verisānte™

FINANCIAL STATEMENTS

December 31, 2021

Fernandez Young LLP
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Verisante Technology Inc.:

Opinion

We have audited the accompanying financial statements of Verisante Technology Inc. ("the Company"), which comprise the statement of financial position as at December 31, 2021 and December 31, 2020, the statements of comprehensive loss, changes in equity (deficit) and cash flows for the year ended December 31, 2021 and December 31, 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and December 31, 2020, and their financial performance and their cash flows for each of the years ended December 31, 2021, and December 31, 2020 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion and the engagement partner on the audit resulting in this independent auditor's report is Jim Fernandez, CPA, CGA.

Fernandez Young LLP

Fernandez Young LLP
Chartered Professional Accountants
Vancouver, British Columbia
February 4, 2022

Verisante Technology Inc.
Statements of Financial Position
(expressed in Canadian dollars unless otherwise stated)

	December 31, 2021 $	December 31, 2020 $
ASSETS		
Current		
Cash	**137,477**	-
Sales taxes receivable (Note 11)	**8,468**	12,145
Total Assets	**145,945**	12,145
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10)	**125,402**	116,774
Loans payable	**-**	-
Due to related parties (Note 4)	**14,417**	55,548
	139,819	172,322
Due to related parties (Note 4)	**1,565,792**	1,207,237
Total Liabilities	**1,705,611**	1,379,559
SHAREHOLDERS' DEFICIT		
Share capital (Note 5)	**17,832,511**	17,832,511
Contributed surplus	**4,986,342**	4,986,342
Warrants	**-**	-
Subscriptions received (Note 5)	**767,719**	767,719
Deficit	**(25,146,238)**	(24,953,986)
Total Shareholders' Deficit	**(1,559,666)**	(1,367,414)
Total Liabilities and Shareholders' Deficit	**145,945**	12,145

Commitments and contingent liabilities (Note 8)
Subsequent events (Note 13)

On behalf of the Board:

"Thomas Braun" *"Jake Thiessen"*

The accompanying notes are an integral part of these financial statements

Verisante Technology Inc.
Statements of Comprehensive Loss
(expressed in Canadian dollars unless otherwise stated)

	Year Ended December 31, 2021 $	Year Ended December 31, 2020 $
Expenses		
General and administrative	**184,476**	151,402
Regulatory and trustee fees	**7,776**	7,958
Total Expenses	**192,252**	159,360
Loss from Operations	**(192,252)**	(159,360)
Other Income (Expenses)		
Gain on settlement of debt	**-**	113,661
Foreign exchange gain	**-**	1,736
Total Other Income (Expenses)	**-**	115,397
Net Gain (Loss) and Comprehensive Gain (Loss) for the Year	**(192,252)**	(43,963)
Basic and Diluted Income (Loss) Per Common Share	**(0.00)**	(0.00)
Weighted Average Number of Common Shares Outstanding	**98,615,888**	98,615,888

The accompanying notes are an integral part of these financial statements

Verisante Technology Inc.
Statement of Changes in Deficit
(expressed in Canadian dollars unless otherwise stated)

	Share Capital						
	Common Shares	Amount	Contributed Surplus	Warrants	Shares Subscribed (Note 5)	Deficit	Total Shareholders' Deficit
		$	$	$	$	$	$
Balance, January 01, 2019	98,615,888	17,832,511	4,873,333	113,009	767,719	(24,910,023)	(1,323,451)
Expiry of warrants	–	–	113,009	(113,009)	–	–	–
Net income for the year	–	–	–	–	–	(43,963)	(43,963)
Balance, December 31, 2020	98,615,888	17,832,511	4,986,342	–	767,719	(24,953,986)	(1,367,414)
Balance, January 01, 2021	98,615,888	17,832,511	4,986,342	–	767,719	(24,953,986)	(1,367,414)
Net loss for the year	–	–	–	–	–	(192,252)	(192,252)
Balance, December 31, 2021	**98,615,888**	**17,832,511**	**4,986,342**	–	**767,719**	**(25,146,238)**	**(1,559,666)**

The accompanying notes are an integral part of these financial statements

Verisante Technology Inc.
Statements of Cash Flows
(expressed in Canadian dollars unless otherwise stated)

	Year Ended December 31, 2021 $	Year Ended December 31, 2020 $
Cash Flows Used in Operating Activities		
Cash paid to suppliers and employees	**(38,582)**	(44,916)
Goods and services tax paid	**(1,947)**	(631)
Net Cash Used in Operating Activities	**(40,529)**	(45,547)
Cash Flows Provided by Financing Activities		
Proceeds received from related party payable	**178,006**	45,547
Net Cash Provided by Financing Activities	**178,006**	45,547
(Decrease) Increase in Cash	**137,477**	-
Cash – Beginning of Year	**-**	-
Cash – End of Year	**137,477**	(0)
Supplemental Non-cash Disclosures:		
Accounts payable and loans payable settlement with gain on settlement of debt	**-**	113,661

The accompanying notes are an integral part of these financial statements

1 Corporate information

Verisante Technology, Inc. (the "Company"), a British Columbia corporation, was incorporated on March 7, 2006. From 2006 to 2018, the Company designed and manufactured innovative cancer diagnostic devices. In 2018, the Company abandoned this business and attempted a Reverse Takeover. The attempted business combination failed, and the Company became inactive. The Company's shares were halted from trading on TSX-V due to a failure to file audited financial statements which lead to a cease trade order ("CTO") from the British Columbia Securities Commission on May 4, 2018.

The Management is focused on the Company's continuous disclosure obligations and plans to apply for CTO revocation. Once CTO is revoked, the business strategy is to identify and complete a business combination with a company in one of our target sectors that we believe demonstrates significant growth potential and/or value creation opportunities for our shareholders. While we may pursue a target in any industry, we intend to focus our search on companies that meet our acquisition target characteristics within the life sciences sectors, specifically: medical devices; pharmaceuticals, health data IT infrastructure, health data analytics; and big data.

The Company's registered office is currently Suite 170, 422 Richards Street, Vancouver, British Columbia, Canada, V6B 2Z4.

The financial statements were authorized for issue by the Board of Directors on February 3, 2022.

2 Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis.

Basis of measurement

The financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements include the determination of impairment on financial and non-financial assets, the valuation of future income tax assets, the fair value of share-based payments, and determining whether contingent assets or liabilities exist.

Going concern of operations

The Company reported a loss from operations of $192,252 (2020 - $159,360), has an accumulated deficit of $25,146,238 (2020 - $24,953,986) and has a working capital excess of $6,126 (2020 – Deficiency of $104,633), due to these conditions and the uncertainty around completing the proposed Reverse Take Over (RTO) before the deadline as described below, there is a material uncertainty on the Company's ability to continue as a going concern. The key risk to the Company's sustainability is to secure a target business for an RTO prior to January 2023 or obtain additional debt financing. As of December 31, 2021, the Company has sufficient cash resources to meet its obligations for the next 13 months.

On September 15, 2021, the Company obtained a working capital loan from a director. The principal amount of the demand loan is $150,000 and the interest is 10% annually. With this loan the Company will be able to meet its obligations for the next 16 months ending January 31, 2023 and maintain a $6,000 working capital fund.

The Company's future plans are dependent upon it securing a target business in the Life sciences industry to complete an RTO prior to January 2023 when the Company's cash resources are expected to be depleted. If the Company is not successful with securing a target business by January 2023, it will not have sufficient cash resources to continue in operation unless it receives an additional loan from a director or cash flows through common share equity raises.

The directors of the Company believe the current plans and strategies will result in the Company achieving sufficient cash flows to continue operating into the future and on that basis, the directors have maintained the going concern assumption in the preparation of these financial statements.

These financial statements do not reflect any adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve profitable operations or obtain adequate financing.

3 *Summary of significant accounting policies*

Foreign currency

Transactions in foreign currencies are translated to Canadian dollars, which is the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized as profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

Office facilities and equipment

Office facilities and equipment are initially recorded at historical cost less accumulated depreciation and impairment losses. Office facilities and equipment are depreciated on a straight-line basis over their expected useful life. The estimated useful lives for the current and comparative periods are as follows:

Computer hardware, R&D equipment and office furniture:	3 years
Software:	2 years
Leasehold improvements:	Term of lease

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditures relating to an item of office facilities and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred. Gains and losses on disposal of office facilities and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other income in the statement of comprehensive income.

Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model. The following is the Company’s new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities

3 Summary of significant accounting policies (continued)

Financial instruments (Continued)

(i) Classification (Continued)

are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in Other Comprehensive Income (“OCI”) are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) De-recognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

3 Summary of significant accounting policies (continued)

Financial instruments (Continued)

(iv) De-recognition (Continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on de-recognition are recognized in profit or loss.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

• fixed payments, including in-substance fixed payments, less any lease incentives receivable;

• variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

• amounts expected to be payable under a residual value guarantee; • exercise prices of purchase options if the Company is reasonably certain to exercise that option; and

• payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to the consolidated statement of loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the consolidated statement of loss on a straight-line basis over the lease term.

Share capital

The Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair values of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from warrants to share capital. If the warrants expire unexercised, the applicable amounts are transferred from warrants to contributed surplus.

3 Summary of significant accounting policies (continued)

Income taxes

Income tax comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustments to income tax payable in respect of previous years. Current income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the year-end date. Deferred tax assets and liabilities are recognized where the carrying amounts of an asset or liability differs from its tax base, except for the taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for shares held by the Company. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for shares held by the Company, for the effects of all dilutive potential common shares, which comprise warrants and share options granted to employees and consultants.

Standards, amendments, and interpretations not yet effective

A number of new standards, and amendments to standards and interpretations, were not yet effective for the year ended December 31, 2021 and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations were either not applicable or are not expected to have material impact on the company’s financial statements.

4 Related party transactions

At December 31, 2021, the Company is indebted to the Chief Executive Officer (“CEO”) of the Company for $1,188,395 (2020 - $1,035,383) for accrued salary and expenses paid on behalf of the Company. The balance is unsecured and non-interest bearing. The CEO has agreed to waive repayment of the balance owing until January 31, 2023, unless there is a change of control or the debt is converted to equity.

On September 15, 2021, the Company entered a loan agreement with the CEO and a director of the Company for a total of $150,000, which is unsecured, bears interest at 10% annum, and due on October 31, 2022. At December 31, 2021, the Company owed accrued interest of $4,417 (2020 - $Nil). The CEO has agreed to waive repayment of the balance owing until January 31, 2023 unless there is a change of control or the debt is converted to equity

At December 31, 2021, the Company is indebted to the former Chief Financial Officer (“CFO”) of the Company for $227,401 (2020 - $227,401) for accrued salary. The balance is unsecured and non-interest bearing. The former CFO has agreed to waive repayment of the balance owing until January 31, 2023, unless there is a change of control or the debt is converted to equity

At December 31, 2021, the Company is indebted to the Chief Financial Officer (“CFO”) of the Company for $10,000 (2020 - $Nil) for accrued salary. The balance is unsecured and non-interest bearing.

During the year ended December 31, 2021, the Company incurred management fees of $125,000 (2020 - $125,000) to the CEO of the Company, and $10,000 (2020 - $Nil) to the CFO of the Company.

5 Share capital

Common shares

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

All of the authorized unlimited common shares are of the same class and, once issued, rank equally as to dividends, if and when declared by the Board of Directors, voting powers (one vote per share) and participation in assets upon dissolution or winding-up.

There are no shares issuance in year ended December 31, 2021, and December 31, 2020.

Preferred shares

The Company is authorized to issue an unlimited number of Class A preferred shares and Class B preferred shares.

The preferred shares shall have certain rights, privileges, restrictions and conditions as determined by the Board of Directors. No preferred shares have been issued since the Company's inception.

Shares subscription received

On April 10, 2018, the Company entered into a Debt Settlement Agreement with a related party of the Company to convert $757,709 in loans payable outstanding into 15,154,182 Common shares at a price of $0.05 per share, upon the approval of TSX Venture Exchange.

On April 27, 2018, the Company received $10,000 pursuant to the subscription for 200,000 commons shares at $0.05 per share upon the approval of TSX Venture Exchange.

6 Stock options and warrants

The Company has a stock option plan that provides for the issuance of options to its directors, officers and employees. The maximum number of outstanding options must be no more than 6,617,468 options at any point in time. The term of the options must be no longer than 10 years and the directors determine the vesting period.

There were no stock options granted or exercised/cancelled/expired during the year ended December 31, 2021, and December 31, 2020.

As at December 31, 2021, there are no stock options outstanding.

Share purchase warrants

There were no warrants issued or exercised/cancelled/expired during the year ended December 31, 2021, and December 31, 2020.

As at December 31, 2021, there are no warrants outstanding.

7 Management of capital

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technology and products and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. The Company will require capital resources to carry its research and development plans and operations through its current operating period.

8 Commitments and contingent liabilities

A foreign judgement of $45,734 has been included in accounts payable and accrued liabilities as of December 31, 2021 and December 31, 2020. The Company anticipates it will be able to settle the judgment equitably in due course, and does not believe the amount will have a material impact on the Company's operations.

9 Financial instruments

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2021, and 2020, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31, 2021 $
Cash	137,477	–	–	137,477

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31, 2020 $
Cash	–	–	–	–

The fair values of other financial instruments, which include accounts payable and accrued liabilities, loans payable, and due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, accounts receivable and sales taxes receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company's sales taxes receivable are with the government of Canada in the form of sales tax, and therefore the credit risk is minimal. Most sales' payment terms are set in accordance with industry practice. Some of the Company's customers are distributors for a given territory and are privately-held enterprises. Adverse changes in a customer's financial position could cause the Company to limit or discontinue conducting business with that customer, require the Company to assume more credit risk relating to that customer's future purchases or result in uncollectible accounts receivable from that customer. Such changes could have a material adverse effect on business, results of operations, financial condition and cash flows. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate Risk

The Company operates in Canada and its cash is held in Canada in Canadian dollars. The Company's sales to foreign distributors are incurred in Canadian dollars. The Company also has vendors which charge fees in Canadian and U.S. dollars. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(expressed in Canadian dollars unless otherwise stated)

9 Financial instruments (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

10 Accounts payable and accrued liabilities

At December 31, 2021, and 2020, accounts payable and accrued liabilities consist of the following amounts:

	2021	2020
	$	$
Trade payable	**47,078**	43,450
Accruals	**77,733**	72,733
Payroll withholdings	**591**	591
	125,402	116,774

11 Sales tax receivable

Sales taxes receivable is the cumulative balance of GST Input tax credits from 2017 to 2021 not claimed on filings. The balance will be claimed on amended filings in a future fiscal year.

12 Income taxes

	2021	2020
	$	$
Statutory rates	**27.00%**	27.00%
Income tax expense (recovery) at statutory rate	**(51,900)**	(11,900)
Accrued salaries	**36,500**	33,800
Financing costs	**–**	–
Unrealized foreign exchange	**–**	–
Non-capital losses carried forward	**15,400**	(21,900)
Future income taxes recovered	**–**	–

The components of future income taxes are:

	2021	2020
	$	$
Non-capital losses carry forwards	**6,190,000**	6,174,000
Financing costs	**–**	–
Valuation allowance	**(6,190,000)**	(6,174,000)
Net future tax assets	**–**	–

:

(expressed in Canadian dollars unless otherwise stated)

12 Income taxes (Continued)

As of December 31, 2021, the Company has available non-capital tax losses of approximately $22,925,448 that may be offset against future Canadian taxable income. These losses expire as follows

	$
2030	1,066,553
2031	3,290,500
2032	2,943,800
2033	3,789,900
2034	2,968,700
2035	644,100
2036	586,900
2037	7,577,743
2041	57,252
	22,925,448

13 Subsequent events

Subsequent to the year ended December 31, 2021, the Company had no significant subsequent events: