

Interim condensed consolidated financial statements of

GeneTether Therapeutics Inc.

For the three and six months ended June 30, 2023 and 2022
(expressed in United States dollars)

NOTICE TO READER

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

The consolidated condensed interim financial statements of GeneTether Therapeutics Inc. (the "Company") for the quarter ended June 30, 2023, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these consolidated condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of consolidated condensed interim financial statements by an entity's auditor.

GeneTether Therapeutics Inc.
Interim Condensed Consolidated Statements of Financial Position
(Expressed in United States dollars)
(Unaudited)

As at	Notes	June 30, 2023	December 31, 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,433,715	1,795,630
Prepaid expenses and other receivables		140,902	148,493
Total current assets		1,574,617	1,944,123
Total assets		1,574,617	1,944,123
Liabilities			
Current liabilities			
Trade and other payables		38,652	87,419
Total current liabilities		38,652	87,419
Total liabilities		38,652	87,419
Shareholders' equity			
Share capital	3, 5	4,191,744	4,175,438
Contributed surplus	3, 4, 5	1,448,452	1,476,381
Accumulated deficit		(3,938,755)	(3,594,197)
Accumulated other comprehensive loss		(165,475)	(200,918)
Total shareholders' equity		1,535,965	1,856,704
Total liabilities and shareholders' equity		1,574,617	1,944,123
Commitments and contingencies	7		

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

GeneTether Therapeutics Inc.
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States dollars, except share amounts)
(Unaudited)

	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Expenses					
Research and development	10	14,935	128,806	29,324	243,255
General and administrative	10	138,164	327,869	335,517	690,804
Total operating expenses		153,099	456,675	364,841	934,059
Loss from operations		(153,099)	(456,675)	(364,841)	(934,059)
Interest income		13,372		21,132	—
Foreign exchange gain (loss)		(494)	49	(850)	(2,229)
Net loss for the period		(140,221)	(456,626)	(344,559)	(936,288)
Net loss per share, basic and diluted	6	(0.00)	(0.01)	(0.01)	(0.02)
Weighted average number of shares outstanding – basic and diluted	6	48,673,367	48,364,470	48,508,315	48,331,658
Cumulative translation adjustment		53,777	(88,859)	35,443	(88,531)
Comprehensive loss for the period		(86,444)	(545,485)	(309,116)	(1,024,819)

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

GeneTether Therapeutics Inc.
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in United States dollars)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Operating activities				
Net loss for the period	(140,221)	(456,626)	(344,559)	(936,288)
Add items not affecting cash				
Share-based compensation	31,057	140,647	(11,623)	441,304
Foreign exchange loss	494	(49)	850	2,229
Changes in non-cash working capital balances				
Deferred share issuance cost	—	—	—	190,614
Prepaid expenses	(129,890)	(161,363)	7,591	(329,251)
Trade and other payables	(59,447)	(156,129)	(48,767)	(83,436)
Cash used in operating activities	(298,007)	(633,520)	(396,508)	(714,828)
Financing activities				
Proceeds from issuance of common shares, net of issuance costs	—	(10,339)	—	2,997,350
Cash provided by financing activities	—	(10,339)	—	2,997,350
Effect of foreign exchange on cash	53,283	(88,810)	34,594	(90,760)
Net increase	(244,725)	(732,669)	(361,915)	2,191,763
Cash, beginning of period	1,678,440	3,104,266	1,795,630	179,834
Cash, end of period	1,433,715	2,371,597	1,433,715	2,371,597
Other non-cash transactions:				
Agent units and compensation warrants issued (notes 3 and 5)	—	—	—	252,059

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

GeneTether Therapeutics Inc.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States dollars, except share amounts)
(Unaudited)

		Common shares		Contributed surplus	Deficit	Accumulated other comprehensive loss	Total
	Notes	#	\$	\$	\$		\$
Balance, December 31, 2021		38,505,450	1,248,027	788,143	(1,878,945)	—	157,225
Issuance of common shares for the Offering	3	7,500,000	3,597,410	—	—	—	3,597,410
Share issuance costs (cash)	3	—	(600,059)	—	—	—	(600,059)
Share issuance costs (Agent's Units and Compensation Warrants)	3, 5	—	(252,059)	252,059	—	—	—
Issuance of common shares for the vesting of restricted common stock	3	1,975,848	151,132	—	—	—	151,132
Share-based compensation, vesting of stock options	4	—	—	290,172	—	—	290,172
Currency translation adjustment		—	—	—	—	(88,531)	(88,531)
Net loss		—	—	—	(936,288)	—	(936,288)
Balance, June 30, 2022		47,981,298	4,144,451	1,330,374	(2,815,233)	(88,531)	2,571,061
Balance, December 31, 2022		48,376,563	4,175,438	1,476,381	(3,594,197)	(200,918)	1,856,704
Issuance of common shares for the vesting of restricted common stock	3	395,256	16,306	—	—	—	16,306
Share-based compensation, vesting of stock options	4	—	—	(27,929)	—	—	(27,929)
Currency translation adjustment		—	—	—	—	35,443	35,443
Net loss		—	—	—	(344,559)	—	(344,559)
Balance, June 30, 2023		48,771,819	4,191,744	1,448,452	(3,938,755)	(165,475)	1,535,965

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

GeneTether Therapeutics Inc.

Notes to the interim condensed consolidated financial statements

For the Periods Ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise indicated)

1. Nature of business

GeneTether Therapeutics Inc. (“GeneTether”, or together with its wholly-owned subsidiary GeneTether Inc., the “Company”) is a biopharmaceutical company focused on the development of high efficiency precision gene editing. The Company has a wholly-owned subsidiary, GeneTether Inc. (“GT Inc.”), which was incorporated in Delaware on February 12, 2018, with the initial capitalization occurring on March 30, 2018.

The Company’s registered and records office is located in Kelowna, British Columbia, Canada.

On March 29, 2022, the Company announced that it closed its initial public offering (“IPO”) of the Company’s shares and concurrent private placement (together, the “Offering”) for an issuance of 7,500,000 units at a price of C\$0.60 per unit for gross proceeds of C\$4,500,000. The Company’s common shares commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol “GTTX” on March 30, 2022 (see Note 3).

Going concern

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will 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. As at June 30, 2023, the Company is pre-revenue, has not initiated commercial sale of product and has an accumulated deficit of approximately \$3,939,000 (December 31, 2022 - \$3,594,000). The Company’s working capital position as at June 30, 2022 was approximately \$1,536,000 (December 31, 2022- \$1,857,000).

Management has forecasted the Company will have sufficient working capital to operate for the ensuing 12 months. While the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing, or that such financing will be on terms acceptable to the Company, to meet future operational needs which may result in the delay, reduction, or discontinuation of ongoing developments. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of presentation and significant accounting policies

Statement of compliance

These interim condensed consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada for publicly accountable enterprises, as set out in the *CPA Canada Handbook – Accounting*, which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting and Interpretations Committee (“IFRIC”). The policies set out below have been consistently applied to all periods presented, unless otherwise noted.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year-ended December 31, 2022.

These interim condensed consolidated financial statements were approved and authorized for issuance by the Company’s Board of Directors of the Company and authorized for issuance on August 25, 2023.

GeneTether Therapeutics Inc.

Notes to the interim condensed consolidated financial statements

For the Periods Ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise indicated)

Principles of Consolidation

These unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, GT Inc. The financial statements for the subsidiary are prepared for the same reporting period as the Company using consistent accounting policies. Intercompany transactions, balances, and gains and losses on transactions between subsidiaries are eliminated upon consolidation.

Functional currency and presentation currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of GeneTether is the Canadian dollar, and the functional currency of GT Inc. is the United States ("US") dollar.

These interim condensed consolidated financial statements are presented in U.S. dollars, and all references to "\$" are to U.S. dollars. References to "C\$" are to Canadian dollars.

Significant accounting policies, estimates and judgments

The preparation of these unaudited interim condensed consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the unaudited interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The unaudited interim condensed consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited interim condensed consolidated financial statements, and may require accounting adjustments based on future occurrences. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the unaudited interim condensed consolidated financial statements:

(i) Valuation of share-based payments

Management measures the costs for share-based payments using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected term, expected risk-free interest rate and the rate of forfeiture. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

3. Share capital

(a) Authorized

Unlimited common shares.

(b) Share Issuances

(i) Initial Public Offering and Concurrent Private Placement

On March 29, 2022, the Company announced it closed its Offering, following which the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "GTTX" on March 30, 2022.

GeneTether Therapeutics Inc.

Notes to the interim condensed consolidated financial statements

For the Periods Ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise indicated)

Under the Offering, the Company issued an aggregate of 7,500,000 units (“Offering Unit”) at a price of C\$0.60 per unit for aggregate gross proceeds of C\$4,500,000. Each Offering Unit consists of one common share, and one common share purchase warrant (“Offering Warrant”). Each Offering Warrant is exercisable into one common share at an exercise price of C\$0.72 until March 29, 2025.

In connection with the IPO, on March 21, 2022, the Company entered into an agency agreement (the “Agency Agreement”) with Research Capital Corporation (“RCC” or “the Agent”), under which the Agent is eligible to receive 8% of the gross proceeds of the IPO in the form of a cash fee and compensation units (“Agent Units”). Each Broker Unit consists of one common share, and one common share purchase warrant (“Compensation Warrant”), which entitles the Agent to purchase one additional common share at a price of C\$0.72 until March 29, 2025. In addition, the Agent is entitled to receive a management fee of C\$45,000, representing 1% on the gross proceeds of the IPO and concurrent private placement, as well as 4% of the gross proceeds of the concurrent private placement in the form of Agent Units, and a corporate finance fee of C\$166,000 in cash. Further, in accordance with the terms of the Agency Agreement, directors, officers, and insiders of the company have agreed to a 180-day lock-up period on the common shares of other securities of the Company (the “Subject Securities”) that they each hold. In addition, the directors, officers, and insiders have entered into an escrow agreement pursuant to which their Subject Securities will be held in escrow and released over a period of 36 months.

Including the cash fees paid to the Agent as described above, the total cash share issuance cost in connection with the Offering is approximately \$600,000 (C\$751,000), resulting in a total share issuance cost of approximately \$852,000 (C\$1,066,000), and net proceeds of approximately \$2,745,000 (C\$3,434,000). The gross and estimated net proceeds from the Offering are summarized below:

Offering Closing Date – March 29, 2022	March 29, 2022
Issue price per unit	C\$0.60
Common shares issued	7,500,000
Warrants issued (C\$0.72 exercise price)	7,500,000
Cash Gross proceeds	C\$4,500,000
<i>Share issuance costs:</i>	
<i>Cash fee to Agent</i>	<i>C\$(237,832)</i>
<i>Other cash share issuance costs</i>	<i>C\$(512,782)</i>
<i>Non-cash compensation to Agent</i>	<i>C\$(315,300)</i>
Estimated Net Proceeds from the Offering	C\$3,434,085

(ii) Agent Units and Compensation Warrants issued

In connection with the Agency Agreement, the Agent received the following non-cash compensation for the issuance of Agent Units and Compensation Warrants as part of the Offering:

	# of potential shares to be issued upon exercise	C\$
Agent Units		
Common shares	322,360	\$193,416
Units (C\$0.60 exercise price)		\$66,567
Agent’s Compensation Warrants (C\$0.72 exercise price)	322,360	\$55,317
Total Non-Cash Compensation to Agent	644,720	\$315,300

GeneTether Therapeutics Inc.

Notes to the interim condensed consolidated financial statements

For the Periods Ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise indicated)

The share issuance cost arising from the grant of Agent Units and the underlying Agent Compensation Warrants recognized during the year ended December 31, 2022 was C\$121,884 using the Black-Scholes option pricing model, resulting in total non-cash issue cost to the Agent of C\$315,300. For purposes of fair value calculations, the following summarizes the weighted average assumptions used for the Black-Scholes valuation model:

	Agent Units	Compensation Warrants
Share price	C\$0.60	C\$0.60
Exercise price	C\$0.60	C\$0.72
Expected life	1.5 years	1.5 years
Volatility	72.77%	72.77%
Risk-free interest rate	0.022%	0.022%
Total fair value per award	C\$0.2065	C\$0.1716
# of Awards issued	322,360	322,360
Total fair value (non-cash share issuance cost to Agent)	C\$66,567	C\$55,317

(ii) Restricted common shares

In December 2020, the Company issued 4,742,217 common shares to each of two members of the Board of Directors, subject to repurchase provisions ("Repurchase Option") whereby the Company has the right to repurchase the common shares at \$0.0001 in the event the relationship with the restricted common shareholders terminates for any reason, no reason with or without cause. The restricted common shares vest (ie. are released from the Repurchase Option) in equal monthly amounts over three years with the last increment vesting on December 15, 2023. Vesting will accelerate to 100% upon the event of a change of control.

Following the completion of the Company's IPO on March 29, 2022, in accordance with the terms of the Restricted Stock Purchase Agreement of one member of the Board of Directors, 1,382,976 restricted common shares, representing the total unvested restricted common shares for the one member of the Board of Directors as at that date, became fully vested, resulting in a non-cash share-based compensation expense of \$98,744 for the accelerated vesting.

During the three and six months ended June 30, 2023, the Company recognized a total of \$6,629 and \$9,676 respectively (2022 -\$22,035 and \$151,132), of share-based compensation expenses related to restricted common shares. As at June 30, 2023, 4,742,217 restricted common shares were outstanding (December 31, 2022 - 4,742,217), of which 4,347,374 restricted common shares have vested (December 31, 2022 - 3,952,121) and 394,843 (December 31, 2022 - 790,096) remain subject to the Repurchase Option.

(c) Escrowed securities

In connection with the Offering completed on March 29, 2022, the directors, officers, and insiders have entered into an escrow agreement pursuant to which their securities will be held in escrow and released over a period of 36 months. As at June 30, 2023, 24,228,525 common shares, 3,530,294 warrants, and 3,762,183 stock options remain subject to escrow.

GeneTether Therapeutics Inc.

Notes to the interim condensed consolidated financial statements

For the Periods Ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise indicated)

(d) Shares outstanding

Reconciliation of the Company's share capital is as follows:

	Common Shares	
	#	\$
Balance, December 31, 2022	48,376,563	4,175,438
Vesting of restricted common shares	395,253	16,306
Balance, June 30, 2023	48,771,819	4,191,744

4. Stock Options

On January 26, 2022, the Company's Board of Directors approved the GeneTether Equity Plan (the "Plan"), under which any future stock options and incentive awards will be granted subsequent to the completion of the Offering. The aggregate number of Common Shares issuable upon the exercise of all Options granted under the Plan and GT Inc.'s legacy option plan ("Legacy Plan") has been fixed at 20% of the Company's issued and outstanding Common Shares, on a non-diluted basis, following the completion of the Offering, being 9,833,330 Common Shares.

During the six months ended June 30, 2023, 1,534,400 stock options were forfeited due to the amendments of certain consulting contracts, as well as 650,000 stock options granted to a new consultant. During the three and six months ended June 30, 2023, the Company recognized \$31,059 of share-based compensation expense and \$27,928 of share-based compensation expense reversal, respectively (2022 -\$118,612 expense and \$290,172 expense) related to stock options vesting, net of forfeitures.

Measurement of fair values

The fair value of stock options granted during the period ended June 30, 2023, was estimated using a Black-Scholes option pricing model with the following inputs:

	June 30, 2023
Grant date share price (C\$)	\$0.015
Exercise price (C\$)	C\$0.05
Expected dividend yield	-
Risk free interest rate	2.89%
Expected life	6 years
Expected volatility	300%

The expected volatility was estimated using the volatility of publicly traded companies that the Company considered to be comparable as the Company does not have a sufficient trading history to rely solely on the volatility of its own common stock. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on government bonds with a term equal to the expected life of the options.

GeneTether Therapeutics Inc.

Notes to the interim condensed consolidated financial statements

For the Periods Ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise indicated)

The following table is a summary of the Company's stock options at June 30, 2023:

Options Outstanding			Options Exercisable		
Exercise Price	Outstanding	Weighted average remaining contractual life (years)	Weighted Average Exercise price	Exercisable	Weighted Average Exercise price
\$	#	#	\$	#	\$
US\$0.146	8,263,736	8.3	US\$0.146	8,263,736	US\$0.146
C\$0.05	650,000	9.8	C\$0.05	27,500	C\$0.05
	8,913,736	8.4	C\$0.18	8,291,236	C\$0.18

As at June 30, 2023, of the 8,913,736 stock options outstanding, 3,762,183 stock options remain in escrow (see note 3c).

5. Warrants

On March 29, 2022, the Company closed its Offering and issued an aggregate of:

- 7,500,000 Offering Warrants, exercisable into one common share at an exercise price of C\$0.72 until March 29, 2025
- 322,360 Agent Units, exercisable into one common share and one Compensation Warrant at an exercise price of C\$0.60 until March 29, 2025
- 322,360 Compensation Warrants, exercisable into one common share at an exercise price of C\$0.72 until March 29, 2025

No warrants were issued during the three and six months ended June 30, 2023. The following table summarizes warrants outstanding and exercisable as at June 30, 2023:

Outstanding #	Exercise Price C\$	Expiry Date
7,822,360	0.72	March 29, 2025
322,360	0.60	March 29, 2025
8,144,720		

6. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

Diluted loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period.

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the stock options, restricted shares, and warrants. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the period ended June 30, 2023 and 2022 presented are as follows:

	2023	2022
Stock options	8,913,736	9,798,135
Restricted common shares	1,185,350	1,185,350
Warrants	8,144,720	8,144,720
Outstanding	18,243,806	19,325,831

GeneTether Therapeutics Inc.

Notes to the interim condensed consolidated financial statements

For the Periods Ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise indicated)

7. Commitments and contingencies

Commitments

As at June 30, 2023, the Company had no long-term commitments.

Contingencies

In the ordinary course of business, from time to time, the Company may be involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to such claims to be material to these interim condensed consolidated financial statements.

8. Related party transactions

Key management personnel compensation during the three and six months ended June 30, 2023, and 2022 consisted of the following:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Salaries and benefits	-	-	-	-
Share-based compensation	30,263	103,461	69,576	354,509
Consulting fees and Board fees	46,131	111,531	102,471	199,068
Total	76,394	214,992	172,047	553,576

On March 29, 2022, two independent members of the Board and the CEO participated in the Offering, and acquired 5,883,824 Units at C\$0.60 per unit for a total of C\$3,530,294, in aggregate. Each Unit consists of one common share, and one common share purchase warrant which is exercisable into one common share at an exercise price of C\$0.72 until March 29, 2025 (see note 3).

Following the completion of the Company's IPO on March 29, 2022, in accordance with the terms of the Restricted Stock Purchase Agreement of one member of the Board of Directors, 1,382,976 restricted common shares, representing the total unvested restricted common shares for the one member of the Board of Directors as at that date, became fully vested, resulting in a non-cash share-based compensation expense of \$98,744 for the accelerated vesting (see note 3).

9. Financial instruments and risk management

The Company's financial instruments are exposed to certain risks as summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

GeneTether Therapeutics Inc.

Notes to the interim condensed consolidated financial statements

For the Periods Ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise indicated)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

As at June 30, 2023, the Company does not have any material contractual maturities and the Company's liabilities consist of current accounts payable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no outstanding debt and is not exposed to interest rate risk.

Currency risk

Currency risk is the risk to that future cash flows of a financial instrument will fluctuate because of foreign exchange rates. The Company is exposed to currency risk from the consulting fees as well as the purchase of goods and services primarily in the United States and cash and cash equivalent balances held in foreign currencies. Fluctuations in the US dollar exchange rate could have a significant impact on the Company's results. Assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an immaterial increase or decrease in loss and comprehensive loss for the period ended June 30, 2023. Prior to January 1, 2022, the Company had minimal exposure to currency risk, as the Company operated primarily in the United States through its U.S. operating subsidiary, GT Inc., and held all cash in the US dollar, which was also the functional currency of GT Inc.

Balances in US dollars are as follows:

	June 30, 2023
	\$
Cash	47,147
Accounts payable and accrued liabilities	(6,017)
Total	41,131

Fair values

The carrying values of cash, notes payable and trade and other payables approximate the fair values due to the short-term nature of these items. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the interim condensed consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

GeneTether Therapeutics Inc.

Notes to the interim condensed consolidated financial statements

For the Periods Ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise indicated)

- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

10. Components of expenses

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Research and development (“R&D”) expenses				
Consulting fees	9,000	60,081	58,311	108,492
Patent and IP	2,992	8,157	6,180	17,166
Research contracts and laboratory expenses	1,440	18,691	42,518	20,989
Share-based compensation	1,503	41,007	(78,612)	95,737
Other R&D	0	870	926	870
	14,935	128,806	29,324	243,255
	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
General and administrative (“G&A”) expenses				
Consulting fees	40,914	94,027	85,255	163,563
Investor relations and filing fees	5,734	32,981	32,737	72,727
Legal and professional fees	13,811	21,760	31,591	26,047
Share-based compensation	29,555	99,640	66,989	345,567
Insurance and other G&A	48,149	79,461	118,946	82,900
	138,164	327,869	335,517	690,804