

**HYTN BEVERAGE CORP.
(DBA HYTN INNOVATIONS)**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
DECEMBER 31, 2021 and 2020**

(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of HYTN Beverage Corp. (DBA HYTN Innovations) (the "Company") have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three months ended December 31, 2021, have not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars unless otherwise stated.

HYTN Beverage Corp.
(DBA HYTN Innovations)
Condensed Consolidated Interim Statements of Financial Position
In Canadian Dollars, unless noted (unaudited)

| As at | Notes | December 31, 2021 | September 30, 2021 |
|--|--------------|--------------------------|---------------------------|
| ASSETS | | | |
| Cash | | 139,200 | 264,062 |
| Accounts receivable | | 23,620 | 33,291 |
| Prepaid expenses | | 45,519 | 87,097 |
| Inventory | | 234,835 | 122,840 |
| Loan receivable | 10 | 244,537 | 38,785 |
| Total current assets | | 687,711 | 546,075 |
| Property, plant and equipment | 4 | 2,268,349 | 2,205,363 |
| Deposits | | 10,450 | 10,450 |
| Total non-current assets | | 2,278,799 | 2,215,813 |
| TOTAL ASSETS | | 2,966,510 | 2,761,888 |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | | 336,582 | 213,057 |
| Loan payable | 5 | 2,305,000 | 1,730,000 |
| Lease liability - current | 6 | 128,811 | 108,946 |
| Total current liabilities | | 2,770,393 | 2,052,003 |
| Lease liability - non-current | 6 | 687,971 | 718,764 |
| Total non-current liabilities | | 687,971 | 718,764 |
| TOTAL LIABILITIES | | 3,458,364 | 2,770,767 |
| EQUITY | | | |
| Share capital | 7 | 1,446,471 | 1,446,471 |
| Deficit | | (1,938,325) | (1,455,350) |
| TOTAL EQUITY | | (491,854) | (8,879) |
| TOTAL LIABILITIES AND EQUITY | | 2,966,510 | 2,761,888 |

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

Going concern (Note 2) and Subsequent events (Notes 1 and 9)

Approved on behalf of the Board of Directors:

"Elliot Mckerr", Director

"Jason Broome", Director

HYTN Beverage Corp.
(DBA HYTN Innovations)
Condensed Consolidated Interim Statements of Comprehensive Loss
In Canadian Dollars, unless noted (unaudited)

| For the Three Months Ended December 31, | 2021 | 2020 |
|---|------------------|------------------|
| REVENUES | 212,581 | - |
| Cost of sales | (142,307) | - |
| GROSS MARGIN | 70,274 | - |
| EXPENSES | | |
| Advertising and marketing | 49,489 | 9,416 |
| Consulting and salaries | 202,841 | 67,027 |
| Depreciation | 53,915 | 271 |
| Office and miscellaneous | 78,547 | 8,482 |
| Professional fees | 83,250 | - |
| Travel | 4,886 | 15,602 |
| OPERATING EXPENSES | 472,928 | 100,798 |
| TOTAL OPERATING INCOME | (402,654) | (100,798) |
| Interest expense | (80,350) | - |
| Foreign exchange gain | 29 | - |
| | (80,321) | - |
| NET LOSS AND COMPREHENSIVE LOSS | (482,975) | (100,798) |
| Loss per share, basic and diluted | (0.03) | (0.01) |
| Weighted average number of common shares outstanding – Basic and diluted | 15,532,000 | 12,894,999 |

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

HYTN Beverage Corp.**(DBA HYTN Innovations)****Condensed Consolidated Interim Statements of Changes in Equity**

In Canadian Dollars, unless noted (unaudited)

| | Common Shares (#) | Share Capital | Deficit | Total Equity |
|------------------------------------|------------------------------|----------------------|--------------------|---------------------|
| Balance, September 30, 2021 | 15,532,000 | 1,446,471 | (1,455,350) | (8,879) |
| Loss for the period | - | - | (482,975) | (482,975) |
| Balance, December 31, 2021 | 15,532,000 | 1,446,471 | (1,938,325) | (491,854) |

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

HYTN Beverage Corp.
(DBA HYTN Innovations)
Condensed Consolidated Interim Statements of Cash Flow
In Canadian Dollars, unless noted (unaudited)

| For the Three Months Ended December 31, | 2021 | 2020 |
|---|------------------|-----------------|
| OPERATING ACTIVITIES | | |
| Net loss for the period | (482,975) | (100,798) |
| Items not affecting cash | | |
| Depreciation | 53,915 | 271 |
| Interest expense | 31,034 | - |
| Net changes in non-cash working capital items: | | |
| Accounts receivable | 9,671 | 15,379 |
| Prepaid expenses | 41,578 | 35,508 |
| Inventory | (111,995) | (33,023) |
| Loan receivable | (205,752) | - |
| Accounts payable and accrued liabilities | 123,525 | (4,796) |
| Cash used in operating activities | (540,999) | (87,459) |
| INVESTING ACTIVITIES | | |
| Property, plant and equipment | (116,901) | (22,789) |
| Cash used in investing activities | (116,901) | (22,789) |
| FINANCING ACTIVITIES | | |
| Repayment of lease liability | (41,962) | - |
| Proceeds from loan | 575,000 | - |
| Subscriptions received | - | 53,000 |
| Cash received from financing activities | 533,038 | 53,000 |
| Net change in cash | (124,862) | (57,248) |
| Cash, beginning of period | 264,062 | 176,465 |
| Cash, end of period | 139,200 | 119,217 |

No cash interest paid during the three months ended December 31, 2021 and 2020

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

HYTN Beverage Corp. (DBA HYTN Innovations)

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

1. NATURE OF OPERATIONS

HYTN Beverage Corp. (DBA HYTN Innovations) was incorporated under the laws of British Columbia on October 16, 2018. The Company's registered office is The King George Building 6th Floor, 905 W Pender St, Vancouver, BC V6C 1L6. The Company was incorporated with the intention of establishing itself in the craft inspired cannabis sector through the research, production, marketing, distribution, and sale of premium quality beverage, edible, and related cannabis products. The Company was incorporated with the intention of establishing itself in the craft inspired cannabis sector through the research, production, marketing, distribution, and sale of premium quality beverage, edible, and related cannabis products.

On February 17, 2022, the Company completed the share exchange agreement (the "SEA") with HYTN Innovations Inc. (formerly, Mount Dakota Energy Corp.) ("HYTN Innovations Inc."), a public company listed on the TSX Venture Exchange ("TSX-V"). Pursuant to the terms of the SEA, HYTN Innovations Inc. acquired all the outstanding securities of the Company in exchange for the issuance of 15,532,000 common shares and 2,532,000 warrants to the securityholders of the Company on a pro rata basis, with the Company representing a wholly-owned subsidiary of HYTN Innovations Inc. post-acquisition. Consequently, the acquisition constitutes a change of business and a reverse takeover of HYTN Innovations Inc. by the Company and reverse acquisition accounting will be applied. The shares of HYTN Innovations Inc. have been delisted from the TSX-V and began trading on the Canadian Securities Exchange (the "CSE") under the symbol "HYTN" on February 22, 2022.

These condensed consolidated interim financial statements were approved by the Board of Directors on March 1, 2022.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. On December 31, 2021, the Company had not yet achieved profitable operations and had a deficit of \$1,938,325 (September 30, 2021 - \$1,455,350) and a working capital deficit of \$2,082,682 (September 30, 2021 - \$1,505,928).

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company expects to incur further losses in the development of its business. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's consolidated financial statements and such adjustments could be material.

The COVID-19 pandemic continues to impact the global economic recovery. The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgements made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

HYTN Beverage Corp.
(DBA HYTN Innovations)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended December 31, 2021 and 2020
In Canadian Dollars, unless noted (unaudited)

3. BASIS OF PRESENTATION

In these financial statements, unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Company's functional and presentation currency.

These unaudited condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2021.

The financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in Notes 3 and 4 of the Company's audited consolidated financial statements for the year ended September 30, 2021. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous year, except as noted in Note 10 "New Accounting Policies".

4. PROPERTY, PLANT AND EQUIPMENT

At December 31, 2021, the Company's property, plant and equipment are as follows:

| | Leasehold Costs | Equipment | ROU Asset | Total |
|---|--------------------|----------------|----------------|------------------|
| Cost | | | | |
| Balance, September 30, 2020 | 4,429 | 441,849 | - | 446,278 |
| Additions | 919,749 | 110,323 | 797,969 | 1,828,041 |
| Balance, September 30, 2021 | 924,178 | 552,172 | 797,969 | 2,274,319 |
| Additions | 53,018 | 63,883 | - | 116,901 |
| Balance, December 31, 2021 | 977,196 | 616,055 | 797,969 | 2,391,220 |
| Amortization | | | | |
| Balance, September 30, 2020 | - | 1,638 | - | 1,638 |
| Additions | 15,403 | 20,871 | 31,044 | 67,318 |
| Balance, September 30, 2021 | 15,403 | 22,509 | 31,044 | 68,956 |
| Additions | 16,287 | 24,329 | 13,299 | 53,915 |
| Balance, December 31, 2021 | 31,690 | 46,838 | 44,343 | 122,871 |
| Net book value, September 30, 2020 | 4,429 | 440,211 | - | 444,640 |
| Net book value, September 30, 2021 | 908,775 | 529,663 | 766,925 | 2,205,363 |
| Net book value, December 31, 2021 | 945,506 | 569,217 | 753,626 | 2,268,349 |

HYTN Beverage Corp. (DBA HYTN Innovations)

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

5. LOAN PAYABLE

During the year ended September 30, 2021, the Company entered into a promissory note agreement with 1306562 B.C. Ltd to receive funds for the purpose of pursuing its share exchange agreement with HYTN Innovation Inc. as concurrently, HYTN Innovations Inc. has signed a binding Letter of Intent with 1306562 B.C. Ltd. whereby HYTN Innovations Inc. will acquire all of the outstanding securities of 1306562 B.C. Ltd. in exchange for securities of HYTN Innovations Inc. The promissory note for the sum of up to \$2,500,000 is unsecured and accrues interest at 10% per annum payable along with the principal on the earlier of June 24, 2022 or the demand date.

As at December 31, 2021, a total of \$2,305,000 has been borrowed (September 30, 2021 - \$1,730,000) and due on demand with interest expense of \$49,316 accrued for the period (September 30, 2021 - \$17,547 accrued) and due on demand.

6. LEASE LIABILITY

| | |
|------------------------------------|----------------|
| Balance, September 30, 2021 | 827,710 |
| Interest expense | 31,034 |
| Repayments | (41,962) |
| Balance, December 31, 2021 | 816,782 |
| Less: Current portion | (128,811) |
| Lease liability, long-term | 687,971 |

The Company's annual lease payments are as follows:

| | |
|---|------------------|
| Years ending | |
| September 30, 2022 | 86,849 |
| September 30, 2023 | 133,827 |
| September 30, 2024 | 138,843 |
| September 30, 2025 and thereafter | 1,664,159 |
| Total lease payments | 2,023,678 |
| Remaining present value adjustment to be accreted over the lease term | (1,206,896) |
| Lease liability balance, December 31, 2021 | 816,782 |

7. SHARE CAPITAL

7.1 Authorized and Issued Share Capital

The authorized share capital consists of an unlimited number of Class A common voting shares.

Common shares issued and outstanding as at December 31, 2021 are 15,352,000 (September 30, 2021 - 15,352,000).

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(DBA HYTN Innovations)

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

7.2 Warrants

A summary of the Company's warrants is as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|--|---------------------------|--|
| Balance, September 30 & December 31, 2021 | 2,532,000 | \$ 0.50 |

At December 31, 2021, the following warrants were outstanding:

| Number of Warrants | Exercise Price | Expiry Date |
|---------------------------|-----------------------|--------------------|
| 2,532,000 | \$0.50 | February 1, 2023 |
| 2,532,000 | | |

At December 31, 2021, the weighted-average remaining life of the outstanding warrants was 1.09 years.

7. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

8. RISK MANAGEMENT

8.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

HYTN Beverage Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

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b. Credit Risk

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. The Company's cash is held in large Canadian financial institutions and its accounts receivable relates to GST receivable which is due from the Government of Canada.

c. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations. At December 31, 2021, the Company's working capital deficit is \$2,082,682 (September 30, 2021 - \$1,505,928) and it does not have any long-term liabilities other than lease liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

e. Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

8.2 Fair Values

The carrying values of cash, receivables, promissory notes receivable, accounts payable and accrued liabilities and due from shareholder approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

HYTN Beverage Corp.

(DBA HYTN Innovations)

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended December 31, 2021 and 2020

In Canadian Dollars, unless noted (unaudited)

9. SUBSEQUENT EVENTS

On February 17, 2022, the Company completed the share exchange agreement (the “SEA”) with HYTN Innovations Inc. (formerly, Mount Dakota Energy Corp.) (“HYTN Innovations Inc.”), a public company listed on the TSX Venture Exchange (“TSX-V”). Pursuant to the terms of the SEA, HYTN Innovations Inc. acquired all the outstanding securities of the Company in exchange for the issuance of 15,532,000 common shares and 2,532,000 warrants to the securityholders of the Company on a pro rata basis, with the Company representing a wholly-owned subsidiary of HYTN Innovations Inc. post-acquisition. Consequently, the acquisition constitutes a change of business and a reverse takeover of HYTN Innovations Inc. by the Company and reverse acquisition accounting will be applied. The shares of HYTN Innovations Inc. have been delisted from the TSX-V and began trading on the Canadian Securities Exchange (the “CSE”) under the symbol “HYTN” on February 22, 2022

On February 14, 2022, the Company entered into an agreement to acquire HYTN Cannabis Inc., a private company headquartered in Kelowna, B.C., for a nominal acquisition price, consolidating legal ownership of the HYTN Cannabis Inc’s Standard Processing Licence under the Company. As of December 31, 2021, the Company had loaned \$244,537 (September 30, 2021 - \$38,785) to HYTN Cannabis Inc. The loan has no terms of repayment, non-interest bearing and unsecured and will be consolidated from the date of acquisition.

10. NEW ACCOUNTING POLICY

IFRS 15 – Revenue from Contracts with Customers

The Company generates revenue primarily from the sale of cannabis related products. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

- i. Identify the contract with a customer;
- ii. Identify the performance obligation(s) in the contract;
- iii. Determine the transaction price;
- iv. Allocate the transaction price to the performance obligation(s) in the contract;
- v. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment for recreational sales is typically due prior to shipment. Payment for wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company’s credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.