

AJA Ventures Inc.

**Consolidated Financial Statements
For the Years Ended January 31, 2022 and 2021**



Independent Auditor's Report

To the Shareholders of AJA Ventures Inc.

Opinion

We have audited the consolidated financial statements of AJA Ventures Inc. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2022 and January 31, 2021, and the consolidated statements of earnings and comprehensive earnings, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2022 and January 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 Consolidated 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 1 in the consolidated financial statements, which indicates that the Company had not yet achieved profitable operations, has variable gains and losses depending on the valuations of its investments, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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 consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements. 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Cummings.

Vancouver, B.C.
May 30, 2022

"D&H Group LLP"
Chartered Professional Accountants

AJA Ventures Inc.

Consolidated Statements of Financial Position

(Stated in Canadian Dollars)

	Notes	January 31, 2022	January 31, 2021
ASSETS			
Current assets			
Cash		\$ 2,624,648	\$ 116,878
GST receivable		16,005	2,240
Deposit	5	50,000	-
Investments	6	3,317,836	572,391
TOTAL ASSETS		\$ 6,008,489	\$ 691,509
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 64,310	\$ 80,172
Demand loans	7	216,721	276,721
Loan payable	8	-	1,730,154
Subscriptions received in advance	9	-	503,501
Total current liabilities		281,031	2,590,548
Shareholders' equity (deficiency)			
Common shares	9	7,903,683	5,131,922
Contributed surplus		273,184	220,638
Subscriptions received in advance	9	2,392,265	-
Deficit		(4,841,674)	(7,251,599)
Total equity (deficit)		5,727,458	(1,899,039)
TOTAL LIABILITIES AND EQUITY		\$ 6,008,489	\$ 691,509
Nature and continuance of operations	1		
Subsequent event	15		

Approved on behalf of the Board of Directors:

"Mark Rutledge"
Mark Rutledge, Director

"Kal Hourd"
Kal Hourd, Director

AJA Ventures Inc.

Consolidated Statements of Earnings and Comprehensive Earnings

(Stated in Canadian Dollars)

	Notes	Year ended January 31,	
		2022	2021
Expenses			
Filing and listing fees		\$ 2,279	\$ 16,791
General and administrative		7,351	-
Management fees	11	81,900	-
Professional fees		137,260	48,495
Promotion and marketing		62,458	-
Share-based payments	10,11	52,546	-
Transfer agent fees		14,824	-
Loss before other items		(358,618)	(65,286)
Other items			
Foreign exchange gain (loss)		1,220	(156)
Finance charges	8	(10,816)	(76,941)
Forgiveness of debt	8	32,693	-
Fair value changes on investments	6	2,745,446	158,291
Write-down of loan receivable		-	(5,584)
		2,768,543	75,610
Earnings and comprehensive earnings for the year		\$ 2,409,925	\$ 10,324
Basic and diluted income per common share	9	\$ 0.09	\$ 0.01
Weighted average number of common shares outstanding	9	26,338,209	754,909

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

AJA Ventures Inc.

Consolidated Statements of Changes in Equity

(Stated in Canadian Dollars)

	Common Shares		Contributed Surplus	Subscriptions Received in Advance	Deficit	Total
	Number ¹	Amount				
Balance at January 31, 2021	754,909	\$ 5,131,922	\$ 220,638	\$ -	\$ (7,251,599)	\$ (1,899,039)
Common shares issued for cash	11,488,906	1,034,001	-	-	-	1,034,001
Share issue costs	-	(30,516)	-	-	-	(30,516)
Common shares issued for subsidiary	28,471,268	1,708,276	-	-	-	1,708,276
Common shares issued for debt	1,000,001	60,000	-	-	-	60,000
Subscriptions received in advance	-	-	-	2,392,265	-	2,392,265
Share-based payments	-	-	52,546	-	-	52,546
Earnings (loss) for the year	-	-	-	-	2,409,925	2,409,925
Balance at January 31, 2022	41,715,084	\$ 7,903,683	\$ 273,184	\$ 2,392,265	\$ (4,841,674)	\$ 5,727,458

	Common Shares		Contributed Surplus	Subscriptions Received in Advance	Deficit	Total
	Number ¹	Amount				
Balance at January 31, 2020	754,909	\$ 5,131,922	\$ 220,638	\$ -	\$ (7,261,923)	\$ (1,909,363)
Earnings (loss) for the year	-	-	-	-	10,324	10,324
Balance at January 31, 2021	754,909	\$ 5,131,922	\$ 220,638	\$ -	\$ (7,251,599)	\$ (1,899,039)

¹ The number of common shares reflects a one-for-ten share consolidation which occurred on April 13, 2021 (note 9).

All common shares disclosed in these consolidated financial statements reflect these changes.

AJA Ventures Inc.
Consolidated Statements of Cash Flows
(Stated in Canadian Dollars)

	Year ended January 31,	
	2022	2021
Operating Activities		
Earnings for the year	\$ 2,409,925	\$ 10,324
Items not involving cash:		
Share-based payments	52,546	-
Finance charges	10,816	-
Forgiveness of debt	(32,693)	-
Fair value changes on investments	(2,745,446)	(158,291)
Changes in non-cash working capital items:		
GST receivable	(13,765)	(1,740)
Accounts payable and accrued liabilities	(15,862)	36,626
Loan interest payable	-	21,877
Net cash used in operating activities	(334,479)	(91,204)
Financing Activities		
Repayment of demand loans	-	(1,589,595)
Loan proceeds received	-	1,708,276
Subscriptions received in advance	2,392,265	503,501
Common shares issued for cash, net of issue costs	499,984	-
Net cash provided by financing activities	2,892,249	622,182
Investing Activities		
Deposit paid	(50,000)	-
Purchase of investments	-	(414,100)
Net cash used in investing activities	(50,000)	(414,100)
Change in cash during the year	2,507,770	116,878
Cash, beginning of year	116,878	-
Cash, end of year	\$ 2,624,648	\$ 116,878
Supplemental Cash Flow Information		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -
Non-cash Financing Activities		
Issuance of common shares for purchase of subsidiary	\$ 1,708,276	\$ -
Issuance of common shares for payment of demand loans	\$ 60,000	\$ -

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

AJA Ventures Inc.

Notes to the Consolidated Financial Statements

January 31, 2022 and 2021

(Stated in Canadian Dollars)

1. Nature and Continuance of Operations

AJA Ventures Inc. (the "Company"), was incorporated under the laws of the Province of Alberta on April 19, 1998 and on July 26, 2002, the Company received a Certificate of Continuance from the Director under the provisions of the Canada Business Corporations Act and discontinued from the jurisdiction of Alberta. On February 11, 2020, the Company continued from under the Canada Business Corporations Act to under the Business Corporations Act (British Columbia). The Company's registered office is located at 700 – 400 West Georgia Street, Vancouver, BC, V6B 5A1.

The Company's shares were previously listed on the TSX Venture Exchange ("TSX-V"), however, its shares have not traded on the TSX-V since 2009. During the year ended January 31, 2022, the Company voluntarily delisted its shares from the TSX-V. The Company's principal business is the identification and evaluation of assets or businesses in which to invest or acquire. To date, the Company has made equity investments in two separate life sciences businesses.

During the year ended January 31, 2022, the Company restructured its business by 1) completing a one-for-ten share consolidation; and 2) completing an amalgamation and shares for debt transactions (notes 4, 7, 8, and 9).

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

As at January 31, 2022, the Company had not yet achieved profitable operations, has variable gains and losses depending on the valuations of its investments, and expects to incur further losses in the development of its business. These factors indicate a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and upon successful results from its investments. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

AJA Ventures Inc.
Notes to the Consolidated Financial Statements
January 31, 2022 and 2021
(Stated in Canadian Dollars)

2. Basis of Preparation

a) Statement of compliance

The Company has prepared its consolidated financial statements in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRICs").

b) Basis of presentation

The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The consolidated financial statements have been prepared on an accrual basis, except for the statement of cash flows, and are based on historical costs except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in note 3.

These consolidated financial statements include the accounts of the following entities:

	<u>Relationship</u>	<u>Percentage</u>	<u>Location of Incorporation</u>
AJA Ventures Inc.	Parent		Canada
1250148 B.C. Ltd.	Subsidiary	100%	Canada

Inter-company balances and transactions have been eliminated on consolidation.

c) Approval of the consolidated financial statements

The consolidated financial statements of the Company for the years ended January 31, 2022 and 2021 were approved and authorized for issue by the Board of Directors on May 30, 2022.

d) Recent accounting pronouncements and changes to accounting policies

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Summary of Significant Accounting Policies

a) Cash

Cash in the statements of financial position comprise cash at banks, or held in trust, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash, and subject to insignificant risk of changes in fair value.

b) Foreign currencies

The financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Company operates.

AJA Ventures Inc.
Notes to the Consolidated Financial Statements
January 31, 2022 and 2021
(Stated in Canadian Dollars)

3. Summary of Significant Accounting Policies (cont'd)

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency rate of exchange at the date of the statement of financial position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

c) Financial instruments

i) Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectation of recovering the contractual cash flows of a financial asset.

ii) Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- a) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- b) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

AJA Ventures Inc.
Notes to the Consolidated Financial Statements
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(Stated in Canadian Dollars)

3. Summary of Significant Accounting Policies (cont'd)

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified and subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consists of cash and investments which are classified and subsequently measured at FVTPL. The Company's financial liabilities consist of accounts payable and accrued liabilities, demand loans, loan payable, and subscriptions received in advance. These financial liabilities are classified and measured at amortized cost using the effective interest rate method. The 'effective interest rate' is the rate that discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets. Interest expense is reported in profit or loss.

iii) Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

iv) Derecognition

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. Gains and losses on derecognition are generally recognized in the statements of comprehensive income (loss).

d) Share capital

Common shares, options and warrants are classified as equity. Transaction costs directly attributable to the issue of common shares, options and warrants are recognized as a deduction from equity, net of any tax effects.

The Company bifurcates units which consist of common shares and share purchase warrants using the residual value approach, whereby it measures the common share component of the unit at fair value using market prices as input values and then allocates the residual value, if any, of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to share-based payment reserve. When warrants are exercised, forfeited or expire, the corresponding value is transferred from share-based payment reserve to common stock.

AJA Ventures Inc.

Notes to the Consolidated Financial Statements

January 31, 2022 and 2021

(Stated in Canadian Dollars)

3. Summary of Significant Accounting Policies (cont'd)

e) Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

Where equity instruments are issued for goods or services to other than employees, the transaction is measured at the fair value of the goods or services received by the Company. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payments reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the recipient as measured at the date of modification.

f) Income taxes

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using income tax rates and income tax laws that have been enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

g) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. The Company uses the treasury stock method of calculating fully diluted earnings per share amounts, whereby any proceeds from the exercise of dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. Basic and diluted loss per share are the same for the periods presented, as the effect of dilutive instruments outstanding, during the periods presented, would be anti-dilutive.

AJA Ventures Inc.

Notes to the Consolidated Financial Statements

January 31, 2022 and 2021

(Stated in Canadian Dollars)

3. Summary of Significant Accounting Policies (cont'd)

h) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The areas that require significant estimations or where measurements are uncertain are as follows:

Share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying accounting policies in the Company's financial statements include:

Going Concern

The determination of the Company's ability to continue as a going concern requires significant judgment. Material adjustments to the Company's assets and liabilities may be required if the going concern assumption was not used.

Financial Assets and Financial Liabilities

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

4. Amalgamation and Acquisition of Subsidiary

On April 19, 2021, the Company acquired a wholly-owned subsidiary, 1250148 BC Ltd., via completion of a three-cornered amalgamation (the "Amalgamation Agreement") whereby the Company incorporated a subsidiary, 1299337 B.C. Ltd. ("Subco") for the sole purpose of amalgamating Subco with 1250148 B.C. Ltd. ("Finco"). Subco and Finco were continued as one corporation ("Amalco") wholly owned by the Company. This Amalgamation Agreement was completed by the following steps:

- i) Each Finco shareholder received one common share of the Company for each Finco common share held;
- ii) Each issued and outstanding Subco common share was cancelled and replaced by one Amalco common share; and
- iii) Amalco issued one Amalco common share to the Company for each Company common share issued to the Finco shareholders.

AJA Ventures Inc.

Notes to the Consolidated Financial Statements

January 31, 2022 and 2021

(Stated in Canadian Dollars)

4. Amalgamation and Acquisition of Subsidiary (cont'd)

Amalco continued under the name of 1250148 B.C. Ltd. The result of this transaction is the Company acquiring a 100% owned subsidiary through the issuance of 28,471,268 common shares at \$0.06 per share for \$1,708,276 (note 8). This transaction resulted in settlement of a loan payable of \$1,708,276 advanced by Finco during the year ended January 31, 2021 (note 8).

5. Deposit

During the year ended January 31, 2022, the Company entered into a purchase agreement (the "Agreement") to acquire Living Proof Institute Inc. ("LPI"). Pursuant to the Agreement, the Company will acquire all of the issued and outstanding securities of LPI, on a cash-free, debt-free basis, from Dr. Sachin Patel, the owner of LPI and an arm's length party to the Company.

In consideration, the Company will pay Dr. Patel cash consideration of \$935,000, of which \$50,000 will be paid as a non-refundable deposit (paid), and \$435,000 will be paid at closing, with the remaining cash consideration to be paid in eight equal quarterly instalments. Additionally, Dr. Patel will receive 8.25 million common shares of the Company, also to be issued in eight equal quarterly instalments, which will be subject to resale restrictions under applicable securities law. Concurrent with closing, Dr. Patel will be appointed as CEO and as a director of the Company.

Completion of the acquisition is subject to numerous conditions, including the Company completing an equity financing for gross proceeds of at least \$1.0 million, and obtaining a listing of its common shares on the Canadian Securities Exchange. There is no assurance or guarantee that the Company will be able to complete the acquisition as described, or at all.

6. Investments

	January 31, 2021	Purchases	Dispositions	Change in Fair Value	January 31, 2022
Cellular Goods Plc	\$ 522,390	\$ -	\$ -	\$ 2,605,446	\$ 3,127,836
Filament Ventures Corp.	50,000	-	-	140,000	190,000
1250148 BC Ltd. (note 4)	1	-	-	-	-
	<u>\$ 572,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,745,446</u>	<u>\$ 3,317,836</u>

	January 31, 2020	Purchases	Dispositions	Change in Fair Value	January 31, 2021
Cellular Goods Plc	\$ -	\$ 364,099	\$ -	\$ 158,291	\$ 522,390
Filament Ventures Corp.	-	50,000	-	-	50,000
1250148 BC Ltd. (note 4)	-	1	-	-	1
	<u>\$ -</u>	<u>\$ 414,100</u>	<u>\$ -</u>	<u>\$ 158,291</u>	<u>\$ 572,391</u>

AJA Ventures Inc.
Notes to the Consolidated Financial Statements
January 31, 2022 and 2021
(Stated in Canadian Dollars)

6. Investments (cont'd)

a) Cellular Goods Plc ("Cellular")

Cellular is a UK based public company with a focus on establishing a premium high-quality, independently tested and compliant CBD consumer product brand. Its shares are listed and traded on the London Stock Exchange. The fair value change of \$2,605,446 (2021 - \$158,291) represents a gain on mark-to-market of Cellular's common shares.

b) Filament Health Corp. (formerly Filament Ventures Corp.) ("Filament")

Filament is a Canadian based public company with a focus on being a natural psychedelic drug discovery and extraction company. During the year ended January 31, 2022, Filament's shares were listed for trading on the NEO Exchange. Upon listing, the shares were put into escrow. As of January 31, 2022, 50% have been released and 25% will be released on March 24, 2022 and 25% will be released on June 24, 2022. The fair value change of \$140,000 (2021 - \$nil) represents a gain on mark-to-market of Filament's common shares.

7. Demand Loans

Demand loans relate to debts incurred by the Company in prior years. The demand loans are unsecured and are due on demand. During the year ended January 31, 2022, the Company issued 1,000,001 common shares to settle \$60,000 of debt (note 9 and 11).

8. Loan Payable

During the year ended January 31, 2021, a loan of \$ 1,708,276 was advanced to the Company by Finco (note 4). The loan bore interest at 3% per annum, calculated monthly, and was payable on repayment of the loan. With the completion of the transaction discussed in note 4, the accrued interest was forgiven, and the loan is now an inter-company loan that is eliminated on consolidation.

9. Common Shares and Warrants

a) Authorized:

An unlimited number of common shares with no par value.

b) On April 13, 2021, the number of common shares outstanding were consolidated on a one-for-ten basis. This reduced the common shares outstanding from 7,549,302 to 754,909.

c) During the years ended January 31, 2022 and 2021, the Company issued the following common shares:

i) On April 19, 2021, the Company acquired all of the outstanding common shares of Finco (note 4) by issuing 28,471,268 common shares at \$0.06 per share for \$1,708,276.

ii) On April 19, 2021, the Company issued 1,000,001 common shares at \$0.06 per share for \$60,000 of debt settlement (note 7 and 11).

AJA Ventures Inc.

Notes to the Consolidated Financial Statements

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9. Common Shares and Warrants (cont'd)

- iii) On November 19, 2021, the Company closed a private placement by issuing 11,488,906 units at \$0.09 per unit for proceeds of \$1,034,001. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at \$ 0.12 per share expiring on November 19, 2023.

The Company had received \$503,501 in advance subscriptions for this private placement as at January 31, 2021. The Company also incurred \$30,516 of share issue costs.

d) Warrants:

The changes in warrants issued during the years ended January 31, 2022 and 2021 are as follows:

	Year ended January 31, 2022		Year ended January 31, 2021	
	Number of warrants	Weighted- average exercise price	Number of warrants	Weighted- average exercise price
Balance, beginning of year	-	\$ -	-	\$ -
Issued	5,744,453	\$ 0.12	-	\$ -
Balance, end of year	5,744,453	\$ 0.12	-	\$ -

The weighted average remaining contractual life of outstanding warrants at January 31, 2022 was 1.8 (2021 - nil) years.

Warrants exercisable and outstanding as at January 31, 2022 are as follows:

Expiry Date	Number of warrants	Exercise Price
November 19, 2023	5,744,453	\$0.12

AJA Ventures Inc.

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9. Common Shares and Warrants (cont'd)

e) Income per share:

	Year ended January 31, 2022	Year ended January 31, 2021
Numerator:		
Net income	\$ 2,409,925	\$ 10,234
Denominator:		
Weighted average number of common shares (basic)	26,338,209	754,909
Dilutive effect of share options	68,110	-
Dilutive effect of warrants	148,883	-
Weighted average number of common shares (diluted)	26,555,202	754,909
Basic and diluted income per common share	\$ 0.09	\$ 0.01

f) Subscriptions received in advance:

During the year ended January 31, 2022, the Company received \$2,392,265 in advance proceeds for share subscriptions related to a new private placement. This new private placement is priced at \$0.36 per common share. See note 15.

10. Share-based Payments

The Company has a rolling Stock Option Plan ('Plan') for directors, officers, employees and consultants of the Company. The Company may grant non-transferable options to individuals (which are exercisable over periods of up to ten years) as determined by the Board of Directors of the Company, to buy shares of the Company at the fair market value on the date the option is granted. The maximum number of shares which may be issuable under the Plan cannot exceed 10% of the total number of issued and outstanding shares on a non-diluted basis.

On August 1, 2021, the Company granted 1,250,000 stock options to Directors and officers. Each option is exercisable to acquire one common share at an exercise price of \$0.09 expiring July 31, 2026. The stock options vest as to 25% on date of grant and 12.5% every three months thereafter. The Company recognized \$52,546 for share-based payments. The weighted average remaining contractual life of outstanding share options at January 31, 2022 was 4.5 (2021 - nil) years.

No share options were granted or vested during year ended January 31, 2021.

The fair value of the 1,250,000 stock options was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 0.83%, a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 80% and an expected life of 5 years. The fair value of the stock options was \$0.06 per option. The expected volatility assumption is based on the estimated volatility of early-stage companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the options' expected life.

AJA Ventures Inc.

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11. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following is a summary of the related party transactions that occurred during the years ended January 31, 2022 and 2021:

a) Compensation of key management personnel

The Company has determined that key management personnel consist of its Directors, the CEO and CFO.

	January 31, 2022	January 31, 2021
Management fees	\$ 81,900	\$ -
Professional fees	-	5,450
Share-based payments - vested stock options	52,546	-
	<u>\$ 134,446</u>	<u>\$ 5,450</u>

As at January 31, 2022, \$15,750 (2021 - \$2,680) is owing to related parties and included in accounts payable and accrued liabilities.

b) Other related party transactions

The Company issued 1,000,001 common shares to the former CEO of the Company for payment of \$60,000 of debts outstanding. As at January 31, 2022, the Company owes the former CEO \$nil.

12. Financial Instruments and Capital Management

The investment operations of the Company's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including interest rate, credit, currency, liquidity and market risk. A discussion of the Company's use of financial instruments and their associated risk is provided below:

a) Fair value

The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

AJA Ventures Inc.

Notes to the Consolidated Financial Statements

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12. Financial Instruments and Capital Management (cont'd)

- Level 1: fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
Level 3: fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

		January 31, 2022				
	Notes	Level 1	Level 2	Level 3	Total	
FVTPL						
Cash		\$ 2,624,648	\$ -	\$ -	\$ 2,624,648	
Public company investments	6	3,317,836	-	-	3,317,836	
		<u>\$ 5,942,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,942,484</u>	
		January 31, 2021				
	Notes	Level 1	Level 2	Level 3	Total	
FVTPL						
Cash		\$ 116,878	\$ -	\$ -	\$ 116,878	
Private company investments	6	-	-	572,391	572,391	
		<u>\$ 116,878</u>	<u>\$ -</u>	<u>\$ 572,391</u>	<u>\$ 689,269</u>	

The Company determines transfers between the levels of the fair value hierarchy to have occurred on the date of the event or change in circumstance that caused the transfer. Transfers from fair value Level 3 occur when quoted prices in active markets for identical assets or liabilities become available or inputs other than quoted prices become observable for the asset or liability either directly or indirectly. Transfers to fair value Level 1 occur when quoted prices in an active market for identical assets or liabilities become available.

During the year ending January 31, 2022, the shares of Filament Health Corp. and Cellular Goods PLC, valued at \$3,317,836, began trading on active stock exchanges and were transferred from fair value Level 3 to Level 1.

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at January 31, 2022, amounts reflected in the statements of financial position for cash are carrying amounts and approximate their fair values due to their short-term nature.

The fair value of unquoted investments is established using valuation techniques. These may include the use of recent arm's length transactions, a Black-Scholes option pricing model, discounted cash flow analysis, a probability-weighted expected return model, or a current value method. Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date.

The Company assesses at each reporting period whether there is any objective evidence that the unquoted investments are impaired. The unquoted investments are deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future fair value of the investments that can be reliably measured.

AJA Ventures Inc.
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12. Financial Instruments and Capital Management (cont'd)

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash consists of funds held at a chartered Canadian bank. The Company is required to review impairment of its financial assets at amortized costs at each reporting period and to review its allowance for doubtful accounts for expected future credit losses. The Company minimizes credit risk by performing credit reviews, ongoing credit evaluation and account monitoring procedures.

c) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected as a result of downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. The Company currently generates cash flow primarily from issuances of its common shares. The Company may in the future dispose of certain investments in order to fund obligations as they become due under normal operating conditions.

d) Market risk

The Company is exposed to certain market risk that the value of, or future cash flows from, the Company's financial assets will significantly fluctuate due to changes in market prices. The value of the financial assets may be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in its investments, and unfavorable market conditions could result in dispositions of investments at less than favorable prices. Additionally, the Company is required to mark to market its FVTPL investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavorable effect on the Company's financial position.

The Company's investments include public company shares. The following table shows the estimated sensitivity on the statement of earnings and comprehensive earnings for the year ended January 31, 2022 of the closing price of the Company's public company shares with all other variables held constant as at January 31, 2022:

Percentage of change in closing prices	Change in earnings and comprehensive earnings from % increase in closing price	Change in earnings and comprehensive earnings from % decrease in closing price
5%	\$165,892	\$(165,892)
10%	\$331,784	\$(331,784)

e) 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 is not exposed to significant interest rate risk as cash only comprised bank account balances as of January 31, 2022. The Company had no interest rate swaps as at or during the year ended January 31, 2022.

AJA Ventures Inc.

Notes to the Consolidated Financial Statements

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12. Financial Instruments and Capital Management (cont'd)

f) Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial instruments that impact the Company's earnings or loss due to currency fluctuations include foreign currency denominated assets and liabilities. The Company does not use derivative instruments or hedges to manage currency risks. The sensitivity of the Company's earnings or loss due to changes in the exchange rate between the foreign currency and Canadian dollar is included in the table below:

Currency denomination	Investments	Effect of +/- 10% change in currency
United Kingdom	\$ 3,127,836	\$ 312,784

g) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to identify and acquire new investments or business opportunities. The Company does not have any externally imposed capital requirements to which it is subject. The Company considers the aggregate of its cash and common shares as capital. 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 common shares; issue debt; acquire or dispose of assets; or adjust the amount of cash.

Most of the Company's investments are in the early stage of development and are not producing positive cash flow. As such, the Company is dependent on external financing to fund its activities. In order to carry out operations, the Company will spend its existing working capital and raise additional amounts as needed.

13. Segmented Information

At January 31, 2022 the Company has one reportable operating segment, being investments in two separate life sciences businesses. The Company's cash is located in Canada. The Company's investments, in Canadian dollars, are located in the following geographic locations:

Canada	\$ 190,000
United Kingdom	3,127,836
	<hr/>
	\$ 3,317,836

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

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14. Income Taxes

Tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the income (loss) before income taxes due to the following:

	Year ended January 31, 2022	Year ended January 31, 2021
Earnings before income taxes	\$ 2,409,925	\$ 10,324
Canadian federal and provincial income tax rate	27.0%	27.0%
Income tax expense (recovery) based on Canadian federal and provincial income tax rates	650,680	2,790
Increase (decrease) in income taxes attributable to:		
Fair value changes on investments	(741,270)	(42,740)
Non-deductible expenses	14,187	-
Other	(1,648)	1,510
Tax benefits not recognized	78,051	38,440
Income tax (recovery)	\$ -	\$ -

Unrecognized deductible temporary differences and unused tax losses are attributable to the following:

	Year ended January 31, 2022	Year ended January 31, 2021
Investments	\$ (392,000)	\$ (21,370)
Share issuance costs	7,000	-
Capital loss carryforwards	490,000	-
Non-capital loss carry forwards	609,000	529,640
	714,000	508,270
Less: tax benefits not recognized	(714,000)	(508,270)
	\$ -	\$ -

At January 31, 2022 the Company has non-capital losses of approximately \$2,256,000 (2021 - \$1,962,000) expiring between January 31, 2026 to 2042. The Company also has available capital tax losses of approximately \$3,632,000 which can be applied against future capital gains.

15. Subsequent event

Subsequent to year-end, the Company received an additional \$20,000 in advance proceeds related to the private placement described in Note 9 (f) and closed the private placement by issuing a total of 6,700,729 common shares at \$0.36 per share for gross proceeds of \$2,412,262.