company classifies the following financial assets at FVTPL:

- equity investments that are held for trading;
- equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income;
- debt investments that do not qualify for measurement at either amortized cost or at FVOCI; and
- derivative financial instruments.

The Company classified cash, restricted cash, receivables, net investment in sublease and deposits as financial assets measured at amortized cost.

Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost or FVTPL. Financial liabilities are subsequently measured at amortized cost, except for those at FVTPL such as derivative financial instruments and contingent consideration payable. The FVTPL option can be elected for financial liabilities if:

- it eliminates or significantly reduces an accounting mismatch;
- the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

This irrevocable election is made at initial recognition and these financial liabilities cannot be reclassified out of the category while they are held or issued. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at FVTPL will recognize changes in fair value attributable to the Company's own credit risk in other comprehensive income instead of profit or loss, unless this would create an accounting mismatch.

The Company classified accounts payable and accrued liabilities, subscription receipts liability and lease liabilities as financial liabilities measured at amortized cost.

Transaction costs

Transaction costs in respect of financial instruments at fair value are recognized in the consolidated statements of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

Cash

Cash consists of cash on deposit. Cash is held at recognized financial institutions. Interest earned is recognized in the consolidated statements of loss and comprehensive loss.

Property and equipment

Property and equipment are stated at historical cost net of accumulated depreciation and any impairment losses. Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Repair and maintenance expenditures that do not improve or extend the life are expensed in the period incurred.

Depreciation is recognized to write off the cost of property and equipment less its residual value over its useful life, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Estimated useful lives of the property and equipment are as follows:

- Right-of-use assets — Term of the lease
- Computer equipment — 2 years
- Leasehold improvements — Term of lease

Impairment of long-lived assets

Long-lived assets are comprised of property and equipment. The Company assesses, at each reporting date, whether there is an indication that a long-lived asset may be impaired. If any indication exists, the Company estimates the recoverable amount. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit or “CGU”). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs of disposal, and its value in use.

Fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the consolidated statements of loss and comprehensive loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Leases

At inception, the Company assesses whether a contract is, or contains, a lease. The assessment involves the exercise of judgment about whether the lease depends on a specified asset, whether the Company obtains substantially all of the economic benefits for the use of that asset during the lease term, and whether the Company has the right to direct the use of the asset. If the lease contains an extension option that the Company considers reasonably certain to be exercised, the term of the lease becomes the base lease plus renewal option, including any associated costs. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and a lease liability at the commencement date.

The right-of-use asset is initially measured at cost, which includes the initial amount of the liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to remove or dismantle the underlying asset or to restore the underlying asset or site on which the asset is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the rate implicit in the lease or, if the implicit rate cannot be readily determined, the Company’s incremental borrowing rate.

The measurement of lease liabilities includes the following types of lease payments:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- amount expected to be payable under any residual value guarantees; and
- exercise price of options that the Company is reasonably certain to exercise for an extension or option to buy, and penalties for early termination of a lease unless the Company is reasonably certain that it will not terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method.

Lease liabilities are remeasured in the following circumstances:

- if there is a change in the future lease payments resulting from a change in index or rate;
- if there is a change in the Company's estimation of the amount expected to be payable under a residual guarantee; and
- if the Company changes its assessment of whether it will exercise an option to purchase, extend or terminate.

When the Company subleases a right-of-use asset, the Company classifies the sublease as an operating lease if the head lease is a short-term lease. Otherwise, the sublease is classified as a finance lease. When the sublease is classified as a finance lease, the lessor derecognizes the right-of-use asset pertaining to the head lease that it transfers to the sublessee, at the commencement date, but continues to account for the original lease liability. The sublessor recognizes a net investment in sublease and evaluates it for impairment and may use the discount rate in the head lease to measure the net investment in sublease. The Company recognizes finance income on the net investment in sublease, and also records income relating to variable lease payments not included in the measurement of the net investment in the lease.

Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Government assistance and other grants

Government assistance and other grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as a deduction against the related expense over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. Government and other grants received in advance that relate to expenses to be incurred in future periods are accounted for as liabilities in the statement of financial position and deducted against the related expenditures as incurred.

Research and development

Expenditures on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Upon a determination that the criteria to capitalize development expenditures have been met, the expenditures capitalized will include the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures will be expensed as incurred. Capitalized development expenditures will be measured at cost less accumulated amortization and impairment losses.

For the period presented, expenditures on research and development are presented net of grant funding received.

Provisions

Provisions for research and development and general operations are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Valuation of equity units issued in private placements

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based compensation.

Share-based compensation

The Company grants stock options to directors, officers, employees and consultants as consideration for services performed. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Compensation expense is recorded in profit or loss and reserves for stock options that vested.

When the stock options are exercised, the Company issues new shares. The proceeds are credited to share capital. Upon exercise, compensation expense previously recognized in reserves is reclassified to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based compensation is measured at the fair value of the goods or services received.

Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of share purchase warrants and options for the years presented, except if their inclusion proves to be anti-dilutive.

Standards issued or amended but not yet effective

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the year ended January 31, 2022 and have not been applied in preparing these consolidated financial statements nor does the Company expect these amendments to have a significant effect on its consolidated financial statements.

Critical accounting estimates and judgments

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, income and expenses. Actual results may differ from those estimates.

<u>Significant judgements</u>

Reverse takeover - Judgement is required when assessing the value of the consideration transferred and the net identifiable assets acquired and liabilities assumed in connection with the reverse takeover (Note 3).

Coronavirus ("COVID-19") - In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its future potential effect on the Company's business or ability to raise funds.

<u>Significant estimates</u>

Share-based compensation - The Company generally utilizes the Black-Scholes option pricing model to determine the fair values of the share-based payments and warrants issued in unit offerings. The Company uses significant estimate in the evaluation of the input variables in the Black-Scholes calculation which includes: risk free interest rate, expected stock price volatility, expected life and expected dividend yield.

(in Canadian dollars)

3 Reverse takeover

On January 31, 2021, the Company issued 37,395,834 common shares in exchange for all of the issued and outstanding common shares of Ecoscreen. Following the Transaction, the Company had 38,472,835 issued and outstanding common shares at January 31, 2021, comprising of 1,077,001 common shares held by original Gemina shareholders and 37,395,834 common shares held by Ecoscreen shareholders. As Ecoscreen shareholders owned 97.20% of the issued and outstanding shares of the Company, Ecoscreen obtained control of the Company.

The Transaction has been accounted for as a reverse takeover whereby Ecoscreen, the legal subsidiary, has been treated as the accounting parent company, and Gemina, the legal parent, has been treated as the accounting subsidiary in these consolidated financial statements. As Ecoscreen was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation were included in these consolidated financial statements at their historical carrying values.

Since the Company was a dormant shell company, the Company did not meet the definition of a business under *IFRS 3, Business Combinations*, and the Transaction was accounted for as the purchase of net assets by Ecoscreen. The net purchase price was determined as an equity settled share-based payment under *IFRS 2, Share-based Payment*, at the fair value of the equity instruments of the Company retained by the shareholders of the Company, based on the fair value of the Company's common shares on the date of the closing of the Transaction.

The fair value of consideration paid plus transaction costs, net of the net assets acquired, has been recognized as listing expense in the statement of loss and comprehensive loss. These financial statements reflect the assets, liabilities and operations of Ecoscreen since its incorporation and of the Company from January 31, 2021.

The identifiable net assets of the Company acquired in exchange for all of the issued and outstanding common shares of Ecoscreen is comprised of the following:

Cash	$	33,164
Accounts payable and accrued liabilities		(20,806)
Net assets	$	12,358

The transaction expense was calculated as follows:

Consideration (1,077,001 common shares)	$	323,100
Transaction costs		18,696
Total consideration		341,796
Net assets		(12,358)
Transaction expense	$	329,438

The fair value of the 1,077,001 common shares issued to the shareholders of the Company was based on subscription receipts at $0.30 per common share (Note 8).

(in Canadian dollars)

4 Receivables

	January 31, 2022	January 31, 2021
	$	$
Other receivables	11,506	3,937
Due from related parties (Note 10)	23,271	-
GST receivable	143,102	-
	177,879	3,937

5 Leases

Right-of-use assets and lease liabilities

The Company has entered into a lease agreement with EcoMine, the majority shareholder of the Company, with respect to its office premise in Vancouver, British Columbia. The lease commenced on September 1, 2020, with monthly lease payments of $5,516 until August 31, 2022.

The Company has entered into a lease agreement with Thermo Fisher Financial Services Inc., with respect to laboratory equipment. The lease commenced on September 1, 2021, with monthly lease payments of $307 until August 1, 2024.

A continuity of the carrying amount of the right-of-use assets is as follows:

	Office premises	Lab Equipment	Total
	$	$	$
Balance, May 6, 2020	-	-	-
Additions	121,954	-	121,954
Portion subleased	(63,923)	-	(63,923)
Additions	58,031	-	58,031
Depreciation	(12,090)	-	(12,090)
Balance, January 31, 2021	45,941	-	45,941
Additions	-	9,671	9,671
Depreciation	(29,015)	(806)	(29,821)
Balance, January 31, 2022	16,926	8,865	25,791

(in Canadian dollars)

A reconciliation of the carrying amount of the lease liabilities is as follows:

	Office premises	Lab equipment	Total
	$	$	$
Balance, May 6, 2020	-	-	-
Additions	121,954	-	121,954
Lease payments	(27,579)	-	(27,579)
Accretion	3,750	-	3,750
Balance, January 31, 2021	98,125	-	98,125
Additions	-	9,671	
Lease payments	(66,187)	(1,537)	(67,724)
Accretion	5,662	344	6,006
Balance, January 31, 2022	37,600	8,478	46,078
Less: Current portion	(37,600)	(3,051)	(40,651)
Non-current portion	-	5,427	5,427

Future minimum lease payments are as follows:

	January 31, 2022
	$
Less than 1 year	42,299
1 to 5 years	5,843
More than 5 years	-
Total	48,142

Short-term leases are leases with a lease term of 12 months or less. As at January 31, 2022 and 2021, the Company did not have any short-term leases. As at January 31, 2022 and 2021, the Company did not have any leases of low-value assets.

Net investment in sublease

The Company entered into a sublease agreement with a third party with respect to its office premise in Vancouver, British Columbia. The lease commenced on September 1, 2020, with monthly lease payments of $1,500 until August 31, 2022.

A reconciliation of the carrying amount of the net investment in sublease is as follows:

	$
Balance, May 6, 2020	-
Additions	32,506
Sublease income received	(7,500)
Interest income	1,252
Balance, January 31, 2021	26,258
Sublease income received	(18,000)
Interest income	1,901
Balance, January 31, 2022	10,159
Less: Current portion	(10,159)
Non-current portion	-

(in Canadian dollars)

The right-of-use assets, corresponding lease liabilities, and net investment in sublease were initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 8% per annum.

6 Property and equipment

Computer equipment	
	$
Cost:	
Balance, May 6, 2020 and January 31, 2021	-
Additions	9,803
Balance, January 31, 2022	9,803
Accumulated depreciation:	
Balance, May 6, 2020 and January 31, 2021	-
Additions	4,388
Balance, January 31, 2022	4,388
Net book value, January 31, 2022	5,415

Leasehold improvements	
	$
Cost:	
Balance, May 6, 2020 and January 31, 2021	-
Additions	19,250
Balance, January 31, 2022	19,250
Accumulated depreciation:	
Balance, May 6, 2020 and January 31, 2021	-
Additions	9,625
Balance, January 31, 2022	9,625
Net book value, January 31, 2022	9,625
Net property and equipment, January 31, 2022	15,040

7 Accounts payable and accrued liabilities

	January 31, 2022	**January 31, 2021**
	$	**$**
Accounts payable (Note 10)	386,839	89,729
Accrued liabilities (Note 10)	43,000	31,749
	429,839	121,478

(in Canadian dollars)

8 Subscription receipts liability

On November 20, 2020, Ecoscreen completed the first tranche of a non-brokered private placement through issuance of 333,333 subscription receipts at $0.30 each for gross proceeds of $100,000.

Effective January 29, 2021, Ecoscreen completed the second tranche of a non-brokered private placement through issuance of 7,431,794 subscription receipts at $0.30 each for gross proceeds of $2,229,538, with $172,000 of the gross proceeds being received during the quarter ended April 30, 2021 in respect of 573,334 subscription receipts. Of the total gross proceeds, $109,038 relates to a settlement of amounts owing to EcoMine. In connection with the issuance of subscription receipts, the Company incurred costs amounting to $10,002. The costs were capitalized against the subscription receipt liability.

Pursuant to the subscription agreement, the gross cash proceeds of Ecoscreen's subscription receipt offering would be held in escrow by the Company, in a segregated account, on behalf of the subscribers. Upon completion of the Transaction, the Company had access of up to 25% of the escrowed proceeds, which was deemed to be a non-interest bearing loan from the subscribers to the Company.

The remaining funds were held in escrow until 3 days after the Company satisfied the listing conditions on the Canadian Securities Exchange on July 16, 2021. This triggered the conversion of the subscription receipts into units for no additional consideration. Each unit consisted of one common share and one-half of one share purchase warrant resulting in the issuance of 7,765,124 common shares and 3,882,562 warrants. Each warrant has an exercise price of $0.45 per common share and expires 3 years from the date of issuance. The share purchase warrants will be subject to an acceleration clause that allows the Company to accelerate the expiry date of the share purchase warrants in the event that the volume weighted average trading price of the common shares on the Canadian Securities Exchange exceeds $1.00 for 10 consecutive trading days.

As a result of this conversion, the subscription receipts liability of $2,319,536 was derecognized from current liabilities and the resulting units were recognized in shareholders' equity (Note 9).

9 Share capital and reserves

Share capital

The Company is authorized to issue an unlimited number of common shares without par value.

As at January 31, 2022, 33,996,415 of the Company's issued common shares were held in escrow and restricted from trading (January 31, 2021 – nil). These trading restrictions expire as follows:

February 10, 2022	5,666,069
August 10, 2022	5,666,069
February 10, 2023	5,666,069
August 10, 2023	5,666,069
February 10, 2024	5,666,069
August 10, 2024	5,666,070
	33,996,415

Transactions during the year ended January 31, 2022

On October 22, 2021, the Company completed a private placement through issuance of 4,031,700 units at $0.55 per unit for gross proceeds of $2,217,435. Each unit is comprised of one common share of the Company and one-half share purchase warrant. Each whole warrant is exercisable at $0.80 per common share until October 22, 2023. The residual value attached to the warrants was determined to be $100,793. In connection with the private placement, the Company incurred share issuance costs of $120,123 and issued 291,136 finder's warrants exercisable at $0.55 per common share until October 22, 2023. The finder's warrants were valued at $87,992 using the Black-Scholes pricing model with the following inputs: estimated life of 2 years, risk-free rate of 0.87%, volatility of 124% and nil forecasted dividend yield.

On July 16, 2021, the Company satisfied the listing conditions on the Canadian Securities Exchange triggering the conversion of the subscription receipts into units for no additional consideration. Each unit consisted of one common share and one-half of one share purchase warrant, resulting in the issuance of 7,765,124 common shares valued at $2,319,536 and 3,882,562 warrants valued at $nil (Note 8). Each whole share purchase warrant is exercisable at $0.45 per common share until July 16, 2024.

On March 5, 2021, the Company completed a non-brokered private placement through issuance of 4,000,000 units at $0.05 per unit for gross proceeds of $200,000. Each unit is comprised of one common share of the Company and one share purchase warrant exercisable at $0.15 per common share until March 5, 2023.

Transactions during the period from incorporation on May 6, 2020 to January 31, 2021

On the date of incorporation on May 6, 2020, the Company issued 33,333,333 common shares for $1.

On December 31, 2020, the Company closed a non-brokered private placement through issuance of 3,333,334 (post Share Consolidation) units at a price of $0.15 per unit for gross proceeds of $500,000. Each unit is comprised of one common share of the Company and one share purchase warrant exercisable at $0.15 per common share until December 31, 2022. The warrants will be subject to an acceleration clause that allows the Company to accelerate the expiry date of the warrants in the event that the volume weighted average trading price of the common shares on the Canadian Securities Exchange exceeds $1.00 for 10 consecutive trading days. In connection with the private placement, the Company incurred share issuance costs of $3,987. No value was attributed to the share purchase warrants.

On January 31, 2021, the Company completed a non-brokered private placement through issuance of 729,167 (post Share Consolidation) common shares at $0.24 per common share for gross proceeds of $175,000.

(in Canadian dollars)

Warrants

The following is a summary of changes in share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, May 6, 2020	-	
Issued	3,333,334	0.15
Balance, January 31, 2021	3,333,334	0.15
Issued	10,189,548	0.40
Exercised	(1,333,333)	0.15
Balance, January 31, 2022	12,189,549	0.35

As at January 31, 2022, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,000,001	$0.15	December 31, 2022*
4,000,000	$0.15	March 5, 2023
3,882,562	$0.45	July 16, 2024*
2,015,850	$0.80	October 22, 2023**
291,136	$0.55	October 22, 2023**
12,189,549		

* The share purchase warrants are subject to an acceleration clause that allows the Company to accelerate the expiry date of the share purchase warrants in the event that the volume weighted average trading price of the common shares on the Canadian Securities Exchange exceeds $1.00 for 10 consecutive trading days.

** The share purchase warrants are subject to an acceleration clause that allows the Company to accelerate the expiry date of the share purchase warrants in the event that the volume weighted average trading price of the common shares on the Canadian Securities Exchange exceeds $2.00 for 10 consecutive trading days.

Stock options

The Company’s stock option plan provides for the issuance of stock options to its officers, directors, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each stock option is based on the market price of the Company’s shares at the date of grant. The stock options can be granted for a maximum term of 10 years and vest as determined by the Board of Directors.

(in Canadian dollars)

A summary of stock options activities is as follows:

	Number of Options	Weighted Average Exercise Price
		$
Balance, May 6, 2020 and January 31, 2021	-	-
Granted	3,950,000	0.35
Forfeitures	(150,000)	0.45
Balance, January 31, 2022	3,800,000	0.35

A summary of the stock options outstanding and exercisable at January 31, 2022, is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$			
0.30	2,500,000	1,550,000	February 19, 2031
0.30	250,000	250,000	April 1, 2024
0.45	550,000	-	September 10, 2026
0.45	200,000	100,000	September 10, 2026
0.45	200,000	100,000	September 14, 2026
0.45	100,000	50,000	November 17, 2026
	3,800,000	2,050,000	

On February 19, 2021, the Company granted 2,500,000 options to consultants and an officer with an exercise price of $0.30 per common share for a period of 10 years. 1,075,000 options vested immediately and the remaining 1,425,000 vest over 18 months from the date of grant.

On April 1, 2021, the Company granted 250,000 options to a consultant with an exercise price of $0.30 per common share for a period of 3 years. The options vested immediately upon grant.

On September 10, 2021, the Company granted 700,000 options to employees with an exercise price of $0.45 per common share for a period of 5 years. The options vest over 3 years from the date of grant.

On September 10, 2021, the Company granted 200,000 options to a director with an exercise price of $0.45 per common share for a period of 5 years. 100,000 options vested immediately and the remaining 100,000 options vest over 12 months.

On September 14, 2021, the Company granted 200,000 options to a director with an exercise price of $0.45 per common share for a period of 5 years. 100,000 options vested immediately and the remaining 100,000 options vest over 12 months.

On November 17, 2021, the Company granted 100,000 options to a consultant with an exercise price of $0.45 per common share for a period of 5 years. 50,000 options vested immediately with the remaining options vesting over 36 months from the date of grant.

(in Canadian dollars)

The Company used the Black Scholes option pricing model to fair value each option granted and used the following assumptions:

Share price on date of grant	$0.05-$0.45
Risk-free interest rate	0.48%-1.70%
Expected volatility	124%
Expected life in years	3-10
Expected dividend yield	nil

The stock price volatility is calculated based on the historical volatility of similar development stage companies traded on the Canadian Stock Exchange.

The aggregate fair value of options granted during the year was $964,772 (2021 - $nil) at the time of grant. The Company recognized share-based compensation expense of $702,329 (2021 - $nil) for the year ended January 31, 2022.

10 Related party transactions

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include 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.

During the year and period ended January 31, 2022 and 2021, the Company entered into the following transactions with related parties:

- Paid or accrued contractor fees of $240,625 (2021 - $6,563) and received subscription fees of $4,182 (2021 - $nil) to a company controlled by the Chief Executive Officer ("CEO") and director of the Company.
- Paid or accrued professional fees of $28,412 (2021 - $6,095) to a company controlled by the Chief Financial Officer ("CFO") of the Company and recognized share-based compensation of $39,168 (2021 - $nil) in relation to stock options granted to the CFO.
- Paid or accrued salaries and benefits of $179,981 (2021 - $40,298) to the Chief Technology Officer ("CTO") and director of the Company and recognized share-based compensation of $13,537 (2021 - $nil) in relation to stock options granted to the CTO and director.
- Recognized share-based compensation of $119,319 (2021 - $nil) in relation to stock options granted to directors of the Company.

As at January 31, 2022, $55,188 (January 31, 2021 - $6,749 in accrued liabilities) was included in accounts payable owing to the company controlled by the CEO and director of the Company in relation to advisory fees.

As at January 31, 2022, $1,050 (January 31, 2021 - $nil) was included in receivables due from the company controlled by the CEO and director of the Company in relation to subscription fees.

As at January 31, 2022, $5,705 (January 31, 2021 - $6,095) was included in accounts payable owing to the company controlled by the CFO of the Company in relation to professional fees.

As at January 31, 2022, $22,221 (January 31, 2021 - $nil) was included in receivables due from EcoMine, a majority shareholder of the Company.

(in Canadian dollars)

11 Research and development

	Year ended January 31, 2022	Period from incorporation on May 6, 2020 to January 31, 2021
	$	$
Contractor fees (Note 10)	1,526,865	301,712
Materials and supplies	421,096	90,201
Salaries and benefits (Note 10)	689,251	104,980
Patent application	-	11,363
Share-based compensation (Note 9, 10)	286,758	-
Depreciation of right-of-use assets (Note 5)	806	-
	2,924,776	508,256
Grant funding (net of program fees)	(214,181)	(143,353)
Other income	(5,362)	
	2,705,233	364,903

On August 10, 2020, as amended on November 24, 2020, the Company entered into a development agreement with Canada's Digital Technology Supercluster ("CDTS") to develop a pathogen screening platform utilizing the Company's proprietary biosensors and a digital risk assurance platform. The project was completed on November 30, 2021 and under the agreement, the Company committed to certain deliverables at an estimated cost of $749,518, with the Company responsible for $368,613 and CDTS to reimburse for the remaining $380,905 (total received net of program fees $357,534). From the period of incorporation on May 6, 2020 to January 31, 2021, the Company recognized $143,353 of grant funding related to this project and for the year ended January 31, 2022, the Company recognized the remaining $214,181.

12 General and administrative

	Year Ended January 31, 2022	Period from incorporation on May 6, 2020 to January 31, 2021
Contractors	957,183	-
Depreciation of equipment (Note 6)	14,013	-
Interest expense, net	539	2,471
Office and miscellaneous	114,911	27,306
Professional fees (Note 10)	481,144	66,528
Salaries and benefits (Note 10)	17,304	-
Sublease expense	-	31,417
Share-based compensation (Note 9, 10)	415,571	-
Depreciation of right-of-use assets (Note 5)	29,015	12,090
	2,029,680	139,812

(in Canadian dollars)

13 Income taxes

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes is as follows:

	2022	2021
	$	$
Loss for the period	(4,734,913)	(834,153)
Expected income tax recovery	(1,278,000)	(225,000)
Permanent differences	190,000	89,000
Share issue costs	(32,000)	(1,000)
Other	(6,000)	-
Non-capital losses acquired on reverse takeover	-	(11,000)
Change in unrecognized deductible temporary differences	1,126,000	148,000
Income tax expense (recovery)	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	2022	Expiry Date Range	2021	Expiry Date Range
	$		$	
Temporary Differences				
Share issue costs	98,000	2043 to 2046	3,000	2042 to 2045
Lease liability	43,000	No expiry date	26,000	No expiry date
Non-capital losses available for future periods	4,581,000	2037 to 2042	521,000	2037 to 2041

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14 Segmented information

The Company operates within a single operating segment, being the research, development and commercialization of in-vitro diagnostics. This is the Company's only reportable segment and is consistent with the internal reporting provided to the chief operating decision-maker. The Company operates in a single geographic area, being Canada, and all of the Company's assets are located in Canada.

15 Financial instruments and financial risk management

Fair value

Financial instrument disclosures establish a fair value hierarchy that requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company primarily applies the market approach for recurring fair value measurements. This section describes three input levels that may be used to measure fair value:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide information on an ongoing basis. The Company does not have any financial instruments in this category.

Level 2 – quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying values of cash, restricted cash, receivables, deposits, accounts payable and accrued liabilities, and subscription receipts liability approximate their fair values due to their short-term maturity. The carrying values of net investment in sublease and lease liabilities approximate their fair values due to being discounted with a rate of interest that approximates market rates.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or valuation of its financial instruments.

a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's foreign exchange risk is not considered significant.

b) Interest rate risk

The Company has cash balances and no interest-bearing debt. The interest rate risk on cash is not considered significant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet cash flow requirements associated with financial instruments. As indicated in Note 1, a material uncertainty exists that may cast significant doubt regarding the Company's ability to continue as a going concern.

The Company continues to manage its liquidity risk by monitoring its cash flows regularly, comparing actual results with budgets and future cash requirements.

The following table summarizes the relative maturities of the financial liabilities of the Company:

	Maturity less than one year	**Maturity greater than one year**
	$	**$**
Accounts payable and accrued liabilities	429,839	-
Lease liability	40,651	5,427
Total	470,490	5,427

Credit risk

Credit risk arises from cash deposited in banks and financial institutions. The Company has established guidelines relative to diversification, credit ratings and maturities that maintain safety and liquidity. These guidelines are periodically reviewed by the Company's Board of Directors and modified to reflect changes in market conditions.

The Company limits its exposure to credit risk, with respect to cash, by placing them with high quality credit financial institutions.

16 Capital management

The Company considers its shareholders' equity as capital. As at January 31, 2022, the Company's capital totaled $944,225. The Company manages its capital structure in order to ensure sufficient resources are available to meet day-to-day operation requirements, further develop its technology and continue as a going concern.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets. The Company is not subject to any externally imposed capital requirements. The Company did not change its approach to capital management during the year.

17 Subsequent event

On March 9, 2022, the Company granted 500,000 options to a consultant of the Company. The options have an exercise price of $0.45 per common share for a period of 5 years.