Gemina Laboratories Ltd.

Condensed Interim Consolidated Financial Statements
(in Canadian dollars)

For the three months ended April 30, 2022 and 2021

Gemina Laboratories Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - in Canadian dollars)

	Note	April 30, 2022	January 31, 2022
		$	$
ASSETS			
Current assets			
Cash		302,193	1,156,388
Receivables	3,9	171,926	177,879
Net investment in sublease	4	5,877	10,159
Deferred financing fees		12,263	-
Prepaid expenses		27,504	34,885
		519,763	1,379,311
Property and equipment	5	9,696	15,040
Right-of-use assets	4	18,053	25,791
Total assets		547,512	1,420,142
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6,8	374,208	429,839
Lease liabilities	4	24,820	40,651
		399,028	470,490
Lease liabilities	4	4,620	5,427
Total liabilities		403,648	475,917
Shareholders' equity			
Share capital	7	5,622,177	5,622,177
Reserves	7	871,928	891,114
Accumulated deficit		(6,350,241)	(5,569,066)
Total shareholders' equity		143,864	944,225
Total liabilities and shareholders' equity		547,512	1,420,142

Nature and continuance of operations (Note 1)
Subsequent event (Note 14)

Approved on behalf of the Board on June 29, 2022:

"John Davies"
Director

"Martin Cronin"
Director

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

Gemina Laboratories Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - in Canadian dollars)

	Note	Three months ended April 30, 2022	Three months ended April 30, 2021
Operating expenses			
Research and development	9	(577,975)	(682,170)
General and administrative	10	(203,200)	(462,880)
Loss and comprehensive loss		(781,175)	(1,145,050)
Basic and diluted loss per share		($0.01)	($0.03)
Weighted average number of shares			
Basic and diluted		55,602,992	40,989,689

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

Gemina Laboratories Ltd.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited - in Canadian dollars)

	Number of shares	Share capital	Reserves	Accumulated deficit	Shareholders' equity (deficiency)
		$	$	$	$
Balance, January 31, 2021	38,472,835	994,114	-	(834,153)	159,961
Private placement	4,000,000	200,000	-	-	200,000
Share-based compensation	-	-	334,376	-	334,376
Loss for the period	-	-	-	(1,145,050)	(1,145,050)
Balance, April 30, 2021	42,472,835	1,194,114	334,376	(1,979,203)	(450,713)
Conversion of subscription receipts to common shares	7,765,124	2,319,536	-	-	2,319,536
Private placement	4,031,700	2,116,642	100,793	-	2,217,435
Warrants exercised	1,333,333	200,000	-	-	200,000
Share-based compensation	-	-	367,953	-	367,953
Share issuance costs	-	(208,115)	87,992	-	(120,123)
Loss for the period	-	-	-	(3,589,863)	(3,589,863)
Balance, January 31, 2022	55,602,992	5,622,177	891,114	(5,569,066)	944,225
Share-based compensation	-	-	(19,186)	-	(19,186)
Loss for the period	-	-	-	(781,175)	(781,175)
Balance, April 30, 2022	55,602,992	5,622,177	871,928	(6,350,241)	143,864

Gemina Laboratories Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - in Canadian dollars)

	Three months ended April 30, 2022	Three months ended April 30, 2021
	$	$
Cash flow from operating activities:		
Loss for the period	(781,175)	(1,145,050)
Items not involving cash:		
Depreciation of right-of-use assets and property and equipment	13,082	8,219
Share-based compensation	(19,186)	334,376
Accretion on lease liabilities	832	1,865
Interest income on net investment in sublease	(218)	(624)
Changes in non-cash working capital items:		
Receivables	5,953	(72,779)
Prepaid expenses	7,381	7,875
Accounts payable and accrued liabilities	(55,631)	254,582
Net cash used in operating activities	(828,962)	(611,536)
Cash flows from investing activities:		
Acquisition of equipment	-	(7,723)
Sublease payments received	4,500	-
Net cash provided by (used in) investing activities	4,500	(7,723)
Cash flows from financing activities:		
Private placement	-	200,000
Proceeds from subscription receipts	-	172,000
Deferred financing fees	(12,263)	-
Restricted cash	-	(129,000)
Lease payments	(17,470)	-
Net cash provided by (used in) financing activities	(29,733)	243,000
Change in cash during the period	(854,195)	(376,259)
Cash, beginning of period	1,156,388	881,948
Cash, end of period	302,193	505,689

Supplemental cash flow information		
	$	$
Lease payments paid by EcoMine Technologies Corporation (“EcoMine”)	-	16,547
Sublease payments received by EcoMine	-	4,500

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

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**”) and human wellness monitoring 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.

These condensed interim 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 April 30, 2022, the Company had working capital of $120,735 (January 31, 2022 – $908,821), had not yet achieved profitable operations and had accumulated a deficit of $6,350,241 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 condensed interim 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 condensed interim consolidated financial statements. These adjustments could be material.

2 Significant accounting policies

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and do not include all of the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”).

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended January 31, 2022, which includes the information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended January 31, 2022. The Company’s interim results are not necessarily indicative of its results for a full year.

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

The condensed interim consolidated financial statements are presented in Canadian dollars which is the Company’s functional currency.

These interim condensed consolidated financial statements were approved by the Board of Directors for issue on June 29, 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.

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>

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.

(Unaudited - in Canadian dollars)

3 Receivables

	April 30, 2022	January 31, 2022
	$	$
Other receivables	4,140	11,506
Due from related parties (Note 8)	-	23,271
GST receivable	167,786	143,102
	171,926	177,879

4 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, 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
Depreciation	(7,254)	(484)	(7,738)
Balance, April 30, 2022	9,672	8,381	18,053

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

	Office premises	Lab equipment	Total
	$	$	$
Balance, January 31, 2021	98,125	-	98,125
Additions	-	9,671	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
Lease payments	(16,547)	(923)	(17,470)
Accretion	647	185	832
Balance, April 30, 2022	21,700	7,740	29,440
Less: Current portion	(21,700)	(3,120)	(24,820)
Non-current portion	-	4,620	4,620

(Unaudited - in Canadian dollars)

Future minimum lease payments are as follows:

	April 30, 2022
	$
Less than 1 year	25,445
1 to 5 years	5,229
More than 5 years	-
Total	30,673

Short-term leases are leases with a lease term of 12 months or less. As at April 30, 2022 and 2021, the Company did not have any short-term leases. As at April 30, 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, January 31, 2021	26,258
Sublease income received	(18,000)
Interest income	1,901
Balance, January 31, 2022	10,159
Sublease income received	(4,500)
Interest income	218
Balance, April 30, 2022	5,877

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.

(Unaudited - in Canadian dollars)

5 Property and equipment

Computer equipment	
	$
Cost:	
Balance, January 31, 2021	-
Additions	9,803
Balance, January 31, 2022	9,803
Additions	-
Balance, April 30, 2022	9,803
Accumulated depreciation:	
Balance, January 31, 2021	-
Additions	4,388
Balance, January 31, 2022	4,388
Additions	1,219
Balance, April 30, 2022	5,607
Net book value, January 31, 2022	5,415
Net book value, April 30, 2022	4,196

Leasehold improvements	
	$
Cost:	
Balance, January 31, 2021	-
Additions	19,250
Balance, January 31, 2022	19,250
Additions	-
Balance, April 30, 2022	19,250
Accumulated depreciation:	
Balance, January 31, 2021	-
Additions	9,625
Balance, January 31, 2022	9,625
Additions	4,125
Balance, April 30, 2022	13,750
Net book value, January 31, 2022	9,625
Net book value, April 30, 2022	5,500

Net property and equipment, January 31, 2022	15,040
Net property and equipment, April 30, 2022	9,696

(Unaudited - in Canadian dollars)

6 Accounts payable and accrued liabilities

	April 30, 2022	January 31, 2022
	$	$
Accounts payable (Note 8)	365,208	386,839
Accrued liabilities	9,000	43,000
	374,208	429,839

7 Share capital and reserves

Share capital

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

As at April 30, 2022, 28,330,346 (January 31, 2022 – 33,996,415) of the Company's issued common shares were held in escrow and will be released from escrow according to the following schedule:

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
	28,330,346

Transactions during the period ended April 30, 2022

The Company did not issue any common shares during the period ended April 30, 2022.

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 share purchase warrant 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. Each whole share purchase warrant is exercisable at $0.45 per common share until July 16, 2024. 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.

(Unaudited - in Canadian dollars)

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.

Warrants

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

	Number of Warrants	**Weighted Average Exercise Price**
		$
Balance, January 31, 2021	3,333,334	0.15
Issued	10,189,548	0.40
Exercised	(1,333,333)	0.15
Balance, January 31, and April 30, 2022	12,189,549	0.35

As at April 30, 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.

(Unaudited - in Canadian dollars)

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.

A summary of stock options activities is as follows:

	Number of Options	Weighted Average Exercise Price
		$
Balance, January 31, 2021	-	-
Granted	3,950,000	0.30
Forfeitures	(150,000)	0.45
Balance, January 31, 2022	3,800,000	0.35
Granted	500,000	0.45
Forfeitures	(650,000)	0.30
Balance, April 30, 2022	3,650,000	0.36

A summary of the stock options outstanding and exercisable at April 30, 2022, is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$			
0.30	1,850,000	1,425,000	February 19, 2031
0.30	250,000	250,000	April 1, 2024
0.45	550,000	-	September 10, 2026
0.45	200,000	150,000	September 10, 2026
0.45	200,000	150,000	September 14, 2026
0.45	100,000	50,000	November 17, 2026
0.45	500,000	-	March 9, 2027
	3,650,000	2,025,000	

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.

(Unaudited - in Canadian dollars)

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.

On March 9, 2022, the Company granted 500,000 options to a consultant with an exercise price of $0.45 per common share for a period of 5 years. 250,000 options vest over three years from the date of grant and the remaining 250,000 options vest upon achievement of a certain milestone.

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

	April 30, 2022	April 30, 2021
Share price on date of grant	$0.50	$0.05-0.24
Risk-free interest rate	1.89%	0.48%-1.21%
Expected volatility	124%	124%
Expected life in years	5	3-10
Expected dividend yield	nil	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 period ended April 30, 2022, was $212,580 (2021 - $574,290) at the time of grant. The Company recognized a net recovery for share-based compensation expense of $19,186 (2021 - expense of $334,376) for the period ended April 30, 2022, due to the forfeiture of options previously expensed.

8 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 quarters ended April 30, 2022 and 2021, the Company entered into the following transactions with related parties:

- Paid or accrued contractor fees of $30,187 (2021 - $19,375) and received subscription fees of $500 (2021 - $nil) to a company controlled by the Chief Executive Officer ("CEO") and director of the Company.
- Paid or accrued professional fees of $4,678 (2021 - $18,962) to a company controlled by the Chief Financial Officer ("CFO") of the Company and recognized share-based compensation of $3,263 (2021 - $10,722) in relation to stock options granted to the CFO.
- Paid or accrued salaries and benefits of $41,308 (2021 - $24,155) to the Chief Technology Officer ("CTO") and director of the Company and recognized share-based compensation of $8,425 (2021 - $nil) in relation to stock options granted to the CTO and director.

(Unaudited - in Canadian dollars)

- Recognized share-based compensation of $17,522 (2021 - $nil) in relation to stock options granted to directors of the Company.

As at April 30, 2022, $369 (January 31, 2022 - $nil) was included in accounts payable owing to the CTO and director of the Company in relation to reimbursement of expenses.

As at April 30, 2022, $35,523 (January 31, 2022 - $55,188) 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 April 30, 2022, $10,383 (January 31, 2022 - $5,705) was included in accounts payable owing to the company controlled by the CFO of the Company in relation to professional fees.

As at April 30, 2022, $nil (January 31, 2022 - $1,050) was included in receivables due from the company controlled by the CEO and a director of the Company in relation to subscription fees.

As at April 30, 2022, $688 was included in accounts payable (January 31, 2022 - $22,221 in receivables) due from EcoMine, a majority shareholder of the Company.

As at April 30, 2022, $21,000 (January 31, 2022 - $nil) was included in accounts payable owing to a company controlled by a director of the Company in relation to advisory fees.

9 Research and development

	Three Months ended April 30, 2022	Three Months ended April 30, 2021
	$	$
Contractor fees (Note 8)	299,048	320,877
Materials and supplies	40,742	138,209
Salaries and benefits (Note 8)	194,810	86,411
Share-based compensation (Note 7, 8)	42,891	171,021
Depreciation of right-of-use assets (Note 4)	484	-
	577,975	716,518
Grant funding (net of program fees)	-	(34,348)
	577,975	682,170

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 of which $34,348 was recognized during the period ended April 30, 2021.

(Unaudited - in Canadian dollars)

10 General and administrative

	Three months ended April 30, 2022	Three months ended April 30, 2021
Contractors	177,702	84,000
Depreciation of equipment (Note 5)	5,344	965
Interest expense, net	401	1,865
Office and miscellaneous	32,807	24,829
Professional fees (Note 8)	34,974	182,514
Salaries and benefits (Note 8)	6,802	-
Share-based compensation (Note 7, 8)	(62,084)	163,355
Depreciation of right-of-use assets (Note 4)	7,254	7,254
	203,200	464,782
Other income	-	(1,902)
	203,200	462,880

11 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.

12 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.

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, receivables, net investment in sublease and accounts payable and accrued liabilities approximate their fair values due to their short-term maturity. The carrying values of 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 and interest rates, 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	374,208	-
Lease liabilities	24,820	4,620
Total	399,028	4,620

Credit risk

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and its receivables mostly consist of amounts due from the Canadian government. As such, the Company determined that it is not exposed to significant credit risk.

13 Capital management

The Company considers its shareholders' equity as capital. As at April 30, 2022, the Company's capital totaled $143,864. The Company manages its capital structure in order to ensure sufficient resources are available to meet day-to-day operational requirements, to 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.

14 Subsequent event

On June 23, 2022, the Company entered into an agency agreement with Leede Jones Gable Inc. ("Leede") whereby Leede would act as agents for the Company's proposed offering. The Company proposes to issue and offer for sale up to 8,334,000 units of the Company at $0.60 per unit for gross proceeds of up to $5,000,400. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.80 and with an expiry date of 5 years from the date of issuance. The 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 $1.20 for 10 consecutive trading days. In addition, Leede has an over-allotment option to sell up to and additional 1,250,000 units under the same terms as the proposed offering and this option expires 30-days from the closing date.

Under the agency agreement, the Company is to pay Leede a cash commission equivalent to 7% of the gross proceeds received by the Company and to issue broker warrants equivalent of up to 7% of the units sold under the proposed offering. The broker warrants allow Leede to purchase commons shares at a price of $0.60 for a period of five years from the date of issuance. In addition, the Company will pay Leede a corporate finance fee of $100,000, plus applicable taxes, upon closing of the proposed offering.