

The Yummy Candy Company Inc. (formerly Yummy Bear Goods Inc.)

Consolidated Financial Statements

For the years ended January 31, 2023 and 2022

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of The Yummy Candy Company, Inc.

Opinion

We have audited the consolidated financial statements of The Yummy Candy Company, Inc. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2023 and 2022, 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 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 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 to the financial statements, which indicates that the Company has incurred net loss since inception and as at January 31, 2023 had a deficit of \$13,056,879 and as of that date, the Company's current liabilities exceeded its current assets by \$1,417,983. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Vancouver

1500 - 1140 West Pender St.
Vancouver, BC V6E 4G1
604.687.4747

Surrey

200 - 1688 152 St.
Surrey, BC V4A 4N2
604.531.1154

Tri-Cities

700 - 2755 Lougheed Hwy
Port Coquitlam, BC V3B 5Y9
604.941.8266

Victoria

320 - 730 View St.
Victoria, BC V8W 3Y7
250.800.4694

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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 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 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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. 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 31, 2023

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at January 31,	2023		2022	
Assets				
Current assets				
Cash	\$	100,772	\$	639,001
Amounts receivable (Note 6)		136,700		85,403
Inventory (Note 7)		105,031		320,344
Prepaid expenses (Note 8)		39,235		106,984
		<u>381,738</u>		<u>1,151,732</u>
Total assets	\$	381,738	\$	1,151,732
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Notes 9 and 13)	\$	1,583,245	\$	1,184,532
Loans payable (Note 10)		216,476		-
		<u>1,799,721</u>		<u>1,184,532</u>
Total liabilities		1,799,721		1,184,532
Shareholders' deficit				
Share capital (Note 12)		8,826,089		8,740,089
Foreign currency translation reserve (Note 12)		91		-
Reserve (Note 12)		2,812,716		2,812,716
Deficit		(13,056,879)		(11,585,605)
Total shareholders' deficit		(1,417,983)		(32,800)
Total liabilities and shareholders' deficit	\$	381,738	\$	1,151,732

Going concern (Note 2)

Approved by:

"Quinn Field-Dyte" (signed)
Quinn Field-Dyte, Director

"Erica Williams" (signed)
Erica Williams, Director

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

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended January 31,

(Expressed in Canadian Dollars)

	2023	2022
Revenue	\$ 775,494	\$ 363,646
Cost of sales (Note 7)	(521,864)	(428,736)
Gross profit (loss)	253,630	(65,090)
Operating expenses		
Accounting	53,976	40,775
Bank service charges	3,402	8,390
Consulting fees (Note 13)	311,115	269,423
Depreciation (Note 11)	-	5,632
General and administration	167,217	133,816
Interest and accretion expenses (Notes 10 and 11)	3,976	1,184
Legal fees	10,414	87,253
Management fees (Note 13)	56,415	57,400
Research and development (Note 13)	411,647	412,520
Rent (Note 13)	36,000	-
Sales and marketing	641,723	2,069,496
Transfer agent and filing fees	27,069	59,167
	(1,722,954)	(3,145,056)
Operating loss	(1,469,324)	(3,210,146)
Other items		
Foreign exchange loss	(1,950)	(19,039)
Listing expense (Note 15)	-	(8,024,555)
Loss on lease modification (Note 11)	-	(400)
Gain on lease termination (Note 11)	-	916
	(1,950)	(8,043,078)
Net loss for the year	\$ (1,471,274)	\$ (11,253,224)
Translation adjustment	91	-
Comprehensive loss for the year	(1,471,183)	(11,253,224)
Loss per share - basic and diluted	\$ (0.05)	\$ (0.45)
Weighted average number of common shares outstanding	27,789,721	25,227,110

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

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Consolidated Statements of Changes in Shareholders' Deficit
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Share Capital		Reserve	Foreign currency translation reserve	Deficit	Total
	Number	Amount				
Balance, January 31, 2021	22,000,000	\$ 507,870	392,132	\$ -	\$(332,381)	567,621
Cancellation of YBGI shares (Notes 12 and 15)	(22,000,000)	-	-	-	-	-
Acquisition of YBGI (Note 15)	3,434,804	-	-	-	-	-
Shares issued for reverse takeover transaction (Notes 12 and 15)	22,000,000	5,152,219	2,420,584	-	-	7,572,803
Shares issued in private placement (Notes 12 and 15)	2,053,328	3,080,000	-	-	-	3,080,000
Net and comprehensive loss for the year	-	-	-	-	(11,253,224)	(11,253,224)
Balance, January 31, 2022	27,488,132	\$ 8,740,089	2,812,716	\$ -	\$(11,585,605)	(32,800)
Shares issued for warrants exercise (Note 12)	1,720,000	86,000	-	-	-	86,000
Net and comprehensive loss for the year	-	-	-	91	(1,471,274)	(1,471,183)
Balance, January 31, 2023	29,208,132	\$ 8,726,089	2,812,716	\$ 91	\$(13,056,879)	(1,417,983)

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

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Consolidated Statements of Cash Flows
For the years ended January 31,
(Expressed in Canadian Dollars)

	2023	2022
Cash provided by (used in):		
Operating activities		
Comprehensive loss for the year	\$ (1,471,183)	\$ (11,253,224)
Items not involving cash:		
Accretion on lease	-	1,184
Depreciation	-	5,632
Interest on loans	3,976	-
Inventory write-off	-	12,370
Listing expense	-	8,024,555
Loss on lease modification	-	400
Reversal of interest on loans	-	(210)
Unrealized foreign exchange loss	1,130	190
Gain on lease termination	-	(916)
Change in working capital items:		
Amounts receivable	(51,297)	(73,578)
Inventory	215,313	(332,714)
Prepaid expenses	67,749	(106,984)
Accounts payable and accrued liabilities	397,583	187,142
Net cash used in operating activities	(836,729)	(3,536,153)
Investing activity		
Cash acquired from reverse takeover transaction	-	937,327
Net cash provided by investing activity	-	937,327
Financing activities		
Proceeds from issuance of shares	-	1,180,000
Proceeds from loans	212,500	-
Proceeds from warrants exercise	86,000	-
Lease payments	-	(6,300)
Loan repayments	-	(427,171)
Net cash provided by financing activities	298,500	746,529
Change in cash	(538,229)	(1,852,297)
Cash, beginning	639,001	2,491,298
Cash, ending	\$ 100,772	\$ 639,001

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

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.) (the “Company” or “Yumy”) was incorporated on September 22, 1997 under the laws of the Province of British Columbia. Its head office is located at 2500, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3. The Company was formerly an exploration stage company engaged in the acquisition of minerals properties. The Company’s common shares trade on the Canadian Securities Exchange (“CSE”).

On June 30, 2021, the Company completed an acquisition transaction whereby the Company acquired 100% of the issued and outstanding shares of Yumy Bear Goods Inc. (“YBGI”) and consequently operates the business of YBGI. Upon completion of the acquisition, the Company consolidated its common shares on the basis of one post-consolidation share for three pre-consolidation shares and changed its name from “Fire River Gold Corp.” to “Yumy Bear Goods Inc.” and its trading symbol to “YUMY”. The transaction was accounted for as a reverse takeover transaction (Note 15).

On December 30, 2021, the Company changed its name and symbol to “The Yumy Candy Company Inc.” and “TYUM”, respectively.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards (“IFRS”). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

At January 31, 2023, the Company had cash of \$100,772 (2022 - \$639,001) and the Company’s current liabilities exceeded its current assets by \$1,417,983 (2022 - \$32,800). During the year ended January 31, 2023, the Company generated revenue of \$775,494 (2022 - \$363,646) and has incurred net losses since inception and as at January 31, 2023 has a deficit of \$13,056,879 (2022 - \$11,585,605).

The above factors indicate material uncertainties, which may cast significant doubt about the Company’s ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company’s own resources and external market conditions.

The ability of the Company to continue as a going concern is dependent on generating profitable operations, raising additional financing, and developing its products. The Company is not yet generating positive cash flows from operations. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company. Failure to obtain additional financing or generate profitable operations, results in material uncertainties that cast significant doubt as to the Company’s ability to continue to operate as a going concern.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved by the board of directors on May 31, 2023.

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The significant accounting policies set out in Note 4 have been applied consistently to the periods presented.

(c) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company’s returns.

These consolidated financial statements include the financial statements of the Company and its significant subsidiaries listed in the table below:

Name	Functional Currency	Country of Incorporation	% equity interest as at January 31, 2023
1295304 B.C. Ltd.	CAD	Canada	100%
Yumy Bear Goods (US) Inc.	US\$	USA	100%

All inter-company balances and transactions have been eliminated on consolidation.

The reporting currency of the Company and its subsidiaries is the Canadian Dollar.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (CONTINUED)

(d) Significant accounting estimates and judgments

Significant estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant estimates made by management affecting the consolidated financial statements include:

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the success of the business operations. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Share-based compensation

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the Company's common shares, expected life of the share option, forfeiture rate, volatility and dividend yield and making assumptions about them.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (CONTINUED)

(d) Significant accounting estimates and judgments (continued)

Significant estimates and assumptions (continued)

Business combinations

Judgment is required to determine if the Company's acquisitions represent a business combination or an asset purchase. More specifically, management concluded that the Company's acquisitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the acquisitions represented the purchase of assets, no goodwill was recognized on the transaction. As the Company concluded that the acquisitions were asset acquisitions, an allocation of the purchase price to the individual identifiable assets acquired and liabilities assumed based on their fair values at the date of purchase was required. The excess of the consideration paid over the fair value of the net liabilities assumed was recognized as listing expense in the consolidated statements of loss and comprehensive loss. The fair values of the net liabilities acquired was calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position and the amount recognized as listing expense in the consolidated statements of loss and comprehensive loss.

Significant judgments

The preparation of consolidated 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 the Company's consolidated financial statements include the assessment of the Company's ability to continue as a going concern (Note 2).

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments are initially recorded at fair value, adjusted for directly attributable transaction costs. The Company determines each financial instrument's classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument's classification.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or 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 are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

Classification (continued)

The following table shows the classification of financial instruments under IFRS 9:

Financial assets/liabilities	Classification IFRS 9
Cash	FVTPL
Amounts receivable	Amortized cost
Accounts payable	Amortized cost
Loans payable	Amortized cost

Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss). The Company has no financial assets classified as FVTOCI.

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. The Company's financial assets and liabilities at amortized cost include amounts receivable, accounts payable and loans payable.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the consolidated statements of loss and 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 recorded in the consolidated statements of loss and comprehensive loss in the period in which they arise. Cash is classified as FVTPL.

Impairment of financial assets at amortized cost

The Company recognized 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's credit risk 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 recognizes in the consolidated 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.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

Derecognition

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. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

(b) Cash

Cash is comprised of cash held at major financial institutions and short-term investments which are readily convertible into a known amount of cash.

(c) Research and development

Expenditure on internally developed products is capitalized as an intangible asset if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Company is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

(d) Related party transactions

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. 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.

(e) Loss per share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined by adjusting the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The effects of anti-dilutive potential units are ignored in calculating diluted earnings per share. All options and warrants are anti-dilutive when the Company is in a loss position.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Inventory

The Company values inventory at the lower of cost and net realizable value. Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring the inventory to their present location and condition. The Company uses the weighted average method to determine the cost of inventory. The Company estimates net realizable value as the amount that inventory is expected to be sold while taking into consideration the estimated selling costs. Inventory is written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventory to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain selling costs related to inventory is expensed in the period incurred. The Company's inventory is comprised of gummies and finished goods.

(g) Taxation

Income tax comprises current and deferred taxes. Income tax is recognized in the consolidated statement of loss and comprehensive loss, except to the extent that relates to items recognized directly in equity, in which case, the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the reporting year, using tax rates enacted, or substantively enacted, at the end of the reporting year.

Deferred tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

(h) Foreign currency translation

The functional currency of the Company and its Canadian subsidiary, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar. The functional currency of the Company's US subsidiary is the US dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statement of loss and comprehensive loss.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currency translation (continued)

Assets and liabilities of entities with functional currencies other than the Canadian dollar are translated at the period-end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in comprehensive income (loss).

(i) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

(j) Revenue recognition

The Company has adopted all requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 utilizes a methodical framework for entities to follow to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The IFRS 15 model contains the following five-step contract-based analysis of transactions guiding revenue recognition:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

The Company derives its revenue from sale of products to customers. The Company recognizes revenue from the sale of products when persuasive evidence of a contractual arrangement exists, the products have been delivered to the customer, no significant vendor obligations remain outstanding, the price is fixed or determinable, and collectability is reasonably assured.

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of returns and discounts

(k) Cost of sales

Cost of sales includes all expenditures to purchase the products, and cost to bring the products to their current location.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. The warrant reserve records the fair value of the warrants issued for services until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(m) Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for any indicators of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written-down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(n) Leases

The Company adopted all of the requirements of IFRS 16 Leases ("IFRS 16") on incorporation at September 9, 2020. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets or leases with a term of 12 months or less, which are recognized on a straight-line basis as an expense. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the consolidated statement of loss and comprehensive loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Future accounting pronouncements

There are no other IFRS or International Reporting Interpretations that are not yet effective that are expected to have a material impact on the Company's consolidated financial statements.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable, accounts payable and loans payable. The carrying values of the financial instruments approximate fair value due to the short-term nature of these instruments. Fair value of financial assets and liabilities, information related to risk management positions and discussion of risks associated with financial assets and liabilities are presented as follows:

Fair value

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1 quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
- Level 3 inputs for the asset or liability that are not based upon observable market data.

Cash is measured using level 1 inputs. The carrying value of the amounts receivable, accounts payable and loans payable approximate their fair value due to their short-term nature.

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 primary exposure to credit risk is in its cash accounts and amounts receivable. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The carrying value of amounts receivable as at January 31, 2023 was \$136,700 (2022 - \$85,403). Credit risk with respect amounts receivable is mitigated by the Company performing ongoing credit reviews on its customers before concluding sales transactions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. The Company maintained cash at January 31, 2023 in the amount of \$100,772 (2022 - \$639,001), in order to meet short-term business requirements. At January 31, 2023, the Company had accounts payable and accrued liabilities of \$1,799,721 (2022 - \$1,184,532). All of the Company's accounts payable have contractual maturities of less than 90 days and the loan payables are due in August and October 2023. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to any significant foreign currency risk.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital. As at January 31, 2023, the Company is not exposed to significant market risk.

6. AMOUNTS RECEIVABLE

	January 31, 2023	January 31, 2022
Trade receivable	\$ 125,037	\$ 43,966
GST recoverable	11,663	41,437
Total	\$ 136,700	\$ 85,403

7. INVENTORY

The Company's inventory is comprised of gummies and finished goods. The movement in inventory for the years ended January 31, 2023 and 2022 is as follows:

	January 31, 2023	January 31, 2022
Beginning inventory	\$ 320,344	\$ -
Purchases	306,551	749,080
Cost of sales	(521,864)	(428,736)
Ending inventory	\$ 105,031	\$ 320,344

8. PREPAID EXPENSES

	January 31, 2023	January 31, 2022
Deposits to suppliers	\$ 11,818	\$ 58,626
Filing fees	8,090	7,278
Insurance	2,098	1,292
Sales and marketing	12,683	10,038
Legal	1,495	1,494
Shareholder relations	3,051	8,604
Travel	-	19,652
Total	\$ 39,235	\$ 106,984

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2023	January 31, 2022
Trade payables (Note 13)	\$ 1,351,941	\$ 1,080,130
Accrued liabilities	212,399	80,151
Customer deposits	306	579
Payroll liabilities	590	1,169
Credit card and other payables	18,009	22,503
	\$ 1,583,245	\$ 1,184,532

10. LOANS PAYABLE

On June 1, 2022, the Company entered into a loan agreement with a principal of \$86,000 from a non-related party. The loan is non-interest bearing, unsecured and due on demand. The loan is outstanding as at January 31, 2023.

On August 11, 2022, the Company entered into a loan agreement with a principal of \$90,000 from a non-related party. The loan bears interest at the rate of 7% per annum, unsecured, and due and payable on or before August 11, 2023. As at January 31, 2023, the balance outstanding including accrued interest is \$92,986. During the year ended January 31, 2023, the Company recorded interest expense of \$2,986 on this loan.

On October 24, 2022, the Company entered into a loan agreements with a principal of \$36,500 from non-related parties. The loan bears interest at the rate of 10% per annum, unsecured, and due and payable on or before October 24, 2023. As at January 31, 2023, the balance outstanding including accrued interest is \$37,490. During the year ended January 31, 2023, the Company recorded interest expense of \$990 on this loan.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

On May 15, 2021, the Company entered into a warehouse lease agreement requiring a monthly lease payment of \$650 over a period of two years. The Company recognized a lease liability measured at the present value of the lease payments, discounted using the Company's incremental borrowing rate. The Company's incremental borrowing rate applied to the lease liabilities was determined to be 12%. The Company recognized the value of right-of-use ("ROU") asset and lease liability on the consolidated statement of financial position.

On August 15, 2021, the Company's usage of the warehouse increased and accordingly the lease was modified and required monthly lease payments of \$1,650 for the remaining period of the lease. During the year ended January 31, 2022, the Company recorded a loss on lease modification of \$400.

On November 15, 2021, the lease was terminated. During the year ended January 31, 2022, the Company recorded a gain on lease termination of \$916.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Right-of-use asset:		
Present value of lease payments	\$	13,808
Lease modification		14,685
Depreciation		(5,632)
Lease termination		(22,861)
Balance, January 31, 2022 and 2023	\$	-
Lease liability:		
Present value of lease payments	\$	13,808
Lease modification		15,085
Cash payments		(6,300)
Accrued interest		1,184
Lease termination		(23,777)
Balance, January 31, 2022 and 2023	\$	-

12. CAPITAL STOCK

(a) Authorized

The Company has authorized an unlimited number of common shares with no par value.

On June 30, 2021, in connection with the completion of the reverse takeover transaction, the Company consolidated its common shares on the basis of one post-consolidation share for three pre-consolidation shares (Note 15). All shares figures have been retroactively adjusted to reflect share consolidation.

As at January 31, 2023, the Company had 29,208,132 (2022 - 27,488,132) common shares outstanding.

(b) Issued and outstanding

On June 30, 2021, the Company issued 22,000,000 common shares and 3,434,804 common shares as part of the reverse takeover transaction of YBGI (Note 15). Concurrently, the Company completed a private placement consisting of 2,053,328 common shares at a price of \$1.50 per share for gross proceeds of \$3,080,000.

On November 28, 2022, the Company issued 1,720,000 shares for gross proceeds of \$86,000 on the exercise of share purchase warrants at \$0.05 per share.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

12. CAPITAL STOCK (CONTINUED)

(c) Securities held in escrow

Following the completion of the reverse takeover transaction, 2,000,000 shares were held in escrow. As per agreement, 10% of the escrowed securities were released on the listing date and 15% will be released every six months thereafter over a 36-month period.

As at January 31, 2023, 900,000 shares were held in escrow and will be released on each of the following dates:

Number of escrow shares	Date
300,000	June 30, 2023
300,000	December 30, 2023
300,000	June 30, 2024

(d) Reserves

Reserve

The reserve records the fair value of options and warrants granted.

Foreign currency translation reserve

The foreign currency translation reserve records the effect of the translation of the assets, liabilities and the results of operations of Yumy Bear Goods (US) Inc. from its functional currency (US\$) to the reporting currency, the Canadian Dollar.

(e) Share purchase warrants

On October 29, 2020, the Company issued 20,000,000 share purchase warrants pursuant to a private placement with a fair value of \$392,132. Each warrant was exercisable into a common share of the Company for a period of 2 years at an exercise price of \$0.05.

During the year ended January 31, 2023, the Company extended the expiry date of 20,000,000 common share purchase warrants by 24 months to October 29, 2024.

Share purchase warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at January 31, 2021	20,000,000	\$ 0.05
Opening balance of YBGI*	2,380,953	0.55
YBGI warrants cancelled (Note 15)*	(20,000,000)	(0.05)
RTO replacement warrants (Note 15)	20,000,000	0.05
Outstanding as at January 31, 2022	22,380,953	0.10
Exercised	(1,720,000)	0.05
Expired	(660,953)	0.05
Outstanding as at January 31, 2023	20,000,000	\$ 0.05

*On June 30, 2021, the Company issued 20,000,000 replacement warrants to affect the reverse takeover acquisition of YBGI. Each warrant is exercisable for common shares of the Company at an exercise price of \$0.05 per share until October 29, 2022 (subsequently extended to October 29, 2024). The Company also assumed 2,380,953 outstanding warrants of Yumy Bear issued before the RTO transaction (Note 15).

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

12. CAPITAL STOCK (CONTINUED)

As at January 31, 2023, the Company had outstanding warrants, enabling the holders to acquire common shares as follows:

Expiry Date	Number of Warrants	Exercise Price	Weighted Average Remaining in Contractual Life, in Years
October 29, 2024	20,000,000	\$ 0.05	1.75

13. RELATED PARTY TRANSACTIONS

Related parties and related party transactions are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and companies owned by these individuals.

Remuneration attributed to key management personnel is summarized as follows:

For the years ended January 31,	2023	2022
Consulting fees	\$ 125,919	\$ 101,500
Management fees	56,415	54,400
Research and development	33,600	43,100
Rent*	36,000	-
	\$ 251,934	\$ 199,000

*The Company signed a lease agreement on February 1, 2022 with a company controlled by a director of the Company. The lease agreement matured on January 31, 2023.

As at January 31, 2023, the Company had \$224,867 (2022 - \$133,964) owing to the directors of the Company, which is included in the trade payables (Note 9). The amounts due to related parties are non-interest bearing, unsecured and had no fixed terms of repayment.

14. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company considers the items included in shareholders' equity as capital. The Company's primary source of capital comes from the issuance of capital stock.

The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding through issuance of new shares or new debt. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long-term but recognizes there will be risks involved that may be beyond its control. There were no changes to the Company's capital management approach during the year ended January 31, 2023. The Company is not subject to external restrictions on its capital.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

15. REVERSE TAKEOVER ACQUISITION

On June 30, 2021, the Company completed a reverse takeover acquisition transaction whereby the Company acquired 100% of the issued and outstanding shares of YBGI in exchange for an aggregate of 22,000,000 common shares (Note 12). In connection with the transaction, the Company consolidated its common shares on the basis of one post-consolidation share for three pre-consolidation shares and changed its name to "Yumy Bear Goods Inc." on June 30, 2021. The Company continued the business of YBGI, which imports and sells low sugar plant-based candy confectionaries.

Concurrently with the closing, the Company completed a share financing consisting of 2,053,328 common shares at a price of \$1.50 per financing share for gross proceeds of \$3,080,000 (Note 12).

The Company did not meet the definition of a business; therefore, the transaction is outside of the scope of IFRS 3 Business Combinations. Instead, the transaction will be accounted for under IFRS 2 Share-based Payment. Under this basis of accounting, the consolidated entity is considered to be a continuation of YBGI with the net identifiable assets of the Company deemed to have been acquired by YBGI. The results of operations from the Company are included in the consolidated financial statements since the date of acquisition. The following table summarizes the consideration paid and fair value of the identifiable assets acquired, and liabilities assumed as of the date of the acquisition:

15. REVERSE TAKEOVER ACQUISITION (CONTINUED)

Fair value of the consideration (3,434,804 shares at \$1.5 per share)*	\$	5,152,219
Fair value of warrants assumed (2,380,593 warrants at \$1.02 per warrant)**		2,420,584
Total consideration		7,572,803
Allocated as follows:		
Identified fair value of net assets:		
Cash	\$	937,327
Trade and other payables		(961,698)
Loans payable***		(427,381)
Net liabilities assumed		(451,752)
Listing expense	\$	8,024,555

*The fair value of the 3,434,804 shares issued for the transaction were estimated to be \$1.5 per share using the price of the concurrent private placement (Note 12).

**The fair value of the 2,380,593 assumed warrants was estimated using the Black Sholes Option Pricing Model (share price at issue date of \$1.5; estimated risk-free rate of 0.44%; estimated annual yield of 0%; expected life of 0.7 years; expected volatility of 121.61%; and forfeiture rate of 0%)

***The Company assumed at the completion of reverse takeover transaction a \$300,000 promissory note bearing interest at 10% per annum, compounding annually and a \$20,000 loan bearing at 7% per annum owed to arm's length parties. During the year ended January 31, 2022, the total outstanding balance of \$427,381, including accrued interest of \$107,381 was repaid.

The Yumy Candy Company Inc. (formerly Yumy Bear Goods Inc.)
Notes to the Consolidated Financial Statements
For the years ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)

16. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% to income before income taxes.

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	January 31, 2023	January 31, 2022
Net loss for the period	\$ 1,471,274	\$ (11,253,224)
Statutory income tax rate	27%	27%
Income tax benefit computed at statutory tax rate	397,244	3,038,370
Permanent difference for listing expense	-	(2,166,630)
Change in valuation allowance	(397,244)	(871,740)
Income tax expense	\$	\$ -

As at January 31, 2023, the Company had non-capital losses carried forward of approximately \$5,092,322 (2022 - \$3,601,048) which may be utilized to reduce future years' taxable income and expire through 2041 and 2043 if not utilized.

Deferred income tax assets have not been recognized in respect of these items because it is not probable that the Company will be able to generate sufficient taxable income upon which these deferred tax assets can be realized.

17. SUBSEQUENT EVENTS

Subsequent to the year ended January 31, 2023, the Company received \$330,500 loan from third parties at 10% per annum maturing in 12 months from their respective advance date.

Subsequent to the year ended January 31, 2023, the Company issued 1,800,000 shares on the exercise of share purchase warrants at \$0.05 per share.