VITALITY PRODUCTS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021

VITALITY PRODUCTS INC.

NOTICE TO READER

The condensed interim statements of financial position of Vitality Products Inc. as at October 31, 2022 and 2021 and the condensed interim statements of loss and comprehensive loss, changes in equity and cash flows for the nine months then ended have not been reviewed by an auditor. These condensed interim financial statements are the responsibility of the Company's management. These condensed interim financial statements have been prepared by management of the Company in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

VITALITY PRODUCTS INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

Assets	October 31, 2022	January 31, 2022
Current:		
Cash	$ 69,209	$ 50,981
Short-term investment (Note 4)	454,098	951,815
Accounts and other receivables (Notes 5 and 9)	178,356	197,432
Inventories (Note 6)	245,063	187,901
Prepaid expenses	25,936	37,563
	972,662	1,425,692
Security deposit	7,480	-
Property and equipment (Notes 7 and 16)	138,563	17,684
Investment property (Notes 8, 12 and 16)	238,942	239,038
	$ 1,357,647	$ 1,682,414
Liabilities		
Current:		
Accounts payable and accrued liabilities (Note 12)	$ 179,136	$ 224,746
Current portion of lease liabilities (Note 16)	48,752	3,832
Amounts owing to related parties (Note 12)	1,330,074	1,352,579
Redeemable preference shares (Notes 10 and 12)	674,448	661,245
	2,232,410	2,242,402
Long-term lease liabilities (Note 16)	82,566	-
	2,314,976	2,242,402
Shareholders' Deficiency		
Common shares, net of share issuance cost (Note 11)	12,505,409	12,505,409
Reserves - warrants (Note 11)	881,931	881,931
Reserves - equity settled employee benefits (Note 11)	815,974	793,744
Deficit	(15,160,643)	(14,741,072)
	(957,329)	(559,988)
	$ 1,357,647	$ 1,682,414

Nature of Operations and Going Concern (Note 1)
Other Commitments and Contingencies (Notes 9 and 16)

Approved and authorized by the Board on December 30, 2022

"Cheryl A. Grant" (signed), Director

"W. Douglas Grant" (signed), Director

- See accompanying Notes to the condensed interim financial statements -

VITALITY PRODUCTS INC.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended Oct. 31, 2022	Nine Months Ended Oct. 31, 2022	Three Months Ended Oct. 31, 2021	Nine Months Ended Oct. 31, 2021
Sales (Note 18)	$ 230,727	$ 667,021	$ 218,250	$ 631,805
Cost of sales (Notes 6, 9 and 18)	61,244	177,764	58,233	167,940
Gross margin	169,483	489,257	160,017	463,865
General selling expenses:				
Promotion (Note 9)	38,737	186,107	41,252	159,809
Selling fees (Notes 9 and 18)	17,784	67,174	24,945	49,475
	56,521	253,281	66,197	209,284
General and administrative expenses:				
Consulting fees (Notes 9 and 12)	46,415	117,075	13,679	64,107
Depreciation	14,490	31,703	2,413	6,005
Directors' fees (Note 12)	-	2,100	-	1,750
Filing and transfer agent fees	6,450	21,298	8,770	27,490
Foreign exchange loss (gain)	(61)	748	419	2,531
Office (Note 18)	7,078	36,151	5,430	14,704
Professional fees	12,036	43,610	12,719	54,918
Rent and administration (Note 12)	5,284	16,375	6,160	18,094
Share-based compensation (Note 12)	-	22,230	-	79,475
Telephone	1,895	5,831	1,755	4,515
Travel (Note 9)	8,310	26,251	4,194	5,772
Wages and salary (Notes 9 and 12)	97,144	326,499	164,455	449,337
	199,041	649,871	219,994	728,698
Other revenues and expenses				
Disposal of right-of-use asset	(10,000)	(10,000)	-	-
Interest income	(3,514)	(6,396)	(777)	(2,159)
Interest expense (Note 16)	4,372	8,869	1,189	3,737
Accrued dividends on redeemable preference shares (Notes 10 and 12)	4,449	13,203	4,449	13,203
	250,869	908,828	291,052	952,763
Net loss and comprehensive loss	$ 81,386	$ 419,571	$ 131,035	$ 488,898
Loss per share				
Basic and diluted (Note 17)	$ 0.00	$ 0.01	$ 0.00	$ 0.01
Weighted average number of common shares outstanding				
Basic and diluted	41,411,285	41,411,285	41,411,285	39,784,911

- See accompanying Notes to the condensed interim financial statements -

VITALITY PRODUCTS INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Common Shares Number	Common Shares $	Reserves $	Deficit $	Total $
Balance at January 31, 2021	35,411,285	11,869,356	1,267,634	(14,124,434)	(987,444)
Private placement	6,000,000	691,434	328,566	-	1,020,000
Share issuance costs	-	(55,381)	-	-	(55,381)
Share-based compensation	-	-	79,475	-	79,475
Net loss	-	-	-	(488,898)	(488,898)
Balance at October 31, 2021	41,411,285	12,505,409	1,675,675	(14,613,332)	(432,248)
Net loss	-	-	-	(127,740)	(127,740)
Balance at January 31, 2022	41,411,285	12,505,409	1,675,675	(14,741,072)	(559,988)
Share-based compensation	-	-	22,230	-	22,230
Net loss	-	-	-	(419,571)	(419,571)
Balance at October 31, 2022	41,411,285	12,505,409	1,697,905	(15,160,643)	(957,329)

VITALITY PRODUCTS INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended Oct. 31, 2022	Nine Months Ended Oct. 31, 2022	Three Months Ended Oct. 31, 2021	Nine Months Ended Oct. 31, 2021
Operating Activities:				
Net loss	$ (81,386)	$ (419,571)	$ (131,035)	$ (488,898)
Adjustments for non-cash items:				
Depreciation of property and equipment	14,458	31,607	2,377	5,897
Depreciation of improvement on investment property	32	96	36	108
Share-based compensation	-	22,230	-	79,475
Accrual of dividends on redeemable preference shares	4,449	13,203	4,449	13,203
Accrual of interest on short-term investment	(2,303)	(2,283)	(306)	(379)
Adjustments for below-market CEBA loan (Note 9)	1,020	3,059	1,020	3,059
Changes in non-cash receivables, payables and inventories:				
(Increase) Decrease in accounts receivable	(52,746)	19,076	(11,448)	31,417
(Increase) Decrease in inventories	(38,485)	(57,162)	20,724	42,792
(Increase) Decrease in prepaid expenses and security deposit	(2,450)	4,147	3,532	(10,130)
Increase (Decrease) in accounts payable and accrued liabilities	(13,114)	(48,669)	(42,453)	(33,002)
Increase (Decrease) in the amounts owed to related parties	(1,566)	(22,505)	(2,341)	(16,116)
Cash used by operating activities	(172,091)	(456,772)	(155,445)	(372,574)
Investing Activities:				
Purchase of short-term investment	-	(750,000)	-	(1,100,000)
Redemption of short-term investment	200,000	1,250,000	200,000	600,000
Purchase of property and equipment	-	-	-	(12,557)
Cash provided (used) by investing activities	200,000	500,000	200,000	(512,557)
Financing Activities:				
Repayment of principal portion of lease liabilities	(12,299)	(25,000)	(1,329)	(3,878)
Private placement of units (Note 11)	-	-	-	1,020,000
Share issuance costs (Note 11)	-	-	-	(55,381)
Cash (used) provided by financing activities	(12,299)	(25,000)	(1,329)	960,741
Net increase in cash	15,610	18,228	43,226	75,610
Cash, beginning	53,599	50,981	68,984	36,600
Cash, ending	$ 69,209	$ 69,209	$ 112,210	$ 112,210

- See accompanying Notes to the condensed interim financial statements -

VITALITY PRODUCTS INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021 (Unaudited) (Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern:

Vitality Products Inc. (the "Company") is a publicly traded company that was incorporated under the Province of British Columbia on February 29, 1984. The head office of the Company is located at #304 - 837 West Hastings Street, Vancouver, BC, Canada, V6C 3N6. The Company is listed on the TSX Venture Exchange (TSX-V) and trades under the symbol "VPI".

The Company is in the business of manufacturing, marketing, and distributing natural health products, including vitamins, minerals and nutritional supplements.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the periods ended October 31, 2022 and 2021, the Company experienced operating losses and had a significant working capital deficiency for the Company's current liabilities exceeded current assets. The operations of the Company have been primarily funded by the issuance of share capital and through advances by related parties. Continued operations are dependent on the Company's ability to generate profitable operations in the future, raise financing through the issue of additional equity and the continued financial support from related parties, none of which is certain. These circumstances indicate the existence of material uncertainties that cast significant doubt as to 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. These financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

	As at October 31, 2022	As at January 31, 2022
Deficit	**$ 15,160,643**	$ 14,741,072
Working capital (deficit)	**(1,259,748)**	(816,710)

a) COVID-19 –

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The Company has assessed the impact of COVID-19 in current and future operations and financial conditions.

The Company is regarded as an essential service company and has not had any significant interruptions to its operations and business as a result of the crisis. The Company continues to operate from office following the British Columbia guidelines on social distancing and safe work environments. The Company expects to continue working from office thus operations have not been affected. Financial conditions have not deteriorated as the Company has been able to continue generating revenue from sales of its natural health products. As a result, there are no expected foreseeable events that could negatively impact the Company to continue operating despite the extended impact of the COVID-19 pandemic.

2. Basis of Presentation:

a) Statement of Compliance –

These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain information and disclosure normally included in annual financial statements prepared using accounting policies consistent with IFRS as issued by the IASB and interpretations of the IFRIC have been omitted or condensed.

The notes presented in these condensed interim financial statements include only significant events and transactions occurring since the Company's last fiscal year end and they do not include all of the information required in the Company's most recent annual financial statements. These condensed interim financial statements have been prepared using the same accounting policies and methods as those used in the Company's most recent annual financial statements and should be read in conjunction with the financial statements of the Company for the years ended January 31, 2022 and 2021, which were prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRIC. There have been no significant changes in judgments or sources of estimation uncertainty from those disclosed in the Company's financial statements for the years ended January 31, 2022 and 2021.

The condensed interim financial statements of the Company for the nine months ended October 31, 2022 and 2021 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 30, 2022. Shortly thereafter, the financial statements are made available to shareholders.

b) New and Amended Standards and Interpretations –

At the date of authorization of the financial statements, the IASB and IFRIC have not issued any new and revised standards and interpretations which could be applicable to the Company and are not yet effective for the relevant reporting period. The Company generally does not early adopt any new standards or amendments and interpretations.

3. Significant Accounting Policies:

These condensed interim financial statements have been prepared using the same accounting policies and methods as those used in the Company's most recent annual financial statements and should be read in conjunction with the financial statements of the Company for the years ended January 31, 2022 and 2021, which were prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRIC. There have been no significant changes in judgments or sources of estimation uncertainty from those disclosed in the Company's financial statements for the years ended January 31, 2022 and 2021.

4. Short-term Investment:

Short-term investment, measured at amortized cost, consists of one guaranteed investment certificate ("GIC") with a balance of $450,000 at period-end that earns interest at the rate of bank's prime rate less 2.65%. Bank's prime rate at period-end was 5.95%. The GIC has a maturity date of April 26, 2023.

5. Accounts and Other Receivables:

The balance of accounts receivable at period-end is as follows:

	October 31, 2022 **$**	January 31, 2022 $
Current		
Trade receivables	**166,259**	150,848
Less: Allowance for doubtful accounts	**(2,796)**	(2,154)
Total trade receivables	**163,463**	148,694
Government assistance program receivable (Note 9)	**14,893**	48,738
Total receivables	**178,356**	197,432

The allowance for doubtful accounts balance at period-end is as follows:

	October 31, 2022 **$**	January 31, 2022 $
Allowance for doubtful accounts, opening	**2,154**	3,223
Increase (Decrease) to prior year allowance	**(642)**	(1,069)
Allowance for doubtful accounts, closing	**2,796**	2,154

6. Inventories:

The total carrying value of inventories by classification:

	October 31, 2022 **$**	January 31, 2022 $
Finished goods	**233,702**	162,003
Work in process	**11,361**	25,898
Total inventories	**245,063**	187,901

Inventories amounting to $177,706 (2021 - $167,481) were recognized as an expense in the period (included in cost of sales).

7. Property and Equipment:

	Computer Equipment $	Office Furniture and Equipment $	Right-of-Use Asset Automobile (Note 16) $	Right-of-Use Asset Office (Note 16) $	Total $
Cost					
As at January 31, 2021	-	9,167	16,428	-	25,595
Additions	5,643	6,914	-	-	12,557
Disposals	-	-	-	-	-
As at January 31, 2022	5,643	16,081	16,428	-	38,152
Additions	-	-	-	152,486	152,486
Disposals	-	-	(16,428)	-	(16,428)
As at October 31, 2022	**5,643**	**16,081**	**-**	**152,486**	**174,210**
Accumulated Depreciation					
As at January 31, 2021	-	5,151	7,042	-	12,193
Depreciation	987	1,656	5,632	-	8,275
Disposals	-	-	-	-	-
As at January 31, 2022	987	6,807	12,674	-	20,468
Depreciation	1,048	1,391	3,754	25,414	31,607
Disposals	-	-	(16,428)	-	(16,428)
As at October 31, 2022	**2,035**	**8,198**	**-**	**25,414**	**35,647**
Net Book Value					
As at January 31, 2021	-	4,016	9,386	-	13,402
As at January 31, 2022	4,656	9,274	3,754	-	17,684
As at October 31, 2022	**3,608**	**7,883**	**-**	**127,072**	**138,563**

8. Investment Property:

	Cost $	Accumulated Amortization $	Carrying Value $
Cost			
As at January 31, 2021	244,660	5,478	239,182
Amortization	-	144	(144)
As at January 31, 2022	244,660	5,622	239,038
Amortization	-	96	(96)
As at October 31, 2022	**244,660**	**5,718**	**238,942**

The Company holds one investment property which is raw land located in Whatcom County, Washington State that was purchased on September 12, 2002 with a historical cost of $237,750 (US$150,000). Included in the balance is the cost of improvements to the land net of amortization.

Management has estimated the fair value of the investment property to be in the range of $478,447 to $669,826 (2021 - $453,530 to $755,884) based on comparable market prices for undeveloped land in Whatcom County. This is a level 2 fair value determination which uses valuation techniques based on inputs that are other than quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

9. Government Assistance:

The Company applies for government assistance and has been successful in receiving funding, subject to certain conditions, for the following programs:

- Digital and consumer marketing programs within British Columbia
- Youth employment and intern programs

Total government assistance has been recorded against expenses recorded on the statement of loss and comprehensive loss as follows:

	October 31, 2022	October 31, 2021
	$	$
Cost of sales	**1,953**	-
Promotion	**11,304**	38,790
Selling fees	**129**	231
Consulting fees	**2,068**	2,947
Travel	**2,288**	-
Wages and salary	**14,392**	18,301
Total government assistance	**32,134**	60,269

Included in accounts and other receivables as at October 31, 2022 is $14,893 (2021 - $30,605) for a government assistance receivable.

Canada Emergency Business Account (“CEBA”) Loan

During the year ended January 31, 2021, the Company received loans totaling $60,000 pursuant to the CEBA program. The CEBA provided reduced interest, partially forgivable loans to assist businesses with covering non-deferrable expenses during the COVID-19 pandemic. If $40,000 of the CEBA loan is repaid on or before December 31, 2022, the remaining $20,000 of the CEBA loan will be forgiven.

During the year ended January 31, 2022, the CEBA program repayment terms changed to if $40,000 of the CEBA loan is repaid on or before December 31, 2023, the remaining $20,000 of the CEBA loan will be forgiven. The Company expects to make the required repayments on or before December 31, 2022 to fulfil the final commitment. The Company is liable for repayment of the forgiven $20,000 if repayment is not made by December 31, 2023.

The loan bears no interest until December 31, 2023, at which point, if unpaid, it will convert to a three-year term loan bearing interest at 5% per annum. The loan was initially measured at fair value of $50,120 and is subsequently measured at amortized cost, using an effective interest rate of 7.45%. During the period ended October 31, 2022, $3,059 (2021 - $3,059) of interest expense related to the CEBA loan was recognized and included in interest expense in the statements of loss and comprehensive loss. The Company received a benefit of $29,880 due to the below-market interest rate and the forgivable portion on the CEBA loan, which are $9,880 and $20,000, respectively. This benefit was initially recognized as a deduction of the CEBA loan balance and a reduction of the wages and salary expense.

The amount of the benefit was a level 2 fair value determination which uses valuation techniques based on inputs that are other than quoted prices that are observable.

10. Redeemable Preference Shares:

a) Authorized –

No maximum number of Class "A" Preferred shares with a par value of $10 each.

b) Issued –

		October 31, 2022		October 31, 2021	
		Shares	**Amount**	Shares	Amount
			$		$
Class A, Series 1	(a)	**2,500**	**70,127**	2,500	68,627
Class A, Series 3	(b)	**26,920**	**604,321**	26,920	588,169
			674,448		656,796

(a) Class A, Series 1

The Class A, Series 1 preference shares have a 6% per annum cumulative dividend payable annually commencing January 31, 1992, are redeemable by the Company and retractable by the holder. The redemption price is $10 per share plus any cumulative dividends.

Included in the balance as at October 31, 2022 are aggregate cumulative preference share dividends in arrears of $45,127 (2021 - $43,627).

(b) Class A, Series 3

The Class A, Series 3 preference shares have a 6% per annum cumulative dividend payable annually commencing January 31, 2002, are redeemable by the Company and retractable by the holder. The redemption price is $10 per share plus any cumulative dividends. The Company may force conversion of these shares and accumulated dividends into the Company's common shares at a forced conversion price. The number of shares that the Company will issue under forced conversion is determined by using a price equal to the lesser of:

- the then-current market price of the Company's common share and
- $0.25 per preference share plus all unpaid dividends accrued on the preference shares thereon to the date of conversion.

Included in the balance as at October 31, 2022 are aggregate cumulative preference share dividends in arrears of $335,121 (2021 - $318,969).

11. Capital Stock and Reserves:

a) Authorized –

No maximum number of voting Common shares without par value.
No maximum number of Class "B" Preference shares with a par value of $50 each.

b) Issued and Fully Paid –

Common shares:

	Number of Shares	Share Capital	Reserves - Warrants	Reserves - Equity Settled Employee Benefits
Balance, January 31, 2021	35,411,285	$ 11,869,356	$ 553,365	$ 714,269
Private placement	6,000,000	691,434	328,566	-
Share issuance costs	-	(55,381)	-	-
Share-based compensation	-	-	-	79,475
Balance, January 31, 2022	41,411,285	$ 12,505,409	$ 881,931	$ 793,744
Share-based compensation	-	-	-	22,230
Balance, October 31, 2022	**41,411,285**	**$ 12,505,409**	**$ 881,931**	**$ 815,974**

On April 16, 2021, the Company closed a non-brokered private placement by issuing 6,000,000 units for a subscription price of $0.17 per unit, raising gross proceeds of $1,020,000. Each unit consists of one common share and one share purchase warrant of the Company, and each such warrant entitles the holder thereof to acquire one additional common share of the Company for a period of one year from the closing of the private placement at an exercise price of $0.25. The Company incurred share issuance costs of $55,381 paid in cash.

c) Options –

The Company has a rolling stock option plan under the rules of the TSX Venture Exchange (“TSXV”). The Company’s shareholders ratified and approved the continuance of the plan at the annual and special general meeting that was held on July 19, 2022. Under the plan, the Company is authorized to grant options to directors, officers, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company, determined at the time of any stock option grant. The exercise price of each option is set by the board of directors at the time such option is allocated under the plan, and cannot be less than the discounted market price which cannot be below minimums set by the TSXV. The discounted market price is determined using the Black-Scholes option-pricing model taking into consideration the market price on the date options are vested. The options can be exercisable for a maximum term of 5 years and generally vest 33.33% in specified increments unless otherwise specified by the board of directors. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSXV, shares issued on the exercise of options are restricted from trading during the four-month period subsequent to the date of grant.

For stock options granted to directors, officers and employees, the Company recognizes share-based compensation expense based on the estimated fair value of stock options granted as calculated using the Black-Scholes option-pricing model.

11. Capital Stock and Reserves: (Continued)

c) Options – (Continued)

During the period ended October 31, 2022, the Company granted 570,000 stock options with a weighted average fair value of $0.039 per option to directors, officers, employees and consultants of the Company. These options are not subject to any vesting schedule. Share-based compensation totaling $22,230 was expensed during the period ended October 31, 2022.

During the year ended January 31, 2022, the Company granted 425,000 stock options with a weighted average fair value of $0.187 per option to directors, officers, employees and consultants of the Company. These options are not subject to any vesting schedule. Share-based compensation totaling $79,475 was expensed during the year ended January 31, 2022.

The following assumptions were used for the Black-Scholes valuation of stock options granted:

	October 31, 2022	January 31, 2022
Risk-free interest rate	**3.07%**	0.79%
Expected life of options	**5 years**	5 years
Fair value per option granted	**$ 0.039**	$ 0.187
Annualized volatility	**221%**	216%
Dividend rate	**0.00%**	0.00%

A summary of changes in outstanding stock options is as follows:

	Number	Weighted Average Exercise Price
Balance, January 31, 2021	1,900,000	$ 0.13
Granted	425,000	$ 0.19
Expired	-	-
Balance, January 31, 2022	2,325,000	$ 0.14
Granted	570,000	$ 0.10
Expired	(150,000)	$ 0.15
Balance, October 31, 2022	**2,745,000**	**$ 0.13**

As at October 31, 2022, the following stock options were outstanding and exercisable:

Stock Options Outstanding and Exercisable	Exercise Price	Weighted Average Remaining Life (in years)	Expiry Date
1,550,000	$ 0.13	0.51	May 3, 2023
100,000	$ 0.11	1.08	December 1, 2023
150,000	$ 0.17	2.51	May 5, 2025
375,000	$ 0.19	3.72	July 20, 2026
570,000	$ 0.10	4.72	July 19, 2027
2,745,000		**1.95**	

d) Reserves - Warrants –

During the period ended October 31, 2022, the Company issued no warrants.

During the year ended January 31, 2022, the Company issued 6,000,000 warrants with a fair value of $0.055 per warrant. Of the proceeds raised, $328,566 was allocated to reserves - warrants on a relative fair value basis pursuant to a unit offering discussed in Note 11(b).

11. Capital Stock and Reserves: (Continued)

d) Reserves - Warrants – (Continued)

The following assumptions were used for the Black-Scholes valuation of warrants issued:

	January 31, 2022
Risk-free interest rate	**0.19%**
Expected life of warrants	**1 year**
Fair value per warrant granted	**$ 0.055**
Annualized volatility	**117%**
Dividend rate	**0.00%**

A summary of changes in outstanding warrants is as follows:

	Number	Weighted Average Exercise Price
Balance, January 31, 2021	3,125,000	$ 0.25
Issued	6,000,000	$ 0.25
Expired	(3,125,000)	$ 0.25
Balance, January 31, 2022	6,000,000	$ 0.25
Issued	-	-
Expired	(6,000,000)	$ 0.25
Balance, October 31, 2022	**-**	**-**

12. Related Party Transactions:

The Company is ultimately under the control of the Estate of William Neil Grant and has transactions with other companies under such common control. The Company is also subject to significant influence by Consolidated Firstfund Capital Corp., a company also under the control of the Estate of William Neil Grant.

Amounts due to related parties are as follows:

	October 31, 2022	October 31, 2021
Due to Consolidated Firstfund Capital Corp.	**$ 1,574**	$ 3,948
Due to a company under control of the Estate of W.N. Grant	**1,200,000**	1,279,993
Due to the Estate of W.N. Grant	**72,500**	72,500
Due to company directors	**56,000**	102,000
Amounts owing to related parties	**$ 1,330,074**	$ 1,458,441
Redeemable preference shares, Series 3 held by Consolidated Firstfund Capital Corp. (Note 10)	**$ 604,321**	$ 588,169
Other amounts owed to directors included in accounts payable:	**$ 8,546**	$ 14,168

With the exception of the redeemable preference shares, the terms of amounts due to and from related parties listed above are unsecured, non-interest bearing and have no specific terms of repayment.

12. Related Party Transactions: (Continued)

During the period ended October 31, 2022, the Company had the following transactions with related parties:

a) The Company reimbursed $11,661 (2021 - $18,536) owing to Consolidated Firstfund Capital Corp. ("CFC") for various general and administrative ("G&A") expenses paid by CFC on behalf of the Company such as telephone, printing, courier and office expenses. In addition, the Company had the following transactions with Consolidated Firstfund Capital Corp.:

- The Company rents office space from CFC on a monthly basis, for an aggregate rent expense of $13,500 (2021 - $7,500).
- CFC paid for G&A expenses of $10,156 (2021 - $17,420) on behalf the Company.
- The Company recorded additional accrued dividends payable to CFC on the redeemable preference shares Series 3 of $12,081 (2021 - $12,081).

b) The Company leases its investment property to a company under common control on a month-to-month basis for no consideration. Under the terms of this arrangement, the related party is responsible for paying the property tax and maintaining the land for future development or sale. Property tax paid in the current fiscal year was $2,039 (2021 - $2,002). The related party is entitled to any incidental income generated by short-term subleasing to a farmer for farming activity. Under this arrangement, the related party also has an indefinite-lived right of first refusal to purchase the property. The purchase price will be determined based on the market value of the property at the time of the purchase.

All of these transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management compensation is accrued and paid to the Chief Executive Officer, Chief Financial Officer and Directors as follows:

	October 31, 2022	October 31, 2021
Key management personnel compensation:		
Consulting fees	**$ -**	$ 15,000
Directors' fees	**2,100**	1,750
Share-based compensation recognized as the valuation of the stock options granted to officer and directors	**19,500**	70,125
Wages and salary paid to officers and directors	**166,500**	94,500
	$ 188,100	$ 181,375

13. Financial Instruments:

a) Currency Risk –

Currency risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in foreign currency exchange rates. The Company is exposed to currency risk primarily arising from sales in the United States (See Note 15), accounts receivable balances and cash balances denominated in U.S. dollars. The Company does not use derivative instruments to hedge its exposure to this risk.

The statements of financial position include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities which are denominated in US dollars:

	October 31, 2022	October 31, 2021
Cash	**$ 9,325**	$ 8,516
Accounts receivable	**10,103**	1,110
Net exposure	**$ 19,428**	$ 9,626

A 10% strengthening (weakening) of the U.S. dollar against the Canadian currency would have decreased (increased) the Company's net loss from these account balances by $1,943 (2021 - $963).

b) Liquidity Risk –

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity or debt financing. The Company has no assurance that such financing will be available on favourable terms. As at October 31, 2022, the Company is exposed to liquidity risk as a result of its current liabilities exceeding its current assets and the amounts owing to related parties of $1,330,074 (2021 - $1,458,441) are due on demand.

In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. All of the Company's financial liabilities have a maturity of less than one year except its long-term lease liabilities.

c) Credit Risk –

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss. The financial instruments that subject the Company to credit risk consist primarily of cash, short-term investment, and accounts receivable. The maximum amount of credit risk exposure is limited to the carrying amount of the balances in the financial statements.

The Company mitigates the risk associated with cash and short-term investment by dealing only with large Canadian financial institutions with good credit ratings.

The Company views the credit risk associated with accounts receivable as minimal as the balance consists of government assistance program claims due from the Government of Canada and accounts receivable due from customers, primarily distributors, with no history of defaults. An allowance for doubtful accounts under the expected credit loss model has been accrued as disclosed in Note 5.

As at October 31, 2022, the Company has a concentration of credit risk in its accounts receivable from three of its major customers representing approximately 38%, 37% and 5% of trade receivables (2021 - 33%, 31% and 7%).

14. Capital Management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its operation. Therefore, the Company monitors the level of risk incurred in its operation relative to its capital structure.

The Company considers its capital structure to include shareholders' equity and its redeemable preference shares. The Company monitors its capital structure and makes adjustments 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 issue new equity if available on favourable terms.

The Company's investment policy is to hold cash in interest-bearing bank accounts. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the period ended October 31, 2022.

15. Segmented Information and Economic Dependence:

The Company operates in a single segment in Canada which is business of manufacturing, marketing, and distributing natural health products, including vitamins, minerals and nutritional supplements. All of the Company's employees are located in Canada.

The following table illustrates revenue earned from external customers located in Canada and the United States for the periods ended October 31, 2022 and 2021:

	2022 $	**% of revenue**	2021 $	% of revenue
Canada	**617,661**	**92.6%**	593,897	94.0%
United States	**49,360**	**7.4%**	37,908	6.0%
	667,021		631,805	

For the periods ended October 31, 2022 and 2021, the Company recorded the following revenue from its major customers:

	2022 $	**% of revenue**	2021 $	% of revenue
Customer 1	**235,458**	**35.3%**	185,119	29.3%
Customer 2	**123,399**	**18.5%**	137,733	21.8%
Customer 3	**59,365**	**8.9%**	72,026	11.4%

For the periods ended October 31, 2022 and 2021, the Company recorded the following revenue from its main products:

	2022 $	**% of revenue**	2021 $	% of revenue
Product 1	**348,185**	**52.2%**	332,329	52.6%
Product 2	**56,697**	**8.5%**	63,181	10.0%
Product 3	**47,359**	**7.1%**	48,649	7.7%

The Company has two suppliers for the manufacture of its products located in Canada.

16. Leases:

a) As a Lessor –

The Company leases out its investment property to a related party under common control. The Company has classified this lease as an operating lease because it does not transfer substantially all the risks and rewards incidental to the ownership of the assets. See Note 12 for details of this lease.

b) As a Lessee –

The Company has certain leases with lease terms of 12 months or less. The Company applied the short-term lease recognition exemptions for these leases. Expense relating to short-term leases for the period ended October 31, 2022 is $16,375 (2021 - $18,094).

The Company entered into a lease contract for an automobile on July 6, 2019 with a term of 39 months. Set out below are the carrying amounts of the right-of-use automobile, the related lease liability recognized and the movements during the period:

	Asset $	**Liability $**
As at February 1, 2022	3,754	3,832
Additions	-	-
Minus: Depreciation	3,754	-
Plus: Interest on lease included in interest expense	-	162
Minus: Payments	-	3,994
As at October 31, 2022	**-**	**-**

The Company received $10,000 from the lessor for returning the right-of-use automobile at the end of the lease contract and not exercising its option to purchase the right-of-use automobile.

The Company entered into a lease contract for an office on May 1, 2022 with a term of 36 months. Set out below are the carrying amounts of the right-of-use office, the related lease liability recognized and the movements during the period:

	Asset $	**Liability $**
As at February 1, 2022	-	-
Additions	152,486	152,486
Minus: Depreciation	25,414	-
Plus: Interest on lease included in interest expense	-	5,561
Minus: Payments	-	26,728
As at October 31, 2022	**127,072**	**131,319**

The following table shows the maturity profile of the Company's lease liabilities based on contractual undiscounted payments as at October 31, 2022:

2023	$ 14,564
2024	59,456
2025	61,056
2026	15,364
Total	**$ 150,440**

17. Earnings Per Share:

Options and warrants disclosed in Note 11 were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

18. Reclassification Disclosure:

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the Statements of Loss and Comprehensive Loss for the nine months ended October 31, 2021, to identify selling expenses as a separate line as this information is considered more meaningful for the decision making process. Consequently, the Company changed the manner in which it classifies expenses in its Statements of Loss and Comprehensive Loss. For the year ended January 31, 2022, and subsequently, certain expenses are presented by function rather than nature. This change in classification does not affect previously reported net loss and comprehensive loss for the nine months ended October 31, 2021.

A summary of expenses prior to reclassification is provided as follows:

	October 31, 2021 Reclassified $
Sales	**13,058**
Cost of sales	**(30,081)**
Gross margin	**43,139**
General selling expenses:	
Selling fees	**49,475**
General and administrative expenses:	
Office	**(6,336)**
Net loss and comprehensive loss	**-**

Selling fees corresponds to expenses incurred such as transaction charges, shipping, handling and warehousing.