# Verisante Technology, Inc.
# Management's Discussion & Analysis

## Six Months Ended June 30, 2024
## As of July 22, 2024

# Management's Discussion & Analysis

**Six Months Ended June 30, 2024**

The following Management Discussion and Analysis ("MD&A") for Verisante Technology, Inc. ("Verisante" or the "Company") is intended to provide an overview of operations, financial performance, and the current and future business environment. This MD&A, prepared as of July 22, 2024, should be read in conjunction with the Company's unaudited interim financial statements and accompanying notes for the six months ended June 30, 2024.

**Forward looking statements**

This MD&A contains forward-looking statements that are not based on historical fact, including without limitation statements containing the words "believes", "may", "plan", "will", "estimate", "continue", "anticipates", "intends", "expects", and similar expressions, including the negative of such expressions. These statements are only predictions.

Forward-looking statements and information should be considered carefully. Undue reliance should not be placed on forward-looking statements and information as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements and information involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements and information will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. This MD&A may contain forward-looking statements and information concerning the potential of Verisante and the timing of market acceptance of the Company's products. It may also contain assumptions made by Verisante related to industry scope and state, production, revenue, expenses, plans, development schedules and similar.

There are factors that may cause the actual results, events, or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements and information. Verisante disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements or information contained herein to reflect future results, events, or developments, except as required by law.

More information on the Company may be found through the Company's previous filings and is available on www.sedarplus.ca.

**Management's Responsibility for Financial Reporting**

This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A.

Unless otherwise noted or the context otherwise indicates, "Verisante", the "Company", "we", "us" and "our" refer to Verisante Technology, Inc. All dollar amounts in this report refer to Canadian dollars unless otherwise indicated. Disclosure of information in this report has been limited to that which management has determined to be "material", on the basis that omitting or misstating such information would influence or change a reasonable investor's decision to purchase, hold or dispose of securities in the Company.

The primary objectives of the Company's MD&A are:

- To provide information regarding the Company's competitive environment or the market in which the Company operates to facilitate an informed analysis of the consolidated financial statements.
- To provide an explanation of our financial statements from the management's perspective.
- To provide information allowing readers to assess the Company's past performance and determine whether it is likely to be reflected in future performance.

# OVERVIEW

## Description of Business

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 discontinued this business and became inactive.

The Company's current business strategy is to identify and complete a business combination with a company in any industry that demonstrates significant growth potential and/or value creation opportunities for the shareholders of the Company. While the Company may pursue a target in any industry, we intend to focus our search on companies that meet our acquisition target characteristics which are revenue generating businesses or ones that will become revenue generating within twelve months of a Reverse Takeover ("RTO").

The Company's common shares are listed for trading on the NEX board of the TSX Venture Exchange under the ticker symbol VER.H.

# RISKS AND UNCERTAINTIES

The Company incurred a net loss of $60,544 from operations for the six months ended June 30, 2024 (2023 - $66,814). The Company's ability to continue as a going concern is dependent on obtaining additional debt or equity financing to fund ongoing operations until profitability is achieved.

On June 30, 2024, the Company had $6,789 (December 31, 2023 - $30,425) cash on hand. The Company has been able to sustain operations through private placements and private loans and expects to be able to continue entering into small loan agreements or private placements until larger financing can be secured. However, given the Company's limited operating history, it is difficult to predict how the business will develop or its future operating results. There is no certainty of future profitability, and results of operations in future periods cannot be predicted based on results of operations in past periods. Generally, the securities of the Company should be considered a speculative investment.

If the Company enters into a business combination in the medical device industry or some other sector it is subject to risks and uncertainties associated with operation in any industry as a company engaged in development, regulatory, production and commercialization activity. The Company cannot anticipate or prevent all the potential risks to its success, nor predict the impact of any such risk. To the extent possible, management intends to implement strategies aimed at reducing or mitigating risks and uncertainties associated with any potential future business.

The Company's current operation has been fully financed by the directors of the Company. On July 13, 2022, the Company issued 98,580,000 common shares of the Company to the directors for total proceeds of $98,580.

Operating risks related to the Company and any potential business combination include, but are not limited to:

- The Company's ability to continue to raise capital to finance operations;
- The Company's ability to identify and acquire a suitable target co within a specified timeframe;
- Fluctuation in market conditions, including changes in investor sentiment or economic conditions, can impact the ability of the Company to raise capital and complete the future RTO.

## SUMMARY – Six months ended June 30, 2024 and up to the date of this report

- The Company issued a total of 5,600,000 common shares of the Company to settle the combined debts of $56,000 owed to the CEO and the CFO of the Company for accrued management consulting fees and expenses paid on behalf of the Company.

## SELECTED ANNUAL FINANCIAL INFORMATION

This section analyzes any significant changes in the audited financial statements for the year ended December 31, 2023, compared to those for the same periods ended December 31, 2022, and 2021.

The audited financial statements and the accompanying notes for the years ended December 31, 2023 (the "Financial Statements") are incorporated by reference herein and form an integral part of Management's Discussion and Analysis. The Financial Statements can be found on www.sedarplus.ca.
All financial information is reported in Canadian dollars unless otherwise noted.

**Selected Annual Results**

| | December 31 2023 $ | December 31 2022 $ | December 31 2021 $ |
|---|---|---|---|
| Net Income (Loss) | (90,526) | 1,201,589 | (192,252) |
| Basic and diluted income (loss) per share | (0.00) | 0.07 | (0.00) |
| Total Expenses | 136,270 | 287,990 | 192,252 |
| Net cash from financing activities | 8,939 | 128,878 | 178,006 |
| Total Assets | 35,729 | 88,328 | 145,945 |
| Total Liabilities | 47,102 | 93,165 | 1,705,611 |
| Total Stockholders' Deficit | 11,373 | 4,837 | 1,559,666 |

| | December 31 2023 $ | December 31 2022 $ | December 31 2021 $ |
|---|---|---|---|
| General and Administrative Expense | 123,658 | 258,653 | 184,476 |
| Working capital (deficiency) | 10,127 | 61,897 | 51,860 |
| Common Shares Outstanding | 38,338,004 | 32,738,004 | 9,861,588 |
| Capital stock | 19,012,460 | 18,928,460 | 17,832,511 |

## RESULTS OF OPERATIONS

**Revenues**

No revenue was incurred for the six months ended June 30, 2024, and 2023. The Company's operations are currently inactive.

**Expenses - Three months ended June 30, 2024**

For the three months ended on June 30, 2024, the Company reported a total operating loss of $28,443, which is $2,662 lower than the loss of $31,105 incurred during the same period in 2023. This decline in loss can be attributed to a reduction in general and administrative expenses in the current quarter.

- General and administrative costs - $26,936 (2023 - $24,474)
- Regulatory fee - $1,507 (2023 - $6,631)

**Expenses - Six months ended June 30, 2024**

For the six months ended on June 30, 2024, the Company reported a total operating loss of $60,544, which is $6,270 lower than the loss of $66,814 incurred during the same period in 2023. This decline in loss can be attributed to a reduction in general and administrative expenses in the current quarter.

- General and administrative costs - $52,545 (2023 - $58,835)

- Regulatory fee - $6,651 (2023 - $6,631)
- Advertising - $1,348 (2023 - $1,348)

**Share capital**

The Company's authorized capital includes an unlimited number of common shares, an unlimited number of Class A preferred shares, and an unlimited number of Class B preferred shares.

For six months ended June 30, 2024, the Company issued 5,600,000 common shares at a price of $0.01 per share to settle the debts of $44,000 and $12,000 with the CEO and CFO of the Company, respectively.

As of June 30, 2024, and the date of this report, the Company had 43,938,004 common shares outstanding and no preferred shares outstanding.

**Stock based compensation**

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 2,100,000 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.

For the six months ended June 30, 2024, there were no stock options granted or exercised. As of June 30, 2024, outstanding stock options are as below:

| Expiry Date | Number of Options | Exercise Price ($) | Remaining Life (Years) |
|---|---|---|---|
| August 31, 2025 | 1,000,000 | 0.10 | 1.17 |

**Sales taxes receivable**

All sales taxes receivable are from GST. $7,926 (December 31, 2023 - $5,304) in GST was receivable on June 30, 2024.

**Accounts payable and accrued liabilities**

All accounts payable are trade payables incurred in the normal course of business. On June 30, 2024, the Company had accounts payable and accrued liabilities of $7,886 (December 31, 2023 - $14,193).

**Due to related parties (liabilities)**

On June 30, 2024, the Company was indebted a total of $22,746 (December 31, 2023 - $32,909) to related parties.

**Contributed surplus**

Contributed surplus represents the cumulative cost of contributed services, options issued and not exercised, warrants issued for services and not exercised, and share based payment award. As of June 30, 2024, the Company recorded a contributed surplus of $5,011,342 (December 31, 2023 - $5,011,342).

**Liquidity and capital resources**

The Company finances its operations and capital expenditure through debt and equity financing. As of June 30, 2024, the Company had cash and short-term receivables of $14,715 as compared to cash and short-term receivables of $35,729 on December 31, 2023.

As of June 30, 2024, the Company had a working capital of $5,083 compared to $10,127 at December 31, 2023.

The cash used to pay suppliers and employees was $26,851 for the six months ended June 30, 2024, as compared to $42,381 in 2023.

**Financing and Cash Flow**

As the Company continues to have negative operating cash flow, it will be necessary for the Company to raise additional equity or debt if it cannot achieve positive cash flow. There is no assurance that the additional equity or debt will be available on terms acceptable to the Company.

**Summary of Quarterly Results**

The following table summarizes selected financial data reported by the Company for the last eight quarters in Canadian dollars:

| | 30-Jun-24 | 31-Mar-24 | 31-Dec-23 | 30-Sep-23 | 30-Jun-23 | 31-Mar-23 | 31-Dec-22 | 30-Sep-22 |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Net loss (income) and Comprehensive loss (income) | (28,443) | (32,101) | (37,864) | (14,152) | 31,105 | 35,709 | (1,401,192) | 78,688 |
| Basic and diluted loss (gain) per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.05) | 0.00 |
| Total assets | 14,715 | 37,384 | 35,729 | 44,459 | 45,003 | 69,655 | 88,328 | 103,724 |
| Equity (deficiency) | (15,917) | 12,526 | (11,373) | 26,501 | (71,651) | (40,546) | (4,837) | (1,635,689) |

**Commitments, Long-term Liabilities and Other Transactions**

Management has no current lease obligations, other long-term debt commitments, capital lease obligations, purchase obligations or off–balance sheet transactions.

## Related Party Transactions

As of June 30, 2024, the Company is indebted to the CEO of the Company for $16,746, and $6,000 to CFO for management fees and expenses paid on behalf of the Company, respectively.

For the six months ended June 30, 2024, the Company entered into two debt settlement agreements with the CEO and CFO, respectively. The agreements settled the debts of $44,000 and $12,000 with the CEO and CFO, by issuing 4,400,000 and 1,200,000 common shares of the Company, respectively, at a price of $0.01 per share.

For the six months ended June 30, 2024, the Company incurred management fees of $30,000 (Q2 2023 - $30,000) to the CEO of the Company, and $12,000 (Q2 2023 - $12,000) to the CFO of the Company.

## Outstanding Share Data

As at the date of this MD&A, there are:

- 43,938,004 common shares issued and outstanding; and
- 1,000,000 stock options outstanding

## Proposed Transactions

Currently, the Company is not party to any transaction or proposed transaction requiring additional disclosure.