Gemina Laboratories Ltd.

Condensed Interim Consolidated Financial Statements
(in Canadian dollars)

For the six months ended July 31, 2023 and 2022

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Gemina Laboratories Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - in Canadian dollars)

	Note	July 31, 2023	January 31, 2023
		$	$
ASSETS			
Current assets			
Cash		115,056	83,095
Receivables	3,9	223,945	385,715
Prepaid expenses and deposits		87,341	94,051
		426,342	562,861
Property and equipment	5	114,535	79,733
Right-of-use assets	4	312,883	237,967
Investment in RAPIvD	6	994,423	994,423
Total assets		1,848,183	1,874,984
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7,9	1,430,176	1,705,953
Lease liabilities	4	75,262	42,520
		1,505,438	1,748,473
Lease liabilities	4	246,046	198,322
Total liabilities		1,751,484	1,946,795
Shareholders' equity			
Share capital	8	11,240,772	8,147,378
Reserves	8	3,691,030	3,328,904
Accumulated deficit		(14,835,103)	(11,548,093)
Total shareholders' equity (deficit)		96,699	(71,811)
Total liabilities and shareholders' equity		1,848,183	1,874,984

Nature and continuance of operations (Note 1)

Approved on behalf of the Board on September 29th, 2023:

"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 July 31, 2023	Three months ended July 31, 2022	Six months ended July 31, 2023	Six months ended July 31, 2022
				$	$
Operating expenses					
Research and development	10	(883,350)	(1,567,560)	(1,780,002)	(2,145,539)
General and administrative	11	(694,771)	(422,653)	(1,507,008)	(625,853)
Loss and comprehensive loss		(1,578,121)	(1,990,213)	(3,287,010)	(2,771,392)
Basic and diluted loss per share		($0.02)	($0.03)	($0.05)	($0.05)
Weighted average number of shares					
Basic and diluted		73,325,878	57,832,914	71,585,465	56,736,433

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
(Unaudited - in Canadian dollars)

	Number of shares	Share capital	Reserves	Accumulated deficit	Shareholders' equity
		$	$	$	$
Balance, January 31, 2022	55,602,992	5,622,177	891,114	(5,569,066)	944,225
Private placement	1,536,200	532,786	388,934		921,720
Prospectus supplement offering	5,626,735	1,925,499	1,450,542		3,376,041
Broker warrants issued	-	-	205,362		205,362
Share-based compensation	-	-	69,125	-	69,125
Share-issuance costs	-	(821,708)	-	-	(821,708)
Loss for the period	-	-	-	(2,771,392)	(2,771,392)
Balance, July 31, 2022	62,765,927	7,258,754	3,005,077	(8,340,458)	1,923,373
Warrants exercised	2,000,001	300,000	-	-	300,000
Shares issued for investment	1,086,956	565,217	-	-	565,217
Share issuance costs	-	(798,301)	205,362	-	(592,939)
Share-based compensation	-	-	412,138	-	412,138
Loss for the year	-	-	-	(5,197,852)	(5,197,852)
Balance, January 31, 2023	65,852,884	8,147,378	3,328,904	(11,548,093)	(71,811)
Private placement	3,472,994	2,604,746	-	-	2,604,746
Warrants exercised	4,000,000	600,000	-	-	600,000
Share issuance costs	-	(111,352)	-	-	(111,352)
Share-based compensation	-	-	362,126	-	362,126
Loss for the period	-	-	-	(3,287,010)	(3,287,010)
Balance, July 31, 2023	73,325,878	11,240,772	3,691,030	(14,835,103)	96,699

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

Gemina Laboratories Ltd.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - in Canadian dollars)

	Six months ended July 31, 2023	Six months ended July 31, 2022
	$	$
Cash flow from operating activities:		
Loss for the period	(3,287,010)	(2,771,392)
Items not involving cash:		
Depreciation of right-of-use assets and property and equipment	39,348	26,169
Share-based compensation	362,126	69,125
Accretion on lease liabilities	13,958	1,327
Interest income on net investment in sublease	-	(329)
Changes in non-cash working capital items:		
Receivables	161,770	36,353
Prepaid and deferred expenses and deposits	6,710	(56,306)
Accounts payable and accrued liabilities	(275,777)	832,236
Net cash used in operating activities	(2,978,875)	(1,858,817)
Cash flows from investing activities:		
Purchase of capital assets	(45,553)	-
Sublease payments received	-	9,000
Net cash provided by (used in) investing activities	(45,553)	9,000
Cash flows from financing activities:		
Proceeds from private placements	2,604,746	921,720
Proceeds from prospectus offering	-	3,376,041
Proceeds from warrant exercise	600,000	-
Share issuance costs	(111,352)	(616,346)
Lease payments	(37,005)	(34,939)
Net cash provided by (used in) financing activities	3,056,389	3,646,476
Change in cash during the period	31,961	1,796,659
Cash, beginning of period	83,095	1,156,388
Cash, end of period	115,056	2,953,047

Supplemental cash flow information		
	$	$
Lease of additional laboratory space	103,513	-
Lease payments paid by EcoMine Technologies Corporation (“EcoMine”)	-	16,547
Lease payments in accounts payable	-	5,516
Deposits transferred to leasehold improvements	-	19,250

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 Unit 302 – 3600 Gilmore Way, Burnaby, British Columbia, and its registered office and records are located at 10th floor, 595 Howe Street, Vancouver, British Columbia. The Company is traded on the Canadian Securities Exchange under the symbol GLAB.

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 July 31, 2023, the Company had net working capital deficit of $1,079,096 (January 31, 2023 – net working capital deficit $1,185,612), had not yet achieved profitable operations and had accumulated a deficit of $14,835,103 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.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

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, 2023, 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, 2023. 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 September 29th, 2023.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned legal subsidiaries, Ecoscreen Solutions Inc 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>

Research versus development expenses – The accounting for research and development expenses differs with research expenses recognized in the statements of loss and comprehensive loss during the period incurred, whereas development expenses are recognized as an intangible asset in the statements of financial position when incurred. The Company's operations, from time to time, may include both research and development activities. Management has used judgement to determine whether activities should be recognized as research expenses or as an intangible asset for development expenses. To date, management has determined that its activities are research activities and that the Company has not incurred any expenses that would qualify as recognition as an intangible asset in the statements of financial position.

(Unaudited - in Canadian dollars)

Significant estimates

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.

Fair value of RAPIvD investment - The Company has elected to classify its investment in RAPIvD as FVOCI. In determining the fair value, the Company utilizes unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. According, management uses significant estimates in the evaluation of RAPIvD's fair value.

3 Receivables

	July 31, 2023	January 31, 2023
	$	$
Other receivables	-	6,747
Due from related parties (Note 9)	30,184	14,347
Scientific Research and Experimental Development Refundable Tax Credits ("SR&ED")	141,677	260,015
GST receivable	52,084	104,606
	223,945	385,715

4 Leases

Right-of-use assets and lease liabilities

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.

The Company has entered into a sublease agreement with Anodyne Chemistries Inc, a related party (see Note 9), with respect to its laboratory in Burnaby, British Columbia. The lease commenced on October 1, 2022, with monthly lease payments of $4,956 until September 30, 2024, $5,116 from October 1, 2024 to September 30, 2026 and $5,277 from October 1, 2026 to September 30, 2027.

The Company has entered into a lease agreement with Omnimar Enterprises Inc, to provide additional space for its laboratory in Burnaby, British Columbia. The lease commenced on July 1, 2023, with monthly lease payments of $3,414 until June 30, 2025 and $3,517 from July 1, 2025 to June 30, 2026.

(Unaudited - in Canadian dollars)

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

	Office premises	Lab Equipment	Laboratory	Total
	$	$	$	$
Balance, January 31, 2022	16,926	8,865	-	25,791
Depreciation	(14,508)	(967)	-	(15,475)
Balance, July 31, 2022	2,418	7,898	-	10,316
Additions	-	-	247,538	247,538
Depreciation	(2,418)	(967)	(16,502)	(19,887)
Balance, January 31, 2023	-	6,931	231,036	237,967
Additions	-	-	103,512	103,512
Depreciation	-	(967)	(27,629)	(28,596)
Balance, July 31, 2023	-	5,964	306,919	312,883

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

	Office premises	Lab equipment	Laboratory	Total
	$	$	$	$
Balance, January 31, 2022	37,600	8,478	-	46,078
Lease payments	(33,094)	(1,845)	-	(34,939)
Accretion	973	354		1,327
Balance, July 31, 2022	5,479	6,987	-	12,466
Additions	-	-	247,538	247,538
Lease payments	(5,516)	(1,845)	(21,164)	(28,525)
Accretion	37	285	9,041	9,363
Balance, January 31, 2023	-	5,427	235,415	240,842
Additions	-	-	103,513	103,513
Lease payments	-	(1,845)	(35,160)	(37,005)
Accretion	-	214	13,744	13,958
Balance, July 31, 2023	-	3,796	317,512	321,308
Less: Current portion	-	(3,490)	(71,772)	(75,262)
Non-current portion	-	306	245,740	246,046

Future minimum lease payments are as follows:

	July 31, 2023
	$
Less than 1 year	108,150
1 to 5 years	288,837
More than 5 years	-
Total	396,987

Short-term leases are leases with a lease term of 12 months or less. As at July 31, 2023, and 2022, the Company did not have any short-term leases. As at July 31, 2023, and 2022, the Company did not have any leases of low-value assets.

(Unaudited - in Canadian dollars)

The lab equipment right-of-use asset and corresponding lease liability, was initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 8% per annum at the commencement of the lease.

The Burnaby laboratory right-of-use asset and corresponding lease liability was initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 11.16% per annum at the commencement of the lease.

The additional Burnaby laboratory right-of-use asset and corresponding lease liability was initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 12.13% per annum at the commencement of the lease.

5 Property and equipment

	Computer equipment	Laboratory equipment	Furniture and fixtures	Leasehold improvements	Total
	$	$	$	$	$
Cost:					
Balance, January 31, 2022 and July 31, 2022	9,803	-	-	19,250	29,053
Additions	1,791	43,276	1,569	32,970	79,606
Dispositions	-	-	-	(19,250)	(19,250)
Balance, January 31, 2023	11,594	43,276	1,569	32,970	89,409
Additions	-	25,600	-	19,953	45,553
Balance, July 31, 2023	11,594	68,876	1,569	52,923	134,962
Accumulated depreciation:					
Balance, January 31, 2022	4,388	-	-	9,625	14,013
Additions	2,444	-	-	8,250	10,694
Balance, July 31, 2022	6,832	-	-	17,875	24,707
Additions	2,452	-	392	1,375	4,219
Dispositions	-	-	-	(19,250)	(19,250)
Balance, January 31, 2023	9,284	-	392	-	9,676
Additions	986	4,044	589	5,132	10,751
Balance, July 31, 2023	10,271	4,044	981	5,132	20,427
Net book value:					
January 31, 2023	2,310	43,276	1,177	32,970	79,733
July 31, 2023	1,323	64,832	588	47,792	114,535

6 Investment in RAPIvD

On December 7, 2022, the Company entered into a share exchange agreement to purchase 19% of the issued and outstanding shares of RAPIvD in exchange for $429,206 (£259,259) in cash and the issuance of 1,086,956 common shares with a fair value of $565,217. The transaction closed on January 17, 2023.

In addition, under the terms of the share exchange agreement, the Company acquired an exclusive option to purchase all of the remaining RAPIvD shares for the following consideration:

a) £800,000 in cash;
b) the closing cash balance of RAPIvD as at the time the option is exercised;
c) the issuance of 4,347,826 common shares of the Company; and
d) earn-out payments equivalent to 25% of RAPIvD profits for each year for three years after completion of the acquisition.

(Unaudited - in Canadian dollars)

This option expires on the earlier of: i) June 7, 2024 and; ii) 10 days after the Company gives notice that the acquisition would not qualify as a significant acquisition within the meaning of National Instrument 51-102.

RAPIvD is a specialized research and development contractor based in the United Kingdom. RAPIvD optimizes and transforms rapid test prototypes into products that can be manufactured commercially. In addition, RAPIvD has developed a proprietary device platform that can be used to quantify results from a rapid test, potentially expanding the utilization of rapid tests as in-vitro diagnostics. At July 31, 2023, the fair value of the investment is $994,423 (January 31, 2023 - $994,423).

7 Accounts payable and accrued liabilities

	July 31, 2023	January 31, 2023
	$	$
Accounts payable	985,327	929,031
Accrued liabilities	58,668	547,653
Due to related parties (Note 9)	386,181	229,269
	1,430,176	1,705,953

8 Share capital and reserves

Share capital

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

As at July 31, 2023, 16,998,208 (January 31, 2023 – 22,664,277) of the Company's issued common shares were held in escrow and will be released from escrow according to the following schedule:

August 10, 2023	5,666,069
February 10, 2024	5,666,069
August 10, 2024	5,666,070
	16,998,208

<u>Transactions during the quarter ended July 31, 2023</u>

There were no transactions during the quarter ended July 31, 2023.

<u>Transactions during the quarter ended April 30, 2023</u>

On March 27, 2023, the Company closed a private placement offering issuing 3,472,994 common shares at $0.75 per common share for gross proceeds of $2,604,746. Expenses related to this offering were $111,352, including a finder's fee of $95,413.

<u>Transactions during the year ended January 31, 2023</u>

On January 17, 2023, the Company issued 1,086,956 common shares to acquire 19% of the issued and outstanding shares of RAPIvD. The aggregate fair value of the common shares issued was $565,217 or $0.52 per common share (Note 6).

The Company closed two equity offerings: a brokered, prospectus supplement offering on June 30, 2022 (“Prospectus Offering”), and a non-brokered private placement on July 11, 2022 (“Private Placement Offering”). The terms of both offerings were identical.

Under the Prospectus Offering, the Company issued 5,626,735 units at $0.60 per unit for gross proceeds $3,376,041 and under the Private Placement Offering the Company issued 1,536,200 units at $0.60 per unit for gross proceeds of $921,720.

Each unit consisted of one common share and one warrant to purchase a common share at $0.80 per common share with a term of five years from the date of closing, subject to acceleration in certain circumstances. The acceleration clause 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.

The aggregate gross proceeds from both offerings, $4,297,761, was allocated to share capital and reserves based on the relative fair value of the common share and the warrant. The fair value allocation to share capital was $2,458,285 and to reserves was $1,839,476.

The warrants were fair valued using the Black-Scholes pricing model with the following input assumptions:

Expected life – 5 years
Risk free interest rate – 3.10-3.16%
Volatility – 107%
Dividend yield – nil

In connection with the Prospectus Offerings the Company incurred share issuance costs totalling $576,092 and issued 393,871 compensation warrants to the brokers. In connection with the Private Placement Offering the Company incurred share issuance costs of $15,974 and issued 51,356 compensation warrants to finders.

The compensation warrants allow the holders to purchase common shares for an exercise price of $0.60 per common share and expire five years from the date of closing. The compensation warrants were valued using a Black-Scholes pricing model with the following input assumptions:

Expected life – 5 years
Risk free interest rate – 3.10-3.16%
Volatility – 107%
Dividend yield – nil

The aggregate fair value of the compensation warrants was $205,362 and was recorded as share issuance costs and presented as a reduction in share capital and increase in reserves.

(Unaudited - in Canadian dollars)

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, January 31, 2022	12,189,549	0.35
Issued	7,608,162	0.78
Balance, July 31, 2022	19,797,711	0.45
Exercised	(2,000,001)	0.15
Balance, January 31, 2023	17,797,710	0.57
Exercised	(4,000,000)	0.15
Balance, July 31, 2023	13,797,710	0.69

As at July 31, 2023, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
3,882,562	$0.45	July 16, 2024*
2,015,850	$0.80	October 22, 2023**
291,136	$0.55	October 22, 2023**
5,626,735	$0.80	June 30, 2027***
393,871	$0.60	June 30, 2027***
1,536,200	$0.80	July 11, 2027***
51,356	$0.60	July 11, 2027***
13,797,710		

* 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.

*** 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 $1.20 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.

The following is a summary of changes in stock options:

	Number of Options	Weighted Average Exercise Price
		$
Balance, January 31, 2022	3,800,000	0.34
Granted	500,000	0.45
Forfeited	(650,000)	0.30
Balance, July 31, 2022	3,650,000	0.36
Granted	2,050,000	0.57
Balance, January 31, 2023	5,700,000	0.45
Granted	285,000	0.60
Forfeited	(250,000)	0.45
Balance, July 31, 2023	5,735,000	0.46

A summary of the stock options outstanding and exercisable at July 31, 2023, is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$			
0.30	1,850,000	1,850,000	February 19, 2031
0.30	250,000	250,000	April 1, 2024
0.45	550,000	183,315	September 10, 2026
0.45	200,000	200,000	September 10, 2026
0.45	200,000	200,000	September 14, 2026
0.45	100,000	75,000	November 17, 2026
0.45	250,000	83,333	March 9, 2027
0.60	2,000,000	-	September 6, 2032
0.54	50,000	25,000	January 25, 2028
0.60	285,000	235,000	July 4, 2028
	5,735,000	3,101,648	

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.

On September 6, 2022, the Company granted 2,000,000 options to the CEO with an exercise price of $0.60 per common share for a period of 10 years. 500,000 options vest on September 6, 2023 upon satisfying certain performance conditions, 500,000 options vest on March 6, 2024, 500,000 options vest on September 6, 2024 upon satisfying certain performance conditions, and the remaining 500,000 options vest on March 6, 2025.

On January 25, 2023, the Company granted 50,000 options to a director with an exercise price of $0.50 per common share for a period of 5 years. 12,500 options vested on April 25, 2023, 12,500 options vest on July 25, 2023, 12,500 options vest on October 25, 2023, and the remaining 12,500 options vest on January 24, 2024.

On July 4, 2023, the Company granted 235,000 options to a director with an exercise price of $0.60 per common share for a period of 5 years. The options vested on date of grant.

On July 4, 2023, the Company granted 50,000 options to directors with an exercise price of $0.60 per common share for a period of 5 years. 12,500 options vest on October 4, 2023, 12,500 options vest on January 4, 2024, 12,500 options vest on April 4, 2024, and the remaining 12,500 options vest on July 3, 2024.

The Company recognized share-based compensation expense of $381,338 (2022 – net recovery $19,186) for the six-month period ended July 31, 2023.

9 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 six-month periods ended July 31, 2023, and 2022, the Company entered the following transactions with related parties:

- Paid or accrued salaries and benefits of $125,000 (2022 - $nil) to the Chief Executive Officer (“CEO”) of the Company and recognized share-based compensation of $253,618 (2022 - $nil) in relation to stock options granted to the CEO.
- Paid or accrued salaries and benefits of $114,098 (2022 - $nil) and contract research fees of $442,263 (2022 - $nil) to a company controlled by the President of the Company.
- Paid or accrued professional fees of $41,533 (2022 - $24,820) to a company controlled by the Chief Financial Officer (“CFO”) of the Company and recognized share-based compensation of $nil (2022 - $5,819) in relation to stock options granted to the CFO.
- Paid or accrued salaries and benefits of $78,037 (2022 - $80,631) to the Chief Technology Officer (“CTO”) and director of the Company and recognized share-based compensation of $7,786 (2022 - $15,328) in relation to stock options granted to the CTO and director.
- Paid or accrued contractor fees of $60,375 (2022 - $49,875) for advisory services to a company controlled by a director of the Company.
- Recognized share-based compensation of $128,233 (2022 - $27,024) in relation to stock options granted to directors of the Company.

As at July 31, 2023, $4,948 (January 31, 2023 - $5,628) was included in accounts payable and accrued liabilities owing to the CTO and director of the Company in relation to reimbursement of expenses.

As at July 31, 2023, $178,745 (January 31, 2023 - $239,279) was included in accounts payable and accrued liabilities owing to a company owned by the President and director of the Company in relation to salaries and benefits and contract research expenses.

(Unaudited - in Canadian dollars)

As at July 31, 2023, $nil (January 31, 2023 - $20,970) was included in accounts payable and accrued liabilities owing to the CEO of the Company in relation to wages and $31,031 (January 31, 2023 $15,762) was owed to the CEO of the Company in relation to reimbursement of expenses.

As at July 31, 2023, $22,680 (January 31, 2023 - $17,435) was included in accounts payable and accrued liabilities owing to the company controlled by the CFO of the Company in relation to professional fees.

As at July 31, 2023, $47,317 (January 31, 2023 - $109,003) was included in accounts payable and accrued liabilities owing to the company controlled by a director of the Company in relation to advisory fees.

As at July 31, 2023, $70,909 (January 31, 2023 - $30,054) was included in accounts payable and accrued liabilities owing to directors of the Company in relation to director compensation.

As at July 31, 2023, $31,029 (January 31, 2023 – receivable $4,279) was included in accounts payable and accrued liabilities due to EcoMine, a majority shareholder of the Company.

As at July 31, 2023, $16,129 (January 31, 2023 - $14,299) was included in receivables due from 3R Circuits Solutions Corp., a company controlled by directors of the Company.

As at July 31, 2023, $14,005 (January 31, 2023 - $30,604) was included in receivables due from Anodyne Chemistries Inc., a company controlled by directors of the Company.

10 Research and development

	Three months ended July 31, 2023	Three months ended July 31, 2022	Six months ended July 31, 2023	Six months ended July 31, 2022
			$	$
Contractor fees	242,117	1,243,687	292,094	1,542,734
Contract research (Note 9)	241,411	-	709,632	-
Depreciation of equipment (Note 5)	4,908	-	10,751	-
Materials and supplies	143,488	153,918	213,349	194,665
Salaries and benefits (Note 9)	222,498	134,754	499,627	329,564
Share-based compensation (Note 8, 9)	13,192	34,718	25,953	77,609
Depreciation of right-of-use assets (Note 4)	15,736	483	28,596	967
	883,350	1,567,560	1,780,002	2,145,539

(Unaudited - in Canadian dollars)

11 General and administrative

	Three months ended July 31, 2023	Three months ended July 31, 2022	Six months ended July 31, 2023	Six months ended July 31, 2022
			$	$
Contractors	208,203	166,620	471,385	344,321
Depreciation of equipment (Note 5)	-	5,351	-	10,701
Insurance	16,102	14,217	32,352	14,217
Interest expense, net	-	(128)	-	273
Office and miscellaneous	152,546	55,843	299,685	88,640
Professional fees (Note 9)	39,191	104,781	148,229	139,755
Salaries and benefits (Note 9)	108,576	15,121	219,184	21,923
Share-based compensation (Note 8, 9)	170,153	53,594	336,173	(8,485)
Depreciation of right-of-use assets (Note 4)	-	7,254	-	14,508
	694,771	422,653	1,507,008	625,853

12 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.

13 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 and accounts payable and accrued liabilities approximate their fair values due to their short-term maturity. The carrying value of lease liabilities approximate its fair value 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	1,430,176	-
Lease liabilities	75,262	246,046
Total	1,505,438	246,046

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.

14 Capital management

The Company considers its shareholders' equity as capital. As at July 31, 2023, the Company's capital totaled $96,699. 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.