

MEADOW BAY GOLD CORPORATION

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF
SHAREHOLDERS AND MANAGEMENT INFORMATION CIRCULAR**

including with respect to a proposed

ACQUISITION

of all of the shares of

MOUNTAIN VALLEY MD INC.

by

MEADOW BAY GOLD CORPORATION

AUGUST 29, 2019

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MEADOW BAY GOLD CORPORATION

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common shares (the “**Meadow Bay Common Shares**”) of Meadow Bay Gold Corporation (“**Meadow Bay**” or the “**Company**”) will be held at #210-905 West Pender Street, Vancouver, British Columbia on October 17, 2019 at 10:00 a.m. (Pacific time) for the following purposes:

1. to receive the audited financial statements of the Company for the fiscal year ended March 31, 2019 and the reports of the auditors thereon;
2. to determine the number of directors and elect directors for the ensuing year;
3. to appoint MNP LLP as the auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration;
4. to consider and if thought advisable, to pass, with or without variation, an ordinary resolution (the “**Acquisition Resolution**”), the full text of which is set forth in Appendix B to the accompanying Management Information Circular (“**Circular**”), approving the acquisition of Mountain Valley MD Inc. (“**MVMD**”) by way of its amalgamation with the Company’s wholly-owned subsidiary, 2700915 Ontario Inc. (“**2700915**”), and the transactions contemplated in the Amalgamation Agreement dated June 27, 2019, among the Company, MVMD and 2700915;
5. to consider and if thought advisable, to pass, with or without variation, a special resolution (the “**Desert Hawk Resolution**”), the full text of which is set forth in the accompanying Circular, approving the agreement dated September 13, 2019, among the Company, 2656065 Ontario Limited (“**2656065**”) and Casino Gold Corp. for the sale by the Company to 2656065 of all of its interest in Desert Hawk Resources Inc. (the “**Desert Hawk Sale**”), which Desert Hawk Sale will constitute a sale of all or substantially all of the Company’s undertaking; and
6. to transact such other business, including amendments to the foregoing, as may properly come before the Meeting or any adjournment or adjournments thereof.

This Notice of Meeting is accompanied by the Circular and either a form of proxy for registered Shareholders or a voting instruction form for beneficial Shareholders (collectively, the “**Meeting Materials**”). The nature of the business to be transacted at the Meeting is described in further detail in the accompanying Circular. The Circular is deemed to form part of this Notice of Meeting. Please read the Circular carefully before you vote on the matters to be presented at the Meeting.

The Directors of the Company have fixed the close of business on August 30, 2019 as the record date for determining Shareholders entitled to receive notice of and to vote at the Meeting. Only Shareholders whose names have been entered into the register of the holders of Meadow Bay Common Shares as at August 30, 2019, will be entitled to receive notice of and to vote at the Meeting in respect of such Meadow Bay Common Shares.

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a proxy may do so by using one of the following methods:

- (a) by completing, dating and signing the enclosed form of proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524,

by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, or by hand delivery to the 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada, V6C 3B9; or

- (b) by using the internet through the website of the Company's transfer agent at www.investorvote.com. Registered shareholders must follow the instructions that are given by the website and refer to the enclosed proxy form for the holder's account number and the proxy access number;

and in all cases ensuring that the proxy is received before 10:00 a.m. (Pacific time) on October 15, 2019 or no less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.

All non-registered Shareholders who receive these materials through a broker or other intermediary should complete and return the materials in accordance with the instructions provided to them by such broker or intermediary.

DATED at Vancouver, British Columbia, as of this 29th day of August, 2019.

By order of the Board of Directors

"Robert Dinning"

Robert Dinning
Chairman and Chief Executive Officer



**MANAGEMENT INFORMATION CIRCULAR
AS AT AND DATED AUGUST 29, 2019**
(Unless otherwise noted)

GENERAL INFORMATION

Introduction

This Management Information Circular (“**Circular**”) accompanies the Notice of the 2019 Annual General and Special Meeting (“**Notice of Meeting**”) of holders (“**Shareholders**”) of common shares of Meadow Bay Gold Corporation (“**Meadow Bay**” or the “**Company**”) scheduled to be held on October 17, 2019 (the “**Meeting**”), and is furnished in connection with a solicitation of proxies by management of the Company for use at that Meeting and at any adjournment or postponement thereof. No person has been authorized to give any information or make any representation in connection with the Transaction (as defined herein) or any other matters to be considered at the Meeting other than those contained in this Circular (or incorporated by reference herein) and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the acquisition of all of the issued and outstanding shares of Mountain Valley MD Inc. (“**MVMD**”) (by way of the Amalgamation of MVMD and 2700915 Ontario Inc. (“**2700915**”), a wholly owned subsidiary of the Company) (the “**Transaction**”) in this Circular are qualified in their entirety by reference to the complete text of the Amalgamation Agreement dated June 27, 2019 (the “**Amalgamation Agreement**”) which is available under the Company’s profile on SEDAR at www.sedar.com. **You are urged to carefully read the full text of the Amalgamation Agreement.**

Information Contained in this Circular

The information contained in this Circular is given as at August 29, 2019, except where otherwise noted, and information contained in documents incorporated by reference herein is given as of the dates noted in those documents.

Neither the delivery of this Circular nor any distribution of the securities referred to in this Circular will, under any circumstance, provide any assurance or create any implication that there has been no change in the information set forth herein since the date as of which such information is given in this Circular.

The information concerning MVMD herein has been provided by MVMD. Although Meadow Bay has no knowledge that would indicate that any of such information is untrue or incomplete, Meadow Bay assumes no responsibility for the accuracy or completeness of such information or the failure by MVMD to disclose events that may have occurred or may affect the completeness or accuracy of such information.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Circular.

If you hold Meadow Bay Common Shares (defined herein) through a broker, investment dealer, bank, trust company, nominee or other intermediary (collectively, an “**Intermediary**”), you should contact your Intermediary for instructions and assistance in voting at the Meeting.

Cautionary Notice Regarding Forward-Looking Statements

This Circular, including documents incorporated by reference herein, contains forward-looking statements and information (collectively referred to as “**forward-looking information**”). All statements other than statements of historical fact are forward-looking information. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “potential”, and similar expressions are intended to identify forward-looking information. Forward-looking information presented in such statements or disclosures may, among other things, relate to:

- (i) the anticipated benefits from the Transaction;
- (ii) the expected completion and implementation date of the Transaction;
- (iii) the percentage of Meadow Bay Common Shares held by both Shareholders and current MVMD Shareholders upon completion of the Transaction;
- (iv) the listing of the Meadow Bay Common Shares issuable pursuant to the Transaction on the CSE;
- (v) certain combined operational and financial information;
- (vi) the nature of Meadow Bay’s operations following the Transaction;
- (vii) forecasts of expenditures, including general and administrative expenses;
- (viii) expectations regarding the ability to raise capital;
- (ix) fluctuations in currency exchange rates;
- (x) Meadow Bay’s business focus and outlook following the Transaction;
- (xi) plans and objectives of management for future operations;
- (xii) anticipated operational and financial performance; and
- (xiii) the effect of the Transaction on Meadow Bay’s share capital.

Care should be taken when considering forward-looking information, which is inherently uncertain, is based on estimates and assumptions, and is subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking information will not occur. There can be no assurance that the plans, intentions or expectations upon which forward-looking information is based will in fact be realized. Actual results may differ, and the difference may be material and adverse to Meadow Bay and/or MVMD. Forward-looking information is provided for the purpose of providing information about Meadow Bay’

and MVMD's management's current expectations and plans relating to the future. Reliance on such information may not be appropriate for other purposes, such as making investment decisions.

Various assumptions or factors are typically applied in drawing conclusions or making forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Meadow Bay and MVMD and while consideration has been given to list what the companies think are the most important factors, the list should not be considered exhaustive. In some instances, material assumptions and factors are presented or discussed elsewhere in this Circular in connection with the statements or disclosure containing the forward-looking information. The factors and assumptions include, but are not limited to:

- the approval of the Transaction by the regulatory authorities;
- the approval of the Acquisition Resolution (defined herein) by the Shareholders;
- the satisfaction or waiver of all conditions to the completion of the Transaction in accordance with the terms of the Amalgamation Agreement;
- no material changes in the legislative and operating framework for the businesses of Meadow Bay and MVMD, as applicable;
- stock market volatility and market valuations;
- no material adverse changes in the business of either or both of Meadow Bay and MVMD;
- the ability of the Resulting Issuer to access capital subsequent to the Transaction; and
- no significant event occurring outside the ordinary course of business of Meadow Bay or MVMD, as applicable, such as a natural disaster or other calamity.

The forward-looking information in statements or disclosures in this Circular (including the documents incorporated by reference herein) is based (in whole or in part) upon factors which may cause actual results, performance or achievements of Meadow Bay or MVMD, as applicable, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to Meadow Bay and MVMD, as applicable, including information obtained from third-party industry analysts and other third party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While Meadow Bay and MVMD do not know what impact any of those differences may have, their business, results of operations, and financial condition may be materially adversely affected.

The reader is further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change or may impact asset values and net earnings as further information becomes available, and as the economic environment changes.

Readers should also consider the risk factors described under "*Risk Factors*" and other risks described elsewhere in this Circular and in the documents incorporated by reference herein, including "Forward-Looking Information" in Meadow Bay's and MVMD's Management's Discussion and Analyses. Additional information on these and other factors that could affect the operations or financial results of Meadow Bay are included in documents on file with applicable Canadian Securities Administrators and may be accessed on Meadow Bay's profile through SEDAR (www.sedar.com). Such documents, unless expressly incorporated by reference herein, and websites, although referenced, do not form part of this Circular.

The forward-looking information contained in this Circular (including the documents incorporated by reference herein) is made as of the date hereof and thereof and Meadow Bay and MVMD undertake no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable Canadian Securities Laws.

Information for Beneficial Shareholders

Only those persons whose name appears on the register of Meadow Bay as the owner of Meadow Bay Common Shares (“Registered Shareholders”) or duly appointed proxyholders are permitted to vote at the Meeting. Many shareholders are “non-registered” shareholders because the Meadow Bay Common Shares they own are registered in the name of an Intermediary through which they hold the Meadow Bay Common Shares. More particularly, a person is not a Registered Shareholder in respect of Meadow Bay Common Shares which are held on behalf of that person (the “Beneficial Shareholder”) but which are registered either:

- (i) in the name of an Intermediary that the Beneficial Shareholder deals with in respect of the Meadow Bay Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and tax free savings accounts and similar plans); or
- (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or Cede & Co.) in which the Intermediary is a participant.

In Canada, the vast majority of such shares are registered under the name of CDS, which company acts as nominee for many Canadian brokerage firms. Meadow Bay Common Shares held by Intermediaries can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Meadow Common Bay Shares held for Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Meadow Bay Common Shares are communicated to the appropriate person or that the Meadow Bay Common Shares are duly registered in their name.**

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be followed carefully by Beneficial Shareholders in order to ensure that their Meadow Bay Common Shares are voted at the Meeting. Often, the voting instruction form supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”).

Broadridge typically mails its voting instruction form (a “VIF”), which may be scanned, in lieu of the form of proxy. The Beneficial Shareholders will be requested to complete and return the VIF to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can vote by telephone or via the internet at www.proxyvote.com. The various methods of voting will be provided by Broadridge on its VIF. Meadow Bay may utilize the Broadridge QuickVote™ service to assist shareholders with voting their shares. A Beneficial Shareholder receiving a VIF from Broadridge cannot use that VIF to vote Meadow Bay Common Shares directly at the Meeting as the VIF must be returned as directed by Broadridge in advance of the Meeting in order to have the Meadow Bay Common Shares voted.

Conventions

Words importing the singular include the plural and vice versa.

In this Circular, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to “dollars” or “\$” are to Canadian dollars and references to “US\$” are to United States dollars.

This Circular contains defined terms. For a list of certain defined terms used herein, see Glossary of Terms on the following page of the Circular.

GLOSSARY OF TERMS

In this Circular, the following terms shall have the respective meanings set out below, unless otherwise defined herein or unless there is something in the subject matter inconsistent therewith.

“**2656065**” means 2656065 Ontario Limited, a corporation incorporated pursuant to the laws of the Province of Ontario and a wholly-owned subsidiary of Casino.

“**2700915**” means 2700915 Ontario Inc., a corporation incorporated pursuant to the laws of the Province of Ontario and a wholly-owned subsidiary of Meadow Bay.

“**Acquisition**” means the acquisition of all issued and outstanding MVMD Shares by Meadow Bay by way of the Amalgamation.

“**Acquisition Resolution**” means the ordinary resolution of Shareholders to be considered at the Meeting to approve the Acquisition and the transactions contemplated in the Amalgamation Agreement dated June 27, 2019, among the Company, MVMD and 2700915

“**Amalgamation**” means the three-cornered amalgamation involving Meadow Bay, 2700915 and MVMD pursuant to the Amalgamation Agreement.

“**Amalgamation Agreement**” means the amalgamation agreement dated June 27, 2019 made among Meadow Bay, MVMD and 2700915, a copy of which is available on SEDAR at www.sedar.com.

“**Associate**” has the meaning ascribed to such term in the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder.

“**Atlanta Project**” means the Atlanta Gold Mine Project in Lincoln County, Nevada held by the Company through its wholly-owned subsidiary, Desert Hawk.

“**BCBCA**” means the *Business Corporations Act* (British Columbia) as amended, including the regulations promulgated thereunder.

“**BCSC**” means the British Columbia Securities Commission.

“**Beneficial Shareholder**” has the meaning ascribed thereto in “*General Proxy Information – Non-Registered (Beneficial) Shareholders*”.

“**Board**” or “**Board of Directors**” means the board of directors of Meadow Bay.

“**Bridge Loan Financing**” means the bridge loan financing which completed on July 12, 2019 in which the Company raised gross proceeds of \$350,000 by way of the sale of 350 Convertible Debenture Units to MVMD.

“**Business**” means, in the case of Meadow Bay, the business of Meadow Bay and its subsidiaries as it is currently conducted, and, in the case of MVMD, means the business of MVMD and its subsidiaries as it is currently conducted.

“**Business Day**” means any day, which is not a Saturday, a Sunday or a statutory holiday in the Province of Ontario or the Province of British Columbia.

“**Canadian Securities Laws**” means the *Securities Act* (British Columbia), as amended, and the equivalent legislation in the other provinces where Meadow Bay is a reporting issuer, as amended

from time to time, the rules, regulations and forms made or promulgated under any such statutes and the published policies, bulletins and notices of the regulatory authorities administering such statutes.

“**Casino**” means Casino Gold Corp., a corporation incorporated under the laws of the Province of Ontario.

“**Casino Gold Agreement**” means the share purchase agreement dated September 13, 2019 between Meadow Bay, 2656065 and Casino pursuant to which Meadow Bay has agreed to sell the DH Share, and thereby the Atlanta Project, to 2656065, a subsidiary of Casino.

“**Casino Gold Shares**” means the 10,000,000 common shares in the capital of Casino to be issued to Meadow Bay in consideration of the DH Share pursuant to the Casino Gold Agreement.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Circular**” means this Circular of Meadow Bay, including all appendices and schedules hereto, and all amendments and supplements thereto.

“**Closing**” means the closing of the Transaction.

“**Closing Date**” means the date of closing of the Transaction.

“**Compensation Committee**” means the Corporate Governance and Compensation Committee of Meadow Bay.

“**Computershare**” means Computershare Investor Services Inc., Meadow Bay’s registrar and transfer agent.

“**Consolidation**” means the consolidation of the issued and outstanding Meadow Bay Common Shares at a ratio of eight old Meadow Bay Common Shares into one new Meadow Bay Common Share to occur prior to Closing.

“**Conversion Units**” means the units of the Company issuable upon conversion of the Convertible Debentures, each Conversion Unit consisting of one Meadow Bay Common Share and one Conversion Warrant, subject to adjustment.

“**Conversion Warrants**” means the share purchase warrants of the Company comprising part of the Conversion Units, with each Conversion Warrant entitling the holder to acquire one Meadow Bay Common Share at a price of \$0.06 per Meadow Bay Common Share, subject to adjustment, until July 11, 2023.

“**Convertible Debenture Units**” means the convertible debenture units of the Company sold to MVMD under the Bridge Loan Financing, each Convertible Debenture Unit consisting of one Convertible Debenture in the principal amount of \$1,000 and 1,000 Convertible Debenture Warrants.

“**Convertible Debenture Warrants**” means the 1,000 share purchase warrants of the Company comprising part of the Convertible Debenture Units, each Convertible Debenture Warrant entitling MVMD to acquire one Meadow Bay Common Share at a price of \$0.06 per Meadow Bay Common Share, subject to adjustment, until July 11, 2023.

“**Convertible Debentures**” means the secured convertible debentures of the Company comprising part of the Convertible Debenture Units issued to MVMD on July 11, 2019, having a maturity date of

July 11, 2023, and an interest rate of 10% per annum, with the principal and accrued interest convertible into Conversion Units at a price of \$0.05 per Conversion Unit, subject to adjustment.

“**CSE**” means the Canadian Securities Exchange.

“**CSE Listing**” means the listing of the Resulting Issuer Shares on the CSE.

“**Desert Hawk**” means Desert Hawk Resources Inc., a private company incorporated under the laws of the state of Delaware, USA which holds 100% of the Company’s interest in the Atlanta Project.

“**Desert Hawk Resolution**” means the special resolution of Shareholders to be considered at the Meeting in respect of the Casino Gold Agreement involving the sale by the Company to 2656065 of all of its interest in Desert Hawk, which will constitute a sale of all or substantially all of the Company’s undertaking.

“**Desert Hawk Sale**” means the sale of the DH Share from the Company to 2656065 pursuant to the Casino Gold Agreement.

“**Desert Hawk Sale Effective Date**” means the effective date of the Desert Hawk Sale.

“**DH Conversion Units**” means the units of the Company issuable upon conversion of the DH Convertible Debentures, each DH Conversion Unit consisting of one Meadow Bay Common Share and one DH Conversion Warrant, subject to adjustment.

“**DH Conversion Warrant Shares**” means the additional Meadow Bay Common Shares issuable upon exercise of the DH Conversion Warrant at a price of \$0.06 per DH Conversion Warrant Share, subject to adjustment, for a period of five years.

“**DH Conversion Warrants**” means the share purchase warrants of the Company comprising part of the DH Conversion Units, with each DH Conversion Warrant entitling Casino to acquire one Meadow Bay Common Share at a price of \$0.06 per Meadow Bay Common Share, subject to adjustment, for a period of five years.

“**DH Convertible Debentures**” means the secured convertible debentures of the Company comprising part of the DH Convertible Debenture Units to be issued to Casino, and to have a maturity date of July 11, 2023, earn interest at the rate of 10% per annum, with the principal and accrued interest convertible into DH Conversion Units at a price of \$0.05 per DH Conversion Unit, subject to adjustment.

“**DH Convertible Debenture Units**” means the convertible debenture units of the Company to be sold to Casino under the DH Private Placement, each DH Convertible Debenture Unit consisting of one DH Convertible Debenture in the principal amount of \$1,000 and 1,000 DH Convertible Debenture Warrants.

“**DH Convertible Debenture Warrants**” means the 1,000 share purchase warrants of the Company to comprise part of each DH Convertible Debenture Unit, each DH Convertible Debenture Warrant to entitle Casino to acquire one Meadow Bay Common Share at a price of \$0.06 per Meadow Bay Common Share, subject to adjustment, for a period of five years.

“**DH Private Placement**” means the CAD\$350,000 private placement into the Company to be made pursuant to the Casino Gold Agreement involving Casino subscribing for 350 DH Convertible Debenture Units.

“**DH Share**” means the sole issued and outstanding share of the common stock of Desert Hawk.

“**Effective Time**” means the beginning of the day (Vancouver time) on the MVMD Acquisition Effective Date, or such other time as Meadow Bay and MVMD may agree upon in writing;

“**Exchange Ratio**” means the exchange ratio of one Resulting Issuer Share for each MVMD Share.

“**Governmental Entity**” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign, or (b) regulatory authority, including any securities commission, or stock exchange, including the CSE.

“**IFRS**” means International Financial Reporting Standards.

“**Intermediary**” or “**Intermediaries**” has the meaning ascribed thereto under “*General Proxy Information – Non-Registered (Beneficial) Shareholders*”.

“**Law**” means any applicable laws, including international, national, provincial, state, municipal and local laws, treaties, statutes, ordinances, judgments, decrees, injunctions, writs, certificates and orders, by-laws, rules, regulations, ordinances, or other requirements of any regulatory authority having the force of law.

“**Listing Condition**” has the meaning ascribed to such term under the heading “The Transaction – Financings”.

“**Listing Statement**” means the CSE-required listing statement of Meadow Bay in connection with the Amalgamation.

“**Management Appointees**” has the meaning ascribed thereto in “*General Proxy Information – Appointment of Proxyholder*”.

“**Meadow Bay**” or the “**Company**” means Meadow Bay Gold Corporation.

“**Meadow Bay Class B Shares**” means the Class B Shares of Meadow Bay to be created and issued to holders of Meadow Bay Common Shares as a dividend or distribution on a one-for-one basis prior to completion of the Amalgamation.

“**Meadow Bay Common Shares**” means the common shares in the authorized share structure of Meadow Bay, as constituted from time to time.

“**Meadow Bay MD&A**” means the management’s discussion and analysis for Meadow Bay in relation to the audited annual financial statements for the year ended March 31, 2019.

“**Meadow Bay Warrants**” means Meadow Bay Common Share purchase warrants.

“**Meeting**” has the meaning ascribed thereto in “*General Information*”.

“**MVMD**” means Mountain Valley MD Inc., a company incorporated under the OBCA.

“**MVMD Acquisition Effective Date**” means the date of completion of the Amalgamation, which shall be the date of the Certificate of Amalgamation for the Amalgamation pursuant to the provisions of the Ontario *Business Corporations Act*.

“MVMD Class A Shares” means the Class “A” common shares of MVMD.

“MVMD Class B Shares” means the Class “B” non-voting shares of MVMD.

“MVMD Meeting” means the special meeting of the shareholders of MVMD to approve the Amalgamation, and certain other matters.

“MVMD Options” means stock options to purchase MVMD Shares.

“MVMD Private Placement” means a private placement offering of units by MVMD at a price of \$0.40 per unit, to be completed prior to the Amalgamation, each unit consisting of one MVMD Class B Share and one-half of one share purchase warrant to acquire an additional MVMD Class B Share at an exercise price of \$0.60 for a period of 24 months, subject to acceleration provisions.

“MVMD Shareholders” means holders of MVMD Shares.

“MVMD Shares” means, collectively, the MVMD Class A Shares and the MVMD Class B Shares.

“MVMD Warrants” means share purchase warrants to purchase MVMD Shares.

“Named Executive Officer” or **“NEO”** has the meaning ascribed to such term under *“Statement of Executive Compensation”*.

“NI 54-101” means National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer*.

“OBCA” means the *Business Corporation Act* (Ontario), as amended.

“Parties” means Meadow Bay, MVMD and 2700915.

“Person” means an individual, general partnership, limited partnership, corporation, company, limited liability company, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative.

“proxy” has the meaning ascribed thereto in *“General Proxy Information – Appointment of Proxyholder”*.

“Record Date” means August 30, 2019, the date fixed for determining the Shareholders entitled to receive notice of, and to vote at, the Meeting.

“Registered Shareholder” means a Registered Shareholder of Meadow Bay Common Shares as recorded in the central securities register of Meadow Bay maintained by Computershare.

“Resulting Issuer Shares” means Meadow Bay Common Shares after giving effect to the Consolidation.

“Resulting Issuer” means Meadow Bay after giving effect to the Transaction, at which time Meadow Bay is expected to be renamed “Mountain Valley MD Inc.” or as otherwise agreed by the parties to the Amalgamation Agreement.

“Securities Act” means the *Securities Act* (British Columbia), as amended.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.

“**Shareholders**” means holders of Meadow Bay Common Shares.

“**Subsidiary**” means, with respect to a person, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class will or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such person and will include any body corporate, partnership, joint venture or other entity over which it exercises direction or control or which is in a like relation to a subsidiary.

“**Termination Date**” means the date upon which the Amalgamation Agreement is terminated, if applicable, pursuant to section 11 of the Amalgamation Agreement.

“**Transaction**” means the (i) Consolidation; (ii) Acquisition; and (iii) CSE Listing.

“**United States**” or “**USA**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

THE TRANSACTION

Acquisition of MVMD

Meadow Bay, MVMD and 2700915 (a wholly-owned subsidiary of Meadow Bay) entered into the Amalgamation Agreement which provides for the Amalgamation and for Meadow Bay to thereby acquire all of the outstanding MVMD Shares, with MVMD Shareholders to receive one Resulting Issuer Share (post 8-1 Consolidation) for each MVMD Share held before the Amalgamation (the “**Transaction**”).

The Transaction constitutes a fundamental change of Meadow Bay pursuant to the policies of the Canadian Securities Exchange (the “**CSE**”).

It is anticipated that the Transaction will result in:

- an aggregate of 204,781,007 Resulting Issuer Shares (post-Consolidation) being issued to the MVMD Shareholders as at the date hereof, together with 862,500 MVMD Class B Shares to be issued prior to the Amalgamation;
- an estimated 12,500,000 Resulting Issuer Shares being issued to the MVMD Shareholders who acquired MVMD Class B Shares pursuant to the MVMD Private Placement based on estimated gross proceeds of \$5,000,000;
- approximately 6,518,430 Resulting Issuer Shares being issued to certain third parties as a finder’s fee in connection with the Transaction;
- 49,904,159 Resulting Issuer Shares being reserved for issuance pursuant to the exercise of MVMD Warrants;
- 6,250,000 Resulting Issuer Shares being reserved for issuance pursuant to the exercise of MVMD Warrants pursuant to the MVMD Private Placement based on estimated gross proceeds of \$5,000,000;

- 8,288,500 Resulting Issuer Shares being reserved for issuance pursuant to the exercise of MVMD Options;
- 875,000 Resulting Issuer Shares being reserved for issuance pursuant to convertible debentures of Meadow Bay issued or to be issued prior to completion of the Transaction other than to MVMD;
- 1,750,000 Resulting Issuer Shares being reserved for issuance pursuant to the exercise of Conversion Warrants; and
- 918,750 Resulting Issuer Shares being reserved for issuance pursuant to the exercise of DH Conversion Warrants and DH Convertible Debenture Warrants.

Certain of the Resulting Issuer Shares held by the current MVMD Shareholders will be subject to escrow conditions and applicable resale restrictions as required by applicable securities laws and CSE requirements. See *Appendix D – Information Concerning the Resulting Issuer – Escrowed Securities*.

The description of the Amalgamation Agreement in this Circular is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Amalgamation Agreement, which is available on Meadow Bay's SEDAR profile at www.sedar.com and which is incorporated by reference herein.

Financing

In 2019 MVMD completed private placements in excess of \$10,000,000. MVMD announced that it intended to complete one or more private placement financings (the "**MVMD Private Placement**") on terms and conditions acceptable to the CSE prior to or concurrently with completion of the Transaction.

Pursuant to the Amalgamation Agreement, Meadow Bay closed a bridge loan financing (the "**Bridge Loan Financing**") with MVMD, raising gross proceeds of \$350,000 by way of the sale of 350 convertible debenture units (the "**Convertible Debenture Units**") to MVMD. Each Convertible Debenture Unit consisted of one secured convertible debenture of the Company (a "**Convertible Debenture**") in the principal amount of \$1,000 and 1,000 Meadow Bay Warrants (the "**Convertible Debenture Warrants**"). Each Convertible Debenture Warrant entitles MVMD to acquire one additional Meadow Bay Common Share at a price of \$0.06 per share, subject to adjustment, until July 11, 2023.

The Convertible Debentures mature on July 11, 2023, earn interest at the rate of 10% per annum, with the principal and accrued interest convertible into units of the Company ("**Conversion Units**") at a price of \$0.05 per Conversion Unit, subject to adjustment. Each Conversion Unit will consist of one Meadow Bay Common Share and one Meadow Bay Warrant (a "**Conversion Warrant**"), with each Conversion Warrant entitling the holder to acquire one additional Meadow Bay Common Share at a price of \$0.06 per share, subject to adjustment, until July 11, 2023.

The Company granted MVMD a right of first refusal to subscribe for up to an additional 150 Convertible Debenture Units for an aggregate purchase price of up to \$150,000. Meadow Bay paid a 7% loan administration fee in cash in the amount of \$24,500 in connection with the Bridge Loan Financing. All securities issued or issuable pursuant to the Bridge Loan Financing are subject to a hold period of four months and a day in accordance with applicable securities legislation. The proceeds of the Bridge Loan Financing were used to pay some of Meadow Bay's professional fees and pay for working capital expenditures.

If the Transaction closes, the Convertible Debentures held by MVMD will become an inter-company debt as MVMD would have amalgamated with 2700915 to form a wholly-owned subsidiary of the Resulting Issuer.

Shareholder Approval

The policies of the CSE consider the Transaction to be a “fundamental change” as the Company intends to change its business. The policies of the CSE require that a “fundamental change” must be approved by the Shareholders prior to completion of the Transaction in order to qualify the Resulting Issuer Shares for Listing. Accordingly, at the Meeting, Shareholders will be asked to consider the resolution, which is an ordinary resolution, to approve the Acquisition.

To be effective, the Acquisition Resolution must be approved by simple majority of affirmative votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat.

MVMD Acquisition Effective Date

If the Acquisition Resolution is passed, and all other conditions disclosed under *The Amalgamation Agreement - Conditions to Closing the Transaction and Required Approvals* herein are satisfied or waived, the Transaction will become effective on a date determined by MVMD and Meadow Bay. Meadow Bay and MVMD currently expect that the Transaction will be completed during the fourth quarter of 2019.

Recommendation of the Board

AFTER CAREFUL CONSIDERATIONS, THE BOARD HAS UNANIMOUSLY DETERMINED THAT THE TRANSACTION IS FAIR TO THE SHAREHOLDERS, AND IS IN THE BEST INTERESTS OF MEADOW BAY. THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE **FOR** THE ACQUISITION RESOLUTION.

Reasons for the Transaction and Recommendations

In making its determination and recommendations, the Board consulted with Meadow Bay’s management and advisers and considered the Transaction with reference to the general industry, economic and market conditions as well as the financial condition of Meadow Bay, its prospects as a mineral exploration company, strategic alternatives, competitive position and the risks related to Meadow Bay’s ongoing financing requirements.

The Board also considered a variety of risks and other potentially negative factors relating to the Transaction including those matters described under the heading *Risk Factors*.

In making its determination and recommendations, the Board, in consultation with Meadow Bay’s management and advisors, considered a number of potential issues regarding and risks (as described in greater detail under the heading *Risk Factors*) relating to the Transaction, including:

1. the risks to the Company and the Shareholders if the Transaction is not completed, including the costs to the Company of pursuing the Transaction and the diversion of the Company’s management from the conduct of the Company’s business in the ordinary course;
2. Meadow Bay may not have been able to verify the reliability of all information regarding MVMD included in this Circular and information not known to Meadow Bay may result in unanticipated liabilities or expenses, or adversely affect the operation plans of the Resulting Issuer and its results of operations and financial condition;
3. Meadow Bay and MVMD may fail to realize the anticipated benefits of the Transaction;

4. the Consolidation and the dilution effect on the interest of the Shareholders;
5. the conditions to MVMD's obligations to complete the Transaction; and
6. the right of MVMD to terminate the Transaction under certain circumstances.

The Board's reasons for recommending the approval of the Acquisition Resolution include certain assumptions relating to forward-looking information, and such information and assumptions, are subject to various risks. The Board believes that, overall, the anticipated benefits of the Transaction to Meadow Bay outweigh these risks and negative factors. See *Cautionary Notice Regarding Forward-Looking Statements and Risk Factors* in this Circular.

The foregoing summary of information and factors considered by the Board is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Transaction, the Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its determination and recommendation. The Board's recommendations were made after considering all of the above-noted factors and in light of its knowledge of the business, financial condition and prospects of Meadow Bay, and was also based on the advice of advisors. Individual directors may have assigned or given different weights to different factors. **The Board was, however, unanimous in its determination that the Transaction is in the best interests of Meadow Bay and the Shareholders and in its recommendation that Shareholders vote IN FAVOUR OF the Acquisition Resolution.**

THE AMALGAMATION AGREEMENT

On June 27, 2019, Meadow Bay, MVMD and 2700915 entered into the Amalgamation Agreement, pursuant to which and subject to the terms and conditions therein, MVMD and 2700915 would amalgamate and Meadow Bay would thereby acquire all of the issued and outstanding MVMD Shares. Pursuant to the Amalgamation, MVMD Shareholders will receive one Resulting Issuer Share (post 8-1 Consolidation) for each MVMD Share held prior to the Amalgamation. Upon completion of the transactions contemplated by the Amalgamation Agreement, MVMD Shareholders will all become shareholders of Meadow Bay. The terms of the Amalgamation Agreement are the result of arm's-length negotiations between Meadow Bay and MVMD with the assistance of their respective advisors.

The following is a summary of certain material terms of the Amalgamation Agreement. This summary does not contain all of the information about the Amalgamation Agreement. Therefore, Shareholders should read the Amalgamation Agreement carefully and in its entirety, as the rights and obligations of Meadow Bay and MVMD are governed by the express terms of the Amalgamation Agreement and not by this summary or any other information contained in this Circular.

Certain capitalized terms used in this summary that are not defined in the *Glossary of Terms* have the meanings ascribed to them in the Amalgamation Agreement.

Amalgamation

Subject to the terms and conditions of the Amalgamation Agreement, at the Closing MVMD and 200915 are to amalgamate and every MVMD Share prior to the Amalgamation shall entitle the holder thereof to be issued and to receive one fully paid and non-assessable Resulting Issuer Share.

Conditions to Closing the Transaction and Required Approvals

The Transaction is subject to a number of approvals and conditions prior to its implementation, including, but not limited to the following:

- (a) Meadow Bay shall have completed the Consolidation;
- (b) the approval of the CSE of the Amalgamation, subject to the CSE's usual conditions;
- (c) the name of Meadow Bay will have changed to "Mountain Valley MD Inc." or as otherwise agreed to by the Parties;
- (d) the disclosure related to the Parties in the Listing Statement shall be true and correct in all material respects;
- (e) the Amalgamation shall have been approved by the MVMD Shareholders by way of a special resolution (the "**MVMD Amalgamation Special Resolution**") at the MVMD Meeting in accordance with the provisions of the OBCA;
- (f) the Amalgamation shall have been approved by the Shareholders at the Meeting in accordance with CSE Policies;
- (g) a special resolution of Meadow Bay as the sole shareholder of 2700915, shall have been approved in accordance with the provisions of the OBCA;
- (h) there shall not be in force any order or decree restraining or enjoining the consummation of the Amalgamation, including, without limitation, the Amalgamation;
- (i) all other consents, orders and approvals, including, without limitation, regulatory approvals, required or necessary or desirable for the completion of the transactions provided for in the Amalgamation Agreement, if any, including, without limitation, the approval of the Director under the OBCA of the Amalgamation, shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the Parties, acting reasonably, unless otherwise provided for between the Parties, or if a failure to obtain such other consent, order or approval would not have a Material Adverse Effect (as such term is defined in the Amalgamation Agreement) on Meadow Bay or MVMD or materially impede the completion of the Amalgamation;
- (j) the board of directors and management of Meadow Bay comprised of nominees of MVMD;
- (k) the holders of MVMD Shares shall not have exercised their rights to dissent pursuant to the OBCA in respect of the MVMD Amalgamation Special Resolution with respect to five percent or more of all of the issued and outstanding MVMD Shares;
- (l) no action shall have been taken by any court or governmental body prohibiting or making illegal the execution and delivery of this Agreement or any transaction contemplated by this Agreement; and
- (m) the Amalgamation Agreement shall not have been terminated.

Representations and Warranties

The Amalgamation Agreement contains representations and warranties made by and to Meadow Bay and MVMD, respectively, for the purposes of the Transaction (and not to other parties such as the Shareholders) and are subject to qualifications and limitations agreed to by the parties in connection with negotiating and entering into the Amalgamation Agreement. In addition, these representations and

warranties were made as of specified dates, may be subject to a contractual standard of materiality different from what may be viewed as material to Shareholders, or may have been used for the purpose of allocating risk between the parties instead of establishing such matters as facts. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Amalgamation Agreement.

Meadow Bay has provided to MVMD representations and warranties that include the following: organization and incorporation, authority relative to the Amalgamation Agreement, no violation, capitalization, reporting status and securities laws matters, public filings, financial statements, ownership of subsidiaries, books and records, minute books, no proceedings, no undisclosed liabilities, no material change, litigation, accuracy of information, no payments, taxes, issuance of Meadow Bay securities, permits, assets, condition of certain assets, qualification to do business, sanctions, compliance with anti-corruption laws, anti-money laundering, intellectual property, material contracts, owned real property, leased real property, environmental matters, compliance with applicable laws, employment matters, related-party transactions, restrictions on business activities, authorizations and consents, fees, insurance, data provided, regulatory proceedings and no cease-trade.

MVMD has provided to Meadow Bay representations and warranties that include the following: organization and incorporation, authority relative to the Amalgamation Agreement, no violation, capitalization, financial statements, ownership of subsidiaries, non-reporting issuer, books and records, minute books, no proceedings, no undisclosed liabilities, no material change, litigation, accuracy of information, no payments, taxes, permits, assets, condition of certain assets, qualification to do business, sanctions, compliance with anti-corruption laws, anti-money laundering, intellectual property, material contracts, owned real property, leased real property, environmental matters, compliance with applicable laws, employment matters, related-party transactions, restrictions on business activities, authorizations and consents, fees, insurance, data provided, MMPR application, regulatory proceedings and protection of personal information.

Covenants

Covenants of Meadow Bay Relating to the Transaction

Pursuant to the Amalgamation Agreement, Meadow Bay has covenanted and agreed that until Closing or the earlier termination of the Amalgamation Agreement it will:

- (a) prior to the Closing Date, convene the Meadow Bay Meeting for the purposes of approving the matters to be considered at the Meadow Bay Meeting;
- (b) deliver to the Shareholders this Circular and other documentation required in connection with the Meadow Bay Meeting in accordance with Applicable Laws and the Meadow Bay Articles as soon as reasonably practicable;
- (c) use reasonable commercial efforts to complete the Consolidation;
- (d) use reasonable commercial efforts to have \$0 of indebtedness on Closing other than the Convertible Debentures;
- (e) use reasonable commercial efforts to deliver to MVMD executed written resignations from each of Robert Dinning and Keith Margetson from their respective positions of Chairman & Chief Executive Officer, and Chief Financial Officer of Meadow Bay, and the directors of Meadow Bay immediately prior to Closing, such resignations to be effective at the Effective Time;

- (f) use the proceeds of the Bridge Loan Financing to pay the existing and proposed fees of its professional advisors in connection with the Amalgamation;
- (g) retain its status as a reporting issuer not in default under applicable Canadian provincial Securities Laws applicable in the Provinces of British Columbia, Alberta and Ontario;
- (h) use its reasonable commercial efforts to obtain any third-party approvals required in respect of the Amalgamation, including any lenders or financial institutions, licensors and strategic partners;
- (i) use its reasonable efforts to comply promptly with all requirements which Applicable Law may impose on Meadow Bay with respect to the Amalgamation;
- (j) cooperate and provide MVMD and its representatives with full copies of and access to, all contracts, financial records and statements, books, records, documents and other such information regarding its previous businesses as they may require, as well as access to Meadow Bay's auditors, technical personnel and to such premises and personnel of Meadow Bay, if any, as may be reasonably requested;
- (k) promptly advise MVMD orally and in writing of any Material Adverse Change of Meadow Bay;
- (l) cooperate in obtaining all necessary and desirable consents and regulatory approvals in connection with the Amalgamation; and
- (m) use its commercially reasonable best efforts to obtain CSE approval, if required, of the Amalgamation as expeditiously as possible.

Meadow Bay has agreed that during the period commencing on the date of the Amalgamation Agreement and continuing until Closing or the earlier termination of the Amalgamation Agreement, Meadow Bay will not, without the prior written consent of MVMD in its sole discretion:

- (a) issue, authorize or propose the issuance of, or acquire or propose the acquisition of, any shares of its authorized share structure of any class or securities convertible into, or rights, warrants or options to acquire, any such shares or other convertible securities other than those currently outstanding or upon exercise of existing convertible securities or as otherwise contemplated hereby;
- (b) make any expenditure, other than reasonable expenditures in the normal course of business and in connection with ongoing public filing requirements and the completion of the Amalgamation;
- (c) declare or pay any dividends or distribute any of Meadow Bay properties or Assets to the Shareholders;
- (d) enter into any contracts, other than in connection with the Amalgamation;
- (e) alter or amend Meadow Bay's articles;
- (f) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in, encumber any of its Assets, other than in connection with a reorganization completed in connection with the transactions contemplated herein, except that Meadow Bay may enter into discussions with arm's

length third parties with respect to the disposition of Desert Hawk provided that no agreement of any nature, whether intended to be binding or non-binding, whether verbal or written, may be entered into without the prior written consent of MVMD in its sole discretion, that MVMD is notified of and included in all communications regarding the foregoing and that prior written approval is obtain from MVMD in connection with any costs of any kind being incurred with the foregoing;

- (g) redeem, purchase, or offer to purchase any Meadow Bay Common Shares or other Meadow Bay securities;
- (h) acquire, directly or indirectly, any Assets, including but not limited to securities of other companies;
- (i) incur or commit to incur any indebtedness for borrowed money or issue any debt securities; or
- (j) approve, authorize or implement any change to the business, financial condition or management of Meadow Bay.

Covenants of MVMD Relating to the Transaction

Pursuant to the Amalgamation Agreement, MVMD has covenanted and agreed that until Closing or the earlier termination of the Amalgamation Agreement: it will:

- (a) prior to the Closing Date, convene the MVMD Meeting for the purposes of approving the matters to be considered at the MVMD Meeting;
- (b) deliver to its shareholders a notice of meeting and other documentation required in connection with the MVMD Meeting in accordance with Applicable Laws and the MVMD by-laws as soon as reasonably practicable;
- (c) carry on its business in, and only in, the ordinary course in substantially the same manner as heretofore conducted, which may include, for the avoidance of doubt, further acquisitions of equity or other interests third party entities and/or operations;
- (d) take all necessary steps to prepare audited financial statements of MVMD for its most recently completed financial year and unaudited financial statements for any subsequent completed interim period, all such financial statements to be prepared in the manner and for the period required under CSE Policies;
- (e) use its reasonable commercial efforts to obtain any third-party approvals required in respect of the Amalgamation, including any lenders or financial institutions, licensors and strategic partners;
- (f) use its reasonable efforts to comply promptly with all requirements which Applicable Law may impose on MVMD with respect to the Amalgamation;
- (g) cooperate and provide Meadow Bay and its representatives with full copies of and access to, all contracts, financial records and statements, books, records, documents and other such information regarding its previous businesses as they may require, as well as access to Meadow Bay's auditors, technical personnel and to such premises and personnel of Meadow Bay, if any, as may be reasonably requested;

- (h) promptly advise Meadow Bay orally and in writing of any Material Adverse Change of MVMD; and
- (i) cooperate in obtaining all necessary and desirable consents and regulatory approvals in connection with the Amalgamation.

MVMD has agreed that during the period commencing on the date of the Amalgamation Agreement and continuing until Closing or the earlier termination of the Amalgamation Agreement, MVMD and each of the MVMD Subsidiaries will not, without the prior written consent of Meadow Bay, such consent not to be unreasonably withheld:

- (a) make any expenditure, other than in the normal course of business, which may include, for the avoidance of doubt, further acquisitions of equity or other interests third party entities and/or operations, and in connection with applicable filing requirements and the completion of the Amalgamation;
- (b) declare or pay any dividends or distribute any of MVMD's properties or assets to shareholders of MVMD;
- (c) alter or amend MVMD's articles or by-laws in any manner which may adversely affect the success of the Amalgamation;
- (d) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in, encumber any of its Assets, other than: (i) in the ordinary course of business; or (ii) in connection with a reorganization completed in connection with the transactions contemplated herein;
- (e) redeem, purchase, or offer to purchase any MVMD Shares or other MVMD securities; or
- (f) approve, authorize or implement any change to the business or financial condition of MVMD which may have a Material Adverse Effect on MVMD or the MVMD Business.

Additional Covenants

Non-Solicitation

Each of Meadow Bay and MVMD agrees that during the period from the date hereof until the earlier of the Closing Date and the termination date of the Amalgamation Agreement, it:

- (a) shall immediately cease and cause to be terminated any existing discussions or negotiations or other proceedings initiated prior to the date hereof by it, or its respective Representatives with respect to all Meadow Bay Acquisition Proposals (as such term is defined in the Amalgamation Agreement) in the case of Meadow Bay and MVMD Acquisition Proposals (as such term is defined in the Amalgamation Agreement) in the case of MVMD; shall not amend, modify, waive, release or otherwise forebear in the enforcement of, and shall use all commercially reasonable efforts to enforce, any confidentiality, non-solicitation or standstill or similar agreements or provisions to which it and any third parties are parties; and shall discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise);
- (b) shall not directly or indirectly, through any Representative (as such term is defined in the Amalgamation Agreement), solicit, initiate, knowingly encourage, cooperate with or

otherwise facilitate (including by way of furnishing information or engaging in any discussions or negotiations), or cause or facilitate anyone else to solicit, initiate or knowingly encourage, cooperate with or otherwise facilitate any Meadow Bay Acquisition Proposals in the case of Meadow Bay and MVMD Acquisition Proposals in the case of MVMD, or any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to a Meadow Bay Acquisition Proposals in the case of Meadow Bay and MVMD Acquisition Proposals in the case of MVMD, from any Person, or engage in any discussion, negotiations or inquiries relating thereto, provided however that Meadow Bay may request information from any Person who has made an Acquisition Proposal for the sole purpose of clarifying the terms of such Meadow Bay Acquisition Proposals in the case of Meadow Bay and MVMD Acquisition Proposals in the case of MVMD;

- (c) shall not provide information concerning its securities, assets or business of the Amalgamation Agreement to any Person for or in furtherance of anything mentioned in Sections 10.1(a) or (b) of the Amalgamation Agreement other than as required by Applicable Law; shall (i) immediately notify the other Parties if it or any of its Representatives receives any indications of interest, requests for information or offers in respect of any Meadow Bay Acquisition Proposals in the case of Meadow Bay and MVMD Acquisition Proposals in the case of MVMD; and (ii) provide full details to the other Parties of the terms of any such indication, request or offers, subject to any contractual obligations of confidentiality; and
- (d) shall not accept, recommend, approve or enter into or propose to publicly accept, recommend, approve or enter into an agreement to implement a Meadow Bay Acquisition Proposals in the case of Meadow Bay and MVMD Acquisition Proposals in the case of MVMD.

Treatment of MVMD Warrants and MVMD Options

At Closing, Meadow Bay will expressly assume the provisions of each of the outstanding MVMD Warrants and MVMD Options, and holders of MVMD Warrants or MVMD Options, as applicable, shall be entitled to receive Resulting Issuer Shares in lieu of MVMD Shares upon the exercise of the MVMD Warrants or MVMD Options, as applicable.

Termination

The Amalgamation Agreement may, by notice given before or at the Closing, be terminated by:

- (a) mutual agreement of Meadow Bay and MVMD;
- (b) either Meadow Bay or MVMD upon notice to the other in the event that any condition set forth in Article 5, Article 6 or Article 7 of the Amalgamation Agreement for their benefit, as applicable, is not satisfied to the satisfaction of such Party prior to the Closing Date or becomes incapable of being satisfied and such Party does not waive such condition;
- (c) either Meadow Bay or MVMD, if there shall be any Applicable Law that makes consummation of the Amalgamation illegal or otherwise prohibited, any applicable regulatory authority having notified in writing either Meadow Bay or MVMD that it will not permit the Amalgamation to proceed, or if any judgment, injunction, order or decree of a competent governmental entity (a “**Governmental Entity**”) enjoining Meadow Bay or MVMD from consummating the Amalgamation shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;

- (d) provided MVMD is not then in breach of the Amalgamation Agreement (or would be in breach upon notice or lapse of time), MVMD if:
 - (i) Meadow Bay has breached any of its representations, warranties or covenants in the Amalgamation Agreement in any material respect and such breach is not curable or if curable, is not cured within five Business Days after notice thereof has been received by Meadow Bay; or
 - (ii) there shall occur after the date hereof, any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of Meadow Bay; and
- (e) provided Meadow Bay is not then in breach of the Amalgamation Agreement (or would be in breach upon notice or lapse of time), Meadow Bay if:
 - (i) MVMD has breached any of its representations, warranties or covenants in the Amalgamation Agreement in any material respect and such breach is not curable or if curable, is not cured within five Business Days after notice thereof has been received by MVMD; or
 - (ii) there shall occur after the date hereof, any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of MVMD.

Each Party's right of termination under the Amalgamation Agreement therein is in addition to any other rights it may have under the Amalgamation Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If the Amalgamation Agreement is terminated, all obligations of the Parties under the Amalgamation Agreement will terminate, except as provided under Section 11.3 of the Amalgamation Agreement, See *Expenses; Reimbursement; Break Fee* below. However, for greater certainty, if the Amalgamation Agreement is terminated by a Party because of the breach of the Agreement by another Party or because one or more of the conditions to the terminating Party's obligations under the Amalgamation Agreement is not satisfied as a result of any other Party's failure to comply with its obligations under the Amalgamation Agreement, the terminating Party's right to pursue all legal remedies will survive such termination unimpaired.

Expenses; Reimbursement; Break Fee

All fees, costs and expenses incurred in connection with the Amalgamation Agreement shall be paid by the Party incurring such fees, costs or expenses. Nothing in Section 11.3 of the Amalgamation Agreement shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in the Amalgamation Agreement or otherwise to obtain specific performance of any such covenants or agreements. In the event of a termination of the Amalgamation Agreement by MVMD pursuant to Section 11.1(d)(i) of the Amalgamation Agreement, and Meadow Bay subsequently consummating a transaction pursuant to a Meadow Bay Acquisition Proposal within one year of the date of termination of the Amalgamation Agreement, Meadow Bay shall be required to pay forthwith upon consummation of such transaction to or as directed by MVMD an amount equal to CAD \$500,000.

SECURITIES LAWS CONSIDERATIONS

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or business advice to any particular Shareholder. This summary does not include any information regarding securities law considerations for jurisdictions other than Canada. Shareholders are urged to obtain independent advice in respect of the consequences to them of the Transaction having regard to their particular circumstances.

The following is a brief summary of the Canadian Securities Laws considerations applicable to the Transaction and the transactions contemplated thereby.

Canadian Securities Laws

Meadow Bay is a reporting issuer in British Columbia, Alberta and Ontario. Meadow Bay Common Shares currently trade on the CSE.

The Resulting Issuer Shares to be issued in exchange for MVMD Shares pursuant to the Transaction will be issued in reliance upon exemptions from the prospectus requirements of securities legislation in each province and territory of Canada. Subject to certain disclosure and regulatory requirements and to customary restrictions applicable to distributions of shares that constitute “control distributions”, Resulting Issuer Shares issued pursuant to the Transaction will be freely tradeable and may be resold in each province and territory in Canada.

INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS OF MEADOW BAY IN THE TRANSACTION

Other than as disclosed herein and in the Meadow Bay MD&A for the last financial year, there is no material interests, direct or indirect, of current directors, executive officers any persons nominated for election as directors, or any Shareholders who beneficially owns, directly or indirectly, more than 10% of the outstanding Meadow Bay Common Shares, or any known associates or affiliates of such persons, in any transaction within the last financial year or in any proposed transaction which has materially affected or would materially affect Meadow Bay.

RISK FACTORS

Completion of the Transaction is subject to certain risks. In addition to the risk factors described in each of the Meadow Bay MD&A, which is specifically incorporated by reference into this Circular and the MVMD MD&A, attached hereto as Schedule B to Appendix C, and the risk factors described in Appendix D, the following are additional and supplemental risk factors which Shareholders should carefully consider before making a decision to approve the Acquisition Resolution. Readers are cautioned that such risk factors are not exhaustive.

Meadow Bay and MVMD may not satisfy all regulatory requirements or obtain the necessary approvals for completion of the Transaction on satisfactory terms or at all

Completion of the Transaction is subject to the satisfaction of certain regulatory requirements and the receipt of all necessary regulatory approvals, the Shareholder approval of the Acquisition Resolution and the approval of the CSE. There can be no certainty, nor can either party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a Material Adverse Effect on the business and affairs of MVMD, or the trading price of Meadow Bay Common Shares, after completion of the Transaction. Moreover, if the Amalgamation Agreement is terminated, there is no assurance that the Board will be able to find another transaction to pursue.

The market price for Meadow Bay Common Shares may decline

If the Acquisition Resolution is not approved by the Shareholders, the market price of the Meadow Bay Common Shares may decline to the extent that the current market price of the Meadow Bay Common Shares reflects a market assumption that the Transaction will be completed. If the Acquisition Resolution is not approved by the Shareholders, and the Board decides to seek another business combination,

there can be no assurance that Meadow Bay will be able to find a transaction as attractive to Meadow Bay as the Transaction.

MVMD and Meadow Bay expect to incur significant costs associated with the Transaction

MVMD and Meadow Bay will collectively incur significant direct transaction costs in connection with the Transaction. Actual direct transaction costs incurred in connection with the Transaction may be higher than expected. In addition, certain of MVMD's and Meadow Bay's costs related to the Transaction, including legal, financial advisory services, accounting, printing and mailing costs, must be paid even if the Transaction is not completed.

If the Transaction is not completed, Meadow Bay's future business and operations could be harmed

If the Transaction is not completed, Meadow Bay may be subject to a number of additional material risks, including the following:

- Meadow Bay may have lost other opportunities that would have otherwise been available had the Amalgamation Agreement not been executed, including, without limitation, opportunities not pursued as a result of affirmative and negative covenants made by it in the Amalgamation Agreement, such as covenants affecting the conduct of its business outside the ordinary course of business; and
- Meadow Bay may be unable to obtain additional sources of financing or conclude another sale, merger or amalgamation on as favourable terms as the Transaction, in a timely manner, or at all.

Meadow Bay has not verified the information regarding MVMD included in, or which may have been omitted from, this Circular

All historical information regarding MVMD contained in this Circular, including all MVMD financial information, has been provided by MVMD. Although Meadow Bay has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to MVMD contained in this Circular could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect the operational plans of MVMD and its results of operations and financial condition.

MVMD may complete additional financing prior to Closing

MVMD will require equity and/or debt financing to support on-going operations or to undertake capital expenditures prior to Closing. There can be no assurance that additional financing will be available to MVMD when needed or on terms which are acceptable. If additional funds are raised through further issuances of equity or convertible debt securities, such issuance of securities by MVMD shall be assumed by the Resulting Issuer following Closing. Existing Shareholders could suffer significant dilution as a result.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. The Company has arranged for intermediaries to forward the meeting materials to

beneficial owners of Meadow Bay Common Shares held as of record by those intermediaries and the Company may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Record Date

The directors of Meadow Bay have fixed August 30, 2019 as the Record Date for the determination of Shareholders entitled to receive notice of the Meeting. Shareholders of record on that date are entitled to vote at the Meeting.

Appointment of Proxyholder

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and/or directors of the Company. **IF YOU ARE A SHAREHOLDER ENTITLED TO VOTE AT THE MEETING, YOU HAVE THE RIGHT TO APPOINT A PERSON OR COMPANY OTHER THAN EITHER OF THE PERSONS DESIGNATED IN THE PROXY, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT FOR YOU AND ON YOUR BEHALF AT THE MEETING. YOU MAY DO SO EITHER BY STRIKING OUT THE NAMES OF MANAGEMENT’S NOMINEES AND INSERTING THE NAME OF THAT OTHER PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING AND DELIVERING ANOTHER SUITABLE FORM OF PROXY.** If your Meadow Bay Common Shares are held in physical form (i.e., paper form) and are registered in your name, then you are a registered shareholder (“**Registered Shareholder**”). However, if, like most shareholders, you keep your Meadow Bay Common Shares in a brokerage account, then you are a Beneficial Shareholder. The manner for voting is different for Registered Shareholders and Beneficial Shareholders. The instructions below should be read carefully by all shareholders.

Voting by Proxyholder

The Management Appointees named in the Proxy will vote or withhold from voting the Meadow Bay Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Meadow Bay Common Shares will be voted accordingly. The Proxy confers discretionary authority on the Management Appointees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the Management Appointee acting as a proxyholder will vote the Meadow Bay Common Shares represented by the Proxy in favour of each matter identified on the Proxy.

Notice and Access

The Company is not sending this Circular to registered or beneficial shareholders using “notice-and-access” as defined under National Instrument 54-101 (“**NI 54-101**”).

Registered Shareholders

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

- (a) completing, dating and signing the enclosed form of Proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by mail or by hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) by using a touch-tone phone to transmit voting choices to a toll-free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy form for the holder's account number and the Proxy control number; or
- (c) using the Internet through the website of the Company's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy form for the holder's account number and the Proxy control number.

In all cases, Registered Shareholders should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Should you wish to contact Computershare, please refer to the following:

General Shareholder Inquiries:

By phone: 1-800-564-6253
By fax: 1-866-249-7775
By email: service@computershare.com
By regular mail: Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario, M5J 2Y1

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Meadow Bay Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the Registered Shareholders of Meadow Bay Common Shares).

If Meadow Bay Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Meadow Bay Common Shares will not be registered in the shareholder's name on the records of the Company. Such Meadow Bay Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such Meadow Bay Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

There are two kinds of beneficial owners – those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for "**Non-Objecting Beneficial Owners**").

Management of the Company does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 – Request for Voting Instructions Made by

Intermediary, and, in the case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Every intermediary that mails proxy-related materials to Beneficial Shareholders has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their Meadow Bay Common Shares are voted at the Meeting.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a voting instruction form (the "**Broadridge VIF**") which will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. The Broadridge VIF will appoint the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Meadow Bay Common Shares to be represented at the Meeting. **If you receive a Broadridge VIF, you cannot use it to vote Meadow Bay Common Shares directly at the Meeting – the Broadridge VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Meadow Bay Common Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Meadow Bay Common Shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your Meadow Bay Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Meadow Bay Common Shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your Meadow Bay Common Shares.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by:

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the address of the registered office of the Company at Suite 2300, Bentall 5, 550 Burrard Street, Box 30, Vancouver, British Columbia, V6C 2B5, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes

any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- (b) personally attending the Meeting and voting the Registered Shareholder's Meadow Bay Common Shares.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The board of directors (the "**Board**") of the Company has fixed August 30, 2019 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Meadow Bay Common Shares voted at the Meeting.

As at the Record Date, there were 50,056,229 Meadow Bay Common Shares issued and outstanding, each carrying the right to one vote.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a Proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Meadow Bay Common Share registered in that shareholder's name on the list of shareholders as at the Record Date, which is available for inspection during normal business hours at Computershare and will be available at the Meeting.

To the knowledge of the directors and executive officers of the Company, no persons or corporations beneficially owned, directly or indirectly, or exercised control or direction over, Meadow Bay Common Shares carrying 10% or more of the voting rights attached to all outstanding Meadow Bay Common Shares as at the Record Date.

Votes Necessary to Pass Resolutions

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein save and except for the Desert Hawk Resolution which require a special majority of two thirds ($\frac{2}{3}$) of affirmative votes cast at the Meeting to be approved. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

INFORMATION CONCERNING MEADOW BAY

General Development of the Business

General

Up until now, Meadow Bay has been principally engaged in the acquisition, exploration and development of mineral properties in Nevada, USA. The Company presently has no proven or probable reserves and, on the basis of information to date, it has not yet determined whether its properties contain economically recoverable reserves. Consequently, the Company considers itself to be an exploration stage company. The amounts shown as mineral property interests represent costs incurred to date, less amounts

amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production.

Meadow Bay has been focused on the exploration and development of its Atlanta gold mine property (the “**Atlanta Property**” or the “**Atlanta Project**”) consisting of over 10,000 acres of mineral claims located in Lincoln Country Nevada, approximately 250 kilometers northeast of Las Vegas, Nevada.

Three Year History

The Share figures in the following three-year history have been updated to reflect the consolidation of the common shares of the Company on a four pre-consolidated common shares to one post-consolidated common share basis effective September 20, 2017.

Year Ended March 31, 2017

During the year ending March 31, 2017, the Company completed the following share transactions:

- i) On April 29, 2016, the Company completed the first tranche of a non-brokered private placement by issuing 1,019,167 units at \$0.24 each for gross proceeds of \$244,600. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 5 years from the date of closing at a price of \$0.28 per share. The Company paid finders’ fees of \$4,158 cash and issued 17,235 broker’s warrants, with each finder’s warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The warrants were valued at \$6,770 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate - 0.75%, expected life - 5 years, dividend nil and annualized volatility - 102.34%.
- ii) On July 27, 2016, the Company completed the second tranche of a non-brokered private placement by issuing 1,487,462 units at \$0.24 each for gross proceeds of \$356,991. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 5 years from the date of closing at a price of \$0.28 per share. The Company paid finders’ fees of \$10,149 cash and issued 42,289 broker’s warrants, with each finder’s warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The warrants were valued at \$13,046 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate - 0.65%, expected life - 5 years, dividend nil and annualized volatility - 104.02%.
- iii) On December 16, 2016, the Company completed a non-brokered private placement by issuing 1,113,100 units at \$0.20 each for gross proceeds of \$205,655. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 5 years from the date of closing at a price of \$0.24 per share. The Company paid finders’ fees of \$14,396, incurred legal costs of \$16,380 and issued 71,979 broker’s warrants, with each finder’s warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The warrants were valued at \$8,216 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable. The assumptions used in the model were as follows: risk free interest rate - 1.21%, expected life - 5 years, dividend nil and annualized volatility - 104.49%.

Year Ended March 31, 2018

On July 28, 2017, the Company announced that the Toronto Stock Exchange (the “**TSX**”) had initiated a review of the eligibility for continued listing on TSX of its common shares, wherein the Company must demonstrate that it meets all of the TSX’s continued listing requirements on or before August 30, 2017 or the common shares would be delisted 30 days from such date.

On August 5, 2017, the Company announced its intention to proceed with a consolidation (the “**2017 Consolidation**”) of the issued and outstanding common shares on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares, subject to receipt of approval from the TSX. The Company also announced a \$1 million non-brokered private placement of units, the proceeds from which will be used to conduct the second part of its drill program to test new targets at the Western Knolls area of the Atlanta Project, as well as to provide working capital.

On September 14, 2017, the Company announced that it had applied to the TSX Venture Exchange (the “**TSXV**”) for the listing of its common shares upon the delisting of the common shares from the Toronto Stock Exchange after September 27, 2017.

On September 18, 2017, the 2017 Consolidation became effective and all of the Company’s issued and outstanding common shares were consolidated on the basis of one (1) post-2017 Consolidation common share for every four (4) pre-2017 Consolidation common shares.

On September 27, 2017, the Company received conditional approval of its application to list the common shares on the TSXV wherein, effective at the close of trading on September 27, 2017, the common shares were delisted from the TSX and were listed on the TSXV at the market opening on September 28, 2017. Final approval of the listing was subject to the Company meeting certain conditions required by the TSXV, including meeting the TSXV’s Continued Listing Requirements as a Tier 2 Mining Issuer, completing a non-brokered financing on or before October 27, 2017 and other customary conditions required by the TSXV. The Company also announced the offering of up to 10,666,667 units (“**Units**”) of the Company at a price of \$0.075 per Unit, to raise gross proceeds of \$800,000, each Unit consisting of one common share and one common share purchase warrant each exercisable to purchase an additional common share at a price of \$0.12 per common share for a period of two years (the “**2017 Private Placement**”).

On October 20, 2017, the Company announced the amendment of the terms of the 2017 Private Placement wherein the Company offered up to 16,000,000 Units at the price of \$0.05 per Unit to raise gross proceeds of up to \$800,000, each Unit consisting of one common share and one-half of one common share purchase warrant with each warrant entitling the holder to purchase an additional common share at a price of \$0.10 per common share for a period of two years.

On November 8, 2017, the Company announced an increase in the size of the 2017 Private Placement to up to 26,000,000 Units to raise gross proceeds of up to \$1,300,000, with each Unit consisting of one common share and one-half of one warrant, with each whole warrant being exercisable for two years to purchase one additional common share at a price of \$0.10 per warrant share.

The Company closed the first tranche of the 2017 Private Placement on November 10, 2017 raising aggregate gross proceeds of \$816,500 from the issuance of 16,330,000 2017 Units, at a price of \$0.05 per 2017 Unit and the second tranche of the 2017 Private Placement on November 16, 2017 raising gross proceeds of \$484,000 from the issuance of 9,680,000 2017 Units at a price of \$0.05 per 2017 Unit, for total proceeds in two tranches of \$1,300,500. Each 2017 Unit consisting of one common share and one-half of one common share purchase warrant. Each Warrant entitled the holder thereof to purchase one additional common share at an exercise price of \$0.10 per common share for a period of two years from the date of issuance of the warrant.

On December 8, 2017, the Company announced that it had arranged a shares for debt settlement with certain creditors to issue an aggregate of 558,823 common shares at a deemed price of \$0.17 per common share to settle an aggregate of \$95,000 of unpaid fees for consulting services. The Company also announced that it granted stock options to certain of its directors, officers, employees and consultants to purchase up to 2,000,000 common shares at an exercise price of \$0.20 per share for a period of five years from the date of grant. The shares for debt settlement was subsequently completed on January 19, 2018 with the Company issuing 475,000 common shares at a deemed price of \$0.20 per common share to settle an aggregate of \$95,000 of outstanding debt.

On December 29, 2017, Christopher Crupi resigned as Chief Executive Officer and a director of the Company and the Board of Directors of the Company appointed Robert Dinning, Chairman and a director of the Company, as Chief Executive Officer of the Company.

On March 2, 2018, the common shares commenced trading on the Canadian Securities Exchange and were delisted from the TSXV. The Company also announced that it had engaged Gustavson Associates, LLC, of Boulder, Colorado to prepare an in-pit resource estimate for its flagship Atlanta Gold Mine Project in Lincoln County, Nevada. The purpose of the in-pit resource estimate is to identify that portion of the larger global resource that could be exploited under current market conditions through open-pit mining. A secondary purpose of the in-pit resource is to update the previous resource estimate and include the results of more recent drilling.

Year Ended March 31, 2019

On June 15, 2018, Desert Hawk reported that it received an initial in-pit resource estimate for its Atlanta Gold Mine Project, in Lincoln County, Nevada. The report was prepared by Gustavson Associates of Lakewood, Colorado. The in-pit resource was a sub-set of the larger global resource at the Atlanta Project and incorporated the result of additional drilling in 2012 and 2015. The bulk of the resource was along the intersection of the Atlanta Fault with a prominent east-west shear zone. It also includes much to the Atlanta Porphyry which is in the hanging-wall of the Atlanta Fault. No effort was made to differentiate precious metal mineralization in the Atlanta Fault from that of the Atlanta Porphyry.

Recent Developments

On June 27, 2019, the Company and 2700915 entered the Amalgamation Agreement with MVMD, a private Ontario corporation, with innovative investments in the global cannabis sector focused on developing and optimizing the world's leading medicinal cannabis ecosystem. MVMD focuses on the areas of research and development, manufacturing and marketing through strategic acquisitions and partnerships, for the purposes of generating a market leading portfolio of high quality, vertically-integrated, sustainable cannabis assets. MVMD, through its wholly-owned subsidiary, holds an application with Health Canada for a licence to produce and sell high-quality strains of medical grade cannabis in British Columbia. MVMD also owns 25% of Sativa Nativa S.A.S, a federally licensed cannabis producer in Colombia focused on the large-scale organic production of greenhouse cannabis flower and resin for local and international distribution.

Under the Amalgamation Agreement, 2700915 is to amalgamate with MVMD and the Company will thereby acquire all of the MVMD Shares in exchange for Resulting Issuer Shares on a one for one basis (after the Company has effected a consolidation of the Meadow Bay Common Shares on an eight old for one new Meadow Bay Common Share basis, the "**2019 Consolidation**"). The Transaction constitutes a fundamental change of Meadow Bay pursuant to the policies of the CSE. MVMD has 70,625,000 Class "A" common voting shares and 133,293,307 Class "B" common shares, 8,288,500 stock options and 49,904,159 warrants issued and outstanding, all convertible securities to be exchangeable or convertible into Resulting Issuer Shares upon completion of the Transaction in accordance with their terms. Pursuant to the terms of the Amalgamation Agreement, MVMD is entitled

to issue additional securities prior to the completion of the Transaction in connection with additional agreements into which it has entered or may enter. MVMD is to provide, and as at the date of this Information Circular has provided (see below), a bridge loan financing (the “**Bridge Loan Financing**”) to Meadow Bay of \$350,000 by way of the purchase of 350 Meadow Bay convertible debenture units (the “**Convertible Debenture Units**”), with each such unit being comprised of one secured convertible debenture (a “**Convertible Debenture**”) in the principal amount of \$1,000 and 1,000 Meadow Bay Warrants (the “**Convertible Debenture Warrants**”). Each Convertible Debenture Warrant entitles the holder thereof to acquire one Meadow Bay Common Share at a price of \$0.06 (\$0.48 per Meadow Bay Common Share on a post-2019 Consolidation basis) per Meadow Bay Common Share for a period of five years subject to CSE approval. Each Convertible Debenture is to have a maturity date of four years, with an interest rate of 10% per annum, with the principal and accrued interest to be convertible into units (“**Conversion Units**”) at a price of \$0.05 per unit (\$0.40 on a post-2019 Consolidation basis). Each Conversion Unit is to consist of one Meadow Bay Common Share and one share Meadow Bay Common Share purchase warrant (a “**Conversion Warrant**”), with each Conversion Warrant entitling the holder to acquire one Meadow Bay Common Share at a price of \$0.06 per Meadow Bay Common Share (\$0.48 per on a post-2019 Consolidation basis) for a period of five years. In addition, Meadow Bay may offer up to an additional 150 Convertible Debenture Units to raise additional gross proceeds of \$150,000, subject to MVMD having a right of first refusal to subscribe for such units. The Bridge Loan Financing was subject to a 7% loan administration fee paid by Meadow Bay. The proceeds of the Bridge Loan Financing were used to pay some of Meadow Bay’s professional fees and pay for working capital expenditures.

Upon completion of the Transaction, all of the directors and officers of Meadow Bay will resign and will be replaced with nominees of MVMD.

The principal terms of the Transaction are as follows:

1. Meadow Bay will complete the 2019 Consolidation, which will reduce the number of common shares issued and outstanding from 50,056,229 pre-2019 Consolidation Common Shares to 6,257,029 post-2019 Consolidation Common Shares.
2. Meadow Bay will change its name to “Mountain Valley MD Inc.” or as otherwise agreed to by the parties.
3. The Transaction will be structured as a triangular amalgamation, wherein MVMD will amalgamate with 2700915 (the “**Amalgamation**”) and as a result of the Amalgamation, Meadow Bay will thereby acquire all of the outstanding shares of MVMD in exchange for Resulting Issuer Shares on a one for one basis.

The Transaction is an arms-length transaction. The completion of the Transaction will result in the acquisition by Meadow Bay of MVMD in consideration for the issuance of one Resulting Issuer Share for each MVMD common share. The total acquisition cost to Meadow Bay for the Transaction will not be known until closer to closing. Meadow Bay and MVMD intend to seek shareholder approval for the Transaction and related matters to the extent required. The completion of the Transaction will be subject to certain conditions precedent, including the following:

1. Meadow Bay shall have completed the 2019 Consolidation;
2. the receipt of approval of the CSE of the Amalgamation, subject to the usual CSE conditions;
3. the name of Meadow Bay will have changed to “Mountain Valley MD Inc.” or such other name agreed by the parties; and

4. the Amalgamation shall have been approved by the shareholders of MVMD and Meadow Bay.

If MVMD terminates the Amalgamation Agreement as a result of Meadow Bay's breach of any of its representations, warranties or covenants therein in any material respect and such breach is not curable or cured within five business days after receipt of notice, and Meadow Bay subsequently consummates an alternative transaction within one year of the date of termination of the Amalgamation Agreement, then Meadow Bay shall be required to pay a break fee to MVMD in the amount of \$500,000.

A finder's fee equal to 3% of the Resulting Issuer Shares to be issued to the holders of the MVMD Shares pursuant to the Amalgamation, including the Resulting Issuer Shares to be issued to MVMD Shareholders who acquired MVMD Class B Shares pursuant to the MVMD Private Placement, anticipated to be approximately 6,518,430 Resulting Issuer Shares, are to be issued to certain third parties.

On July 12, 2019, the Company closed the first tranche of the Bridge Loan Financing, raising gross proceeds of \$350,000 by way of the sale of 350 Convertible Debenture Units to MVMD.

On September 13, 2019, the Company entered into a Casino Gold Agreement with Casino and 2656065 to sell 100% of the Company's interest in Desert Hawk Resources Inc. to 2656065 in consideration of 10,000,000 common shares in the capital of Casino, subject to the receipt of shareholder and regulatory approval. Pursuant to the Casino Gold Agreement, Casino agreed to complete the DH Private Placement involving Casino subscribing for 350 DH Convertible Debenture Units for CAD\$350,000. See "*Particulars of Matters to be Acted Upon - Sale of Substantially All of the Undertaking of the Company*".

Description of the Business of the Company

General

Meadow Bay is a junior resource exploration company whose principal objectives include mineral exploration and development. The Company has been focused on the gold and silver sector in Nevada, USA. Its operations in Nevada consist of the Atlanta Project located in Lincoln County, Nevada.

Meadow Bay is seeking shareholder approval to the sale of its wholly-owned subsidiary, Desert Hawk Resources Inc. ("**Desert Hawk**"), and thereby the sale of the Atlanta Project, in connection with the Company's intended acquisition of MVMD.

Bankruptcy and Similar Procedures

There is no bankruptcy, receivership, or similar proceedings against the Company, nor is the Company aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by the Company within the three most recently completed financial years or completed or currently proposed for the current financial year.

INFORMATION CONCERNING MVMD

For information regarding MVMD, please refer to Appendix C.

INFORMATION CONCERNING THE RESULTING ISSUER

For further information regarding Meadow Bay and MVMD upon completion of the Transaction, please refer to Appendix D.

ANNUAL GENERAL MEETING MATTERS AND OTHER MATTERS

Setting Number of Directors

The Board proposes that the number of directors be fixed at four (4). Shareholders will therefore be asked to approve an ordinary resolution that determines the number of directors to be elected be fixed at four (4).

Election of Directors

The term of office of each of the current directors expires at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

Upon completion of the Transaction, all of the directors of the Company will resign and will be replaced with nominees of MVMD. See "*Information Concerning Meadow Bay - Recent Developments*" and "*The Amalgamation Agreement - Covenants - Covenants of Meadow Bay Relating to the Transaction*".

The following table sets out the names of management's nominees for election as a director (a "**proposed director**"), the province and country in which he is ordinarily resident, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Meadow Bay Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name of Nominee, province and Country of Ordinary Residence and Positions Held with the Company	Principal Occupation, Business or Employment ⁽¹⁾	Director of the Company Since	Meadow Bay Common Shares Beneficially Owned or Controlled, or Directed, Directly or Indirectly
Robert Dinning British Columbia, Canada <i>CEO, Chairman and Director</i>	President and CEO since December 29, 2017; Chairman of the Company since January 14, 2011; Previously CEO from January 2011 to October 8, 2012; President and CEO from January 14, 2013 to May 6, 2015; self-employed management consultant and Chartered Accountant with over 40 years' experience in junior mining and resource industry. Chairman of Paramount Gold and Silver Corp., a mineral exploration company, from 2008 until April 2015; President and director of Simba Essel Energy Inc., an oil and gas exploration company; CFO and director of Sonora Gold & Silver Corp., a mineral exploration company.	January 14, 2011	1,129,050
Adrian Robertson ⁽²⁾ British Columbia, Canada <i>Director</i>	Mining engineer; corporate pilot since July 2010; consulting and operating experience at Golder Associates, Vale Inco (formerly Inco Ltd.), Teck Cominco and TVX Inc; formerly CEO of Urastar Gold Corp. (which was acquired by Agnico Eagle Mines Limited)	September 16, 2010	62,500

Name of Nominee, province and Country of Ordinary Residence and Positions Held with the Company	Principal Occupation, Business or Employment ⁽¹⁾	Director of the Company Since	Meadow Bay Common Shares Beneficially Owned or Controlled, or Directed, Directly or Indirectly
Charles William (Bill) Reed ⁽²⁾ Arizona, USA <i>Director</i>	Professional geologist; formerly VP, Exploration, and co-founder of Paramount Gold and Silver Corp.; Chief Geologist (Mexico) for Minera Hecla S.A. de C.V., a subsidiary of Hecla Mining; Regional Geologist for Echo Bay; holds a Bachelor of Science degree from the University of Utah and is a Registered Professional Geologist in the State of Utah.	February 24, 2011	134,091 ⁽³⁾
Jordan Estra ⁽²⁾ Florida, USA <i>President, CEO, Chairman and Director</i>	Managing Director, Private Equity, of Sutter Securities Incorporated; director of Searchlight Minerals Corp., a mineral exploration company, since March 2010; former President, CEO and director of Ensurge Inc.; research analyst and global metals/mining team leader for major investment banks, including SG Warburg (now UBS), Merrill Lynch, BT Alex Brown (now Deutsche Bank) and Oppenheimer; finance, marketing and strategic business development experience at AMAX Inc.	March 11, 2011	62,500

Notes:

- (1) The information as to principal occupation, business or employment and Meadow Bay Common Shares beneficially owned or controlled, or directed, directly or indirectly is not within the knowledge of the management of the Company and has been furnished by the respective nominees. The number of Meadow Bay Common Shares disclosed under this column are presented on a post-Consolidation basis.
- (2) Denotes member of Audit Committee.
- (3) Of the 134,091 Meadow Bay Common Shares held by Mr. Reed, 62,500 Meadow Bay Common Shares are held directly and 71,591 Meadow Bay Common Shares are held indirectly through Julianne Reed, wife of Mr. Reed.

None of the proposed directors of the Company is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and officers of the Company acting solely in such capacity.

Except as disclosed below, to the best of the Company's knowledge, as at the date of this Circular, and within the last 10 years before the date of this Circular, no proposed director (or any of their personal holding companies) of the Company was a director, CEO or CFO of any company (including the Company) that:

- (a) was subject to a cease trade or similar order ("CTO") or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO; or
- (b) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, CEO or CFO in the company and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Robert Dinning was a director of Apolo Gold & Energy Inc. On December 15, 2009, the British Columbia Securities Commission (“**BCSC**”) issued Mr. Dinning a CTO as a result of failure to file an insider report in accordance with the *Securities Act* (British Columbia). Mr. Dinning subsequently filed the required insider report and the BCSC issued an order on January 12, 2011 to revoke this CTO. This company closed its operations in 2008 and has been inactive since that time. Mr. Dinning resigned as a director on November 15, 2013.

Mr. Dinning was a director of Industrial Minerals Inc. (“**Industrial Minerals**”), a Delaware company exploring for graphite, quoted on the OTC. On August 18, 2009, the BCSC issued a CTO in respect of Industrial Minerals regarding deficiencies in a technical report. The BCSC issued an order on March 10, 2011 to revoke this CTO. Mr. Dinning resigned as a director on May 10, 2010.

Mr. Dinning was a director of Samena Resources Corp., which was subject to CTOs issued by: (i) the BCSC on February 4, 2010; (ii) the Alberta Securities Commission on February 2, 2010; and (iii) the Manitoba Securities Commission on March 2, 2010, as a result of its failure to file its annual financial statements and annual MD&A for the year ended September 30, 2009. Mr. Dinning resigned as a director on September 25, 2011. Mr. Dinning advises that this company has been dormant since 2009 and is no longer in business.

Mr. Dinning was a director of Metron Capital Corp. (“**Metron**”). On October 10, 2013, the BCSC issued a CTO against Metron as a result of the failure to file financial statements. Mr. Dinning resigned as a director on April 6, 2016.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is as at the date of this Circular or has been within 10 years before the date of this Circular, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

None of the proposed directors (or any of their personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditor

MNP LLP, Chartered Professional Accountants, of Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the directors.

THE AUDIT COMMITTEE

The Audit Committee's Charter

The text of the Company's Audit Committee's charter is set out on Appendix A attached to this Circular.

Composition of the Audit Committee

The members of the audit committee are Jordan Estra, Bill Reed and Adrian Robertson. Jordan Estra, Bill Reed and Adrian Robertson are not executive officers of the Company and, therefore, independent members of the Audit Committee. All members are considered to be financially literate.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgment.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

Relevant Education and Experience

Jordan Estra has been a director of the Company since March 15, 2011. Since July 2010, Mr. Estra has been the President, CEO and a director of Ensurge, Inc. (OTCBB: ESGI), a Salt Lake City, Utah-based mining company focused on development of gold mining opportunities in Brazil and Guyana. Since May 2009, he has been the Managing Director in the Private Equity group at Sutter Securities Incorporated. From April 2007 to April 2009, he was Managing Director at Jesup & Lamont Securities, Inc. From September 2006 to March 2007, he was Senior Vice President for Dawson James Securities, Inc. and Managing Director at Stanford Financial Group from June 2003 to September 2006. He has focused on raising capital for emerging natural resource companies. Mr. Estra has been a leading research analyst and global metals/mining team leader for a number of major investment banks, including SG Warburg (now UBS), Merrill Lynch and BT Alex Brown (now Deutsche Bank). He began his career in the resources industry, at AMAX Inc., a global natural resources leader with interests in precious metals, copper, lead, zinc, coal, oil & gas, molybdenum, tungsten and iron ore. Mr. Estra is also a director of Searchlight Minerals Corp. (OTCBB: SRCH) and a director and non-executive chairman of Starcore International Mines Ltd. (TSX: SAM). Mr. Estra held a number of positions in finance, marketing and strategic business development.

Mr. Estra graduated with high distinction from Babson College with a degree in International Economics and with honors from Columbia University's Graduate School of Business. Mr. Estra served in the United States Army and has been a member of the American Institute of Mining, Metallurgical and Petroleum Engineers, the Foreign Policy Association, the New York Society of Security Analysts and the Stock & Bond Club of South Florida.

Adrian Robertson has been a director of the Company since September 16, 2010. Since July 2010, he has been a self-employed engineering and administrative consultant and corporate pilot. He worked for a major operator in the Sudbury basin gaining experience in technical services, geology, mine planning and design, and supervision, before moving into a role with a global ground engineering consulting firm in Vancouver, B.C. From June 2006 to June 2010, Mr. Robertson entered flight school at Pacific Professional Flight Centre of Delta, B.C. and became a flight instructor. After stepping away from mining to develop a career in aviation, Mr. Robertson re-entered the mining business as a consultant and corporate pilot working with several Vancouver based junior mining companies, such as Golder

Associates, Vale Inco (formerly Inco Ltd.), Teck Cominco Metals Ltd. and TVX Inc. Mr. Robertson was formerly a director of Urastar Gold Corp. (formerly Urastar Energy Inc.) (TSX-V: URS), until June 2013 when the Company was acquired by Agnico Eagle. He obtained his Mining Engineering degree from Queen's University in 2002.

William (Bill) Reed has been a director of the Company since February 24 2011. He is a professional geologist and was previously Vice President Exploration and a cofounder of Paramount Gold & Silver. Prior to that he was Chief Geologist (Mexico) for Hecla Mining Company and prior to that was a Regional Geologist for Echo Bay Mining Co. Mr. Reed holds a Bachelor of Science degree from the University of Utah where is a registered geologist.

Each member of the Audit Committee has adequate education and experience that would provide the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has the audit committee made any recommendations to the Board to nominate or compensate its auditor which were not adopted by the Board.

Pre-Approval Policies and Procedures

All services to be performed by the independent auditor of the Company must be approved in advance by the audit committee. The audit committee has considered whether the provisions of services other than audit services is compatible with maintaining the auditor's independence and has adopted a policy governing the provision of these services. This policy requires that pre-approval by the audit committee of all audit and non-audit services provide by any external auditor, other than any de minimus non-audit services allowed by applicable law or regulation.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
2019	\$26,000	[Nil]	[Nil]	[Nil]
2018	\$28,088	Nil	Nil	Nil

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Company is relying upon the exemption provided by section 6.1 of NI 52-110 which exempts venture issuers (as defined therein) from the requirement of Part 3, (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of that instrument.

STATEMENT OF EXECUTIVE COMPENSATION

The following information of the Company is provided in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*:

"**Compensation Securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;

"**Named Executive Officer**" or "**NEO**" means each of the following individuals:

- (a) each individual who, during any part of the Company's financial year ended March 31, 2019, served as the chief executive officer ("**CEO**") of the Company, including an individual performing functions similar to a CEO;
- (b) each individual who, during any part of the Company's financial year ended March 31, 2019, served as chief financial officer ("**CFO**") of the Company, including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officers other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year ended March 31, 2019 whose total compensation was more than \$150,000, as determined in accordance with subsection 1.2(5) of Form 51-102F6V, for the financial year ended March 31, 2019; and

- (d) each individual who would be a NEO under paragraph (c) above but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, as at March 31, 2019.

Based on the foregoing definition, the Company has two Named Executive Officers: Robert Dinning, the current Chairman and Chief Executive Officer, Keith Margetson, the current Chief Financial Officer.

Director and Named Executive Officer Compensation

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly to the Company's Named Executive Officers and directors for each of the Company's two (2) most recent completed financial years:

Table of Compensation Excluding Compensation Securities							
Name and Position	Year Ended March 31	Salary consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Robert Dinning Chairman and CEO	2019	Nil	Nil	Nil	Nil	90,000	90,000
	2018	Nil	Nil	Nil	Nil	30,000	30,000
Keith Margetson CFO	2019	Nil	Nil	Nil	Nil	36,000	36,000
	2018	Nil	Nil	Nil	Nil	22,500	22,500
Adrian Robertson Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Charles William (Bill) Reed Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Jordan Estra Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

External Management Companies

Neither Robert Dinning nor Keith Margetson, the NEOs of the Company, are employees of the Company. See "*Employment, Consulting and Management Agreements*" for further information about consulting agreements in respect of the NEOs.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to all NEOs and directors by the Company during the most recently completed financial fiscal year ended March 31, 2019 for services provided or to be provided, directly or indirectly, to the Company:

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage class	Date of issue of grant	Issue, conversion or exercise price (\$)	Closing price of security on date of grant (\$)	Closing price of security on date at year end (\$)	Expiry date
Robert Dinning Chairman and CEO	Options	Nil	N/A	N/A	N/A	N/A	N/A
Keith Margetson CFO	Options	Nil	N/A	N/A	N/A	N/A	N/A
Adrian Robertson Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
Charles William (Bill) Reed Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
Jordan Estra Director	Options	Nil	N/A	N/A	N/A	N/A	N/A

Exercise of Compensation Securities by Directors and NEOs

The following table sets out all exercise of Compensation Securities by directors and NEOs of the Company during the most recently completed financial fiscal year ended March 31, 2019.

Exercise of Compensation Securities by Directors and NEO's							
Name and Position	Type of compensation security	Number of underlying securities, exercised	Exercise price of security (\$)	Date of exercise	Closing price of security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Robert Dinning Chairman and CEO	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Keith Margetson CFO	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Adrian Robertson Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Charles William (Bill) Reed Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Jordan Estra Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

Employment, Consulting and Management Agreements

Pursuant to a consulting agreement (the "Carlton Agreement") made as of January 1, 2012 between the Company and Carlton Energy Inc. ("Carlton"), a company controlled by Robert Dinning, the

Chairman and President and CEO of the Company, the Company agreed to pay Carlton a monthly fee of \$15,000, plus HST, exclusive of bonuses, benefits and other compensation, for the first year of the term of the Carlton Agreement for services rendered by Carlton to the Company. The yearly fee payable to Carlton for subsequent years is to be increased by a figure equal to any increase in the Consumer Price Index. The Carlton Agreement had an initial term of two years, automatically extendable in one-year increments unless the Company gave written notice that it did not wish to further extend the Carlton Agreement. In the event of termination by the Company other than for just cause, disability or death or termination by Carlton for "good reason", the Company shall pay Carlton within 45 days after the date of termination the amount of the balance of the current year's obligation plus one additional year of compensation, and all outstanding and accrued regular and special vacation pay to the date of termination. If the Company does not renew the Carlton Agreement, the Company will pay Carlton an amount equal to the sum of one year's annual salary and the average annual bonus paid to Carlton in the previous two years. During the financial year ended March 31, 2019, Carlton received or accrued fees in the amount of \$90,000.

Good reason" is defined in the Carlton Agreement as the occurrence of any of the following without Carlton's written consent: (i) a change (other than those that are clearly consistent with a promotion) in Carlton's position or duties (including any position or duties as a director of the Company), responsibilities (including, without limitation, to whom Carlton reports and who reports to the Company), title or office in effect immediately prior to a "control change", which includes any removal of Carlton from or any failure to re-elect or reappoint Carlton to any such positions or offices; (ii) a reduction by the Company of Carlton's fee, benefits or any other form of remuneration or any change in the basis upon which Carlton's fees, benefits or any other form of remuneration payable by the Company is determined or any failure by the Company to increase Carlton's fees, benefits or any other forms of remuneration payable by the Company in a manner consistent (both as to frequency and percentage increase) with practices in effect immediately prior to the "control change" or with practices implemented subsequent to the "control change" with respect to the senior employees of the Company, whichever is more favorable to the Company; (iii) any failure by the Company to continue in effect any benefit, bonus, profit, sharing, incentive, remuneration or compensation plan, stock ownership or purchase plan, pension plan or retirement plan in which Carlton is participating or entitled to participate immediately prior to the "control change", or the Company taking any action of failing to take any action that would adversely affect Carlton's participation in or reduce his rights or benefits under or pursuant to any such plan, or the Company failing to increase or improve the rights or benefits on a basis consistent with practices implemented subsequent to the "control change" or with practices implemented subsequent to the "control change" or with the senior employees of the Company, whichever is more favorable to Carlton; (iv) the Company relocating Carlton to any place other than the location for work reported at on a regular basis immediately prior to the "control change" or a place within 50 kilometers of that location; (v) any failure by the Company to provide Carlton with the number of paid vacation days to which Carlton was entitled immediately prior to the "control change" of the Company failing to increase such paid vacation on a basis or with practice implemented subsequent to the "control change" with the respect to the senior employees of the Company, whichever is more favorable to the Company; or (vi) the Company taking action to deprive Carlton of any material fringe benefit not mentioned before in the Carlton Agreement and enjoyed by Carlton immediately prior to the "control change", or the Company failing to increase or improve such material fringe benefits on a basis consistent with practices implemented subsequent to the "control change" or with practices implemented subsequent on the "control change" with respect to their senior employees of the Company, whichever is more favorable to the Company; or (vii) any breach by the Company of any provision of the Agreement; or (viii) the good faith determination by Carlton that, as a result of the "control change" or any action or event thereafter, Carlton's status or responsibility in the Company have been diminished or Carlton is being effectively prevented from carrying out his duties and responsibilities as they existed immediately prior to the "control change"; or (ix) the failure by the Company to obtain, in a form satisfactory to Carlton, an effective assumption of its obligations under the Carlton Agreement by any successor to the Company, including a successor to a material portion of its business.

“Control change” is defined in the Carlton Agreement as the occurrence of any of the following events: (i) the actual acquisition or continuing ownership of, securities (“**Convertible Securities**”) convertible into, exchangeable for or representing the right to acquire shares of the Company as a result of which a person, group of persons or persons acting jointly or in concert, or which associated or affiliated within the meaning of the *Business Corporations Act* (Ontario) with any such person, group of persons or any of such persons acting jointly or in concert (collectively, “**Acquirors**”), may or do beneficially own shares of the Company and/or Convertible Securities such that, assuming only the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, the Acquirors would beneficially own shares that would entitle the holders thereof to cast more than 20% of the votes attaching to all the shares in the capital of the Company that may be cast to elect directors of the Company; or (ii) the exercise of the voting power for all of any such shares so as to cause or result in the election of a number of directors greater than 50% of the total number of directors of the Company who were not incumbent directors; or (iii) the shareholders of the Company approving a resolution authorizing the Company to enter into a transaction involving, directly or indirectly, (a) the merger, amalgamation or other combination of the Company or its principal business with one or more other entities; or (b) the sale of all or substantially all of the assets of the Company; or (iv) any transactions or series of transactions, the effect of which would cause Carlton and/or the directors of the Company, or any company, partnership, limited partnership, or any other legal entity of which they exercise control, to own less than ten percent of the issued and outstanding voting shares of the Company; or (v) any change in directors at an annual or special meeting of shareholders in which the identity of a majority of directors is different than that preceding such meeting.

Pursuant to a consulting agreement (the “**Margetson Agreement**”) made as of May 1, 2011 between the Company and Keith Margetson for services rendered by Mr. Margetson to the Company as CFO based on 30 hours per month, with additional hours billed at \$100 per hour. The Margetson Agreement may be extended on the mutual agreement of the parties. The Company may terminate the Margetson Agreement at any time without just cause by paying Mr. Margetson a lump sum equal to three months’ compensation and any unpaid reimbursable business expenses incurred through to the last day of engagement. On a “change of control” of the Company, specified in the Margetson Agreement as a takeover bid, private purchase, merger, amalgamation, corporate reorganization or any other form of business combination, acquisition of more than 50% of the Company or control by a third party of more than 50% of the Board, Mr. Margetson, at his option may, within a 12 month period from the “change of control” receive a lump sum payment equal to 12 months’ compensation and any unpaid, allowable, reimbursable business expenses incurred through to the last day of engagement with the Company. During the financial year ended March 31, 2019, Mr. Margetson received or accrued fees in the amount of \$36,000.

If a severance payment triggering event had occurred on March 31, 2019, the severance payments that would be payable to each of the NEOs are approximately as follows:

NEO Name	Termination by the Company for any reason other than cause and unrelated to “Change of Control” of the Company (estimated) (\$)	Termination by the Company without cause after a “Change of Control” of the Company (estimated) (\$)
Robert Dinning	90,000	90,000
Keith Margetson	9,000	36,000

Compensation, Philosophy and Objectives

The Company does not have a formal compensation program. The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company’s compensation strategy are to (a) compensate management in a

manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other junior mineral exploration companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all NEOs is fair and reasonable. The Board relies on the experience of its members as officers and directors with other junior mining companies in assessing compensation levels.

Analysis of Elements

Base salary is used to provide the NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each NEO's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's existing stock option plan (the "**Plan**").

Description of Stock Option Plan

The Plan is a "rolling" stock option plan, pursuant to which a maximum of 10% of the issued and outstanding Meadow Bay Common Shares at the time an option is granted may be reserved for issuance pursuant to the exercise of incentive stock options. The Plan was approved by the Board on October 20, 2017 and was ratified and approved by shareholders at the Company's annual general meeting held on November 17, 2017. The Plan was adopted by the Company in connection with the transfer of the listing of the Meadow Bay Common Shares from the Toronto Stock Exchange to the TSX Venture Exchange ("**TSXV**") on September 27, 2017 in order to comply with the policies of the TSXV. The Plan replaced the Company's previous stock option plan adopted in 2012 (the "**Previous Plan**") wherein all outstanding stock options under the Previous Plan were rolled into and deemed granted under the Plan. The listing of the Meadow Bay Common Shares was transferred from the TSXV to the Canadian Securities Exchange (the "**CSE Listing**") on March 2, 2018 and the Company intends make corrections to the Plan in order to reflect the CSE Listing.

The purpose of the Plan is to provide incentives to qualified persons to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company.

Administration

The Plan is administered by the Board or by a committee of two or more directors who may be designated from time to time to serve as the committee for the Plan. Subject to the limitations of the Plan, the Board has full power to grant options, to determine the terms, limitations, restrictions and conditions respecting such options and to settle, execute and deliver option agreements and bind the Company accordingly, to interpret the Plan and to adopt such rules, regulations and guidelines for

carrying out the Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Plan.

Total Number of Securities Issuable and Securities Issued under the Plan

The maximum aggregate number of Meadow Bay Common Shares reserved for issuance pursuant to the exercise of options granted under the Plan is 10% of the outstanding Meadow Bay Common Shares as at the date of a stock option grant. If any option is exercised, in whole or in part, then the maximum number of Meadow Bay Common Shares for which options may be granted hereunder shall be proportionately increased by the number of Meadow Bay Common Shares issued on such exercise. If any option subject to the Plan is forfeited, expires, is terminated or is cancelled for any reason other than by reason of exercise, then the maximum number of Meadow Bay Common Shares for which options may be granted must be increased by the number of Meadow Bay Common Shares which were the subject of such forfeited, expired, terminated or cancelled option. The maximum number of Meadow Bay Common Shares must be appropriately adjusted in the event of a subdivision or consolidation of the Meadow Bay Common Shares.

Option Exercise Price

The exercise price per Meadow Bay Common Share under an option must be determined by the administrator, in its discretion, at the time such option is granted, but such price shall not be less than the Discounted Market Price (as this term is defined under the Plan). Subject to regulatory approval, the exercise price per optioned share under an option may be reduced at the discretion of the administrator if (i) prior regulatory approval is obtained and at least six months has elapsed since the later of the date such option was granted and the date the exercise price for such option was last amended; and (ii) disinterested shareholder approval is obtained for any reduction in the exercise price under an option held by an insider of the Company at the time of the proposed reduction; provided that if the exercise price is reduced to less than the Market Price (as this term is defined under the Plan), a hold period will apply from the date of the amendment and further provided that no such conditions will apply in the case of an adjustment made in the event of any subdivision or consolidation of the Meadow Bay Common Shares.

Tax Withholding

The Plan establishes that the Company shall have the right to withhold from any amount payable to an optionee such amount as may be necessary to enable the Company to comply with the applicable requirements of any federal, provincial, state or local law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to awards under the Plan. The Company shall also have the right in its discretion to satisfy any liability for any withholding obligations by selling, or causing a broker to sell, on behalf of any participant such number of Meadow Bay Common Shares issued to the participant pursuant to an exercise of options under the Plan as is sufficient to fund the withholding obligations (after deducting commissions payable to the broker), or retaining any amount or consideration which would otherwise be paid, delivered or provided to the participant under the Plan. The Company may require a participant, as a condition to exercise of an option, to make such arrangements as the Company may require so that the Company can satisfy applicable withholding obligations, including, without limitation: (i) requiring the participant to remit the amount of any such withholding obligations to the Company in advance; (ii) requiring the participant to reimburse the Company for any such withholding obligations; or (iii) causing a broker who sells such shares on behalf of the participant to withhold from the proceeds realized from such sale the amount required to satisfy any such withholding obligations, and remitting such amount directly to the Company. Eligible Participants under the Plan

Eligible Participants under the Plan

Options may be granted to:

- (a) a director of the Company;
- (b) a senior officer of the Company;
- (c) an employee of the Company, which is an individual who (i) is considered an employee of the Company or its subsidiary under the Income Tax Act (Canada) (and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source); (ii) works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or (iii) works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (d) a management company employee, which is an individual employed by a person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in investor relations activities;
- (e) a consultant to the Company and its affiliates, which is an individual (or a corporation or partnership of which the individual is an employee, shareholder or partner), other than an employee, senior officer, management company employee or director of the Company that (i) is engaged to provide on an ongoing bona fide basis, consulting, technical management or other services to the Company or its affiliate other than services provided in relation to a distribution of securities; (ii) provides the services under a written contract between the Company or its affiliate and the individual or the consultant company; (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or its affiliate; and (iv) has a relationship with the Company or its affiliate that enables the individual to be knowledgeable about the business and affairs of the Company;
- (f) except in relation to consultant companies, a company that is wholly-owned by individuals eligible for an option grant,

who are in the opinion of the administrator in a position to contribute to the success of the Company or any of its subsidiaries or who, by virtue of their service to the Company or any of its subsidiaries, are in the opinion of the administrator, worthy of special recognition.

Maximum Insiders are Entitled to Receive

Unless the Company obtains “disinterested shareholder approval”:

- (a) the maximum aggregate number of Meadow Bay Common Shares that may be reserved for issuance to insiders of the Company under the Plan; and

- (b) the maximum aggregate number of options granted to insiders of the Company under the Plan within a 12-month period,

may not exceed 10% of outstanding Meadow Bay Common Shares at the time of grant.

Maximum Any One Individual is Entitled to Receive

Unless the Company obtains “disinterested shareholder approval”, the maximum aggregate number of Meadow Bay Common Shares that may be reserved under the Plan for issuance to any one person (and any companies wholly-owned by that person), in any 12-month period must not exceed 5% of the outstanding Meadow Bay Common Shares at the time of grant.

Maximum Any One Consultant is Entitled to Receive

The maximum aggregate number of Meadow Bay Common Shares that may be reserved under the Plan for issuance to any one consultant during any 12-month period must not exceed 2% of the outstanding Meadow Bay Common Shares at the time of grant.

Maximum Persons Retained to Provide Investor Relations Activities are Entitled to Receive

The maximum aggregate number of Meadow Bay Common Shares that may be reserved during any 12-month period under the Plan for issuance to all persons retained to provide investor relations activities must not exceed 2% of the outstanding Meadow Bay Common Shares at the time of grant.

Vesting of Options

Options issued to persons retained to provide investor relations activities will be subject to a vesting schedule of at least 12 months whereby no more than 25% of the options granted may be vested in any 3 month period. Options issued to optionees other than persons retained to provide investor relations activities may, at the discretion of the administrators, be subject to vesting conditions, such vesting conditions to be provided for in the option agreement to be entered into between the Company and the optionee. If there is a takeover bid made for all or any of the issued and outstanding Meadow Bay Common Shares, then all outstanding options, whether fully vested and exercisable or remaining subject to vesting provisions or other limitations on exercise, shall be exercisable in full to enable the optioned Meadow Bay Common Shares subject to such options to be issued and tendered to such bid. The vested portions of options will be exercisable, in whole or in part, at any time after vesting. If an option is exercised for fewer than all of the optioned Meadow Bay Common Shares for which the option has then vested, the option shall remain in force and exercisable for the remaining optioned Meadow Bay Common Shares for which the option has then vested, according to the terms of such option.

Terms of Options

The option period for an option shall be determined by the administrator at the time the option is granted and may be up to 10 years from the date the option is granted. At the time an option is granted, the administrator may determine that, with respect to that option, upon the occurrence of an optionee ceasing to be a director, senior officer, employee, management company employee, or consultant of the Company for any reason excluding termination for cause or death or on account of disability, there shall come into force a time limit for exercise of such option which is different than the option period, and in the event of such a determination, the option agreement for such option shall contain provisions which specify the events and time limits related to that determination. Subject to the applicable maximum option period provided for under the Plan and subject to applicable regulatory requirements and approvals, the administrator may extend the option period of an outstanding option beyond its original expiration date (whether or not such option is held by an insider), provided such option has been outstanding for at least

one year prior to such extension. If such expiry of the option period falls within a blackout period, the expiry of the option shall automatically be extended to the date which is 10 business days after the expiry of the blackout period, provided that the optionee or the Company is not subject to a cease trading order, or similar order under securities laws, in respect of the Company's securities.

Causes of Cessation of Entitlement

In the event that the optionee shall cease to be a director, senior officer, employee, management company employee or consultant of the Company by reasons of such optionee's termination for cause, the option shall terminate and shall cease to be exercisable upon such termination for cause. In the event that the optionee shall cease to be a director, senior officer, employee, management company employee or consultant of the Company by reason of such optionee's disability, any options held by such optionee that could have been exercised immediately prior to such cessation shall be exercisable by such optionee, or by his or her guardian, for a period of 30 days following the date of such cessation (if such optionee dies within that 30 day period, any option held by such optionee that could have been exercised immediately prior to his or her death shall pass to the qualified successor of such optionee, and shall be exercisable by the qualified successor until the earlier of 30 days following the death of such optionee and the expiry of the option period). In the event that the optionee shall cease to be a director, senior officer, employee, management company employee or consultant of the Company by reason of such optionee's death, any options held by such optionee shall pass to the qualified successor of the optionee and shall be exercisable by such qualified successor until the earlier of one year following the date of such death and the original expiry date of such option.

Assignability of Options

Neither the options nor the benefits and rights of any optionee under any option or under the Plan shall be assignable or otherwise transferable, except as specifically provided under the Plan in the event of the death or disability of an optionee. During the lifetime of the optionee, all options may only be exercised by the optionee.

Amendment or Termination of the Plan

The Board reserves the right to amend or terminate the Plan at any time if and when it is deemed advisable in the absolute discretion of the Board; provided, however, that no such amendment or termination shall adversely affect any outstanding options granted under the Plan without the consent of the optionee. Any amendment to the Plan may also be subject to acceptance of such amendment or amended plan for filing by regulatory authorities and, if required, the approval of the shareholders.

Adjustments

Following the date an option is granted, the exercise price for and the number of Meadow Bay Common Shares which are subject to an option will be adjusted, with respect to the then unexercised portion thereof, in the events and in accordance with the provisions and rules set out under the Plan, with the intent that the rights of optionees under their options are, to the extent possible, preserved and maintained notwithstanding the occurrence of such events. If the outstanding Meadow Bay Common Shares are changed into or exchanged for a different number of Meadow Bay Common Shares or into or for other securities of the Company or securities of another company or entity, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation, then on each exercise of the option which occurs following such events, for each optioned share for which the option is exercised, the optionee shall instead receive the number and kind of shares or other securities of the Company or other company into which such Meadow Bay Common Share would have been changed or for which such Meadow Bay Common Share would have

been exchanged if it had been outstanding on the date of such event and the exercise price will be similarly adjusted so that the aggregate price to exercise the option is preserved.

As at August 29, 2019, 3,593,750 options are outstanding, representing 7.18% of the outstanding Meadow Bay Common Shares.

The following table sets out equity compensation plan information as at the year ended March 31, 2019:

	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	3,862,500	0.29	1,143,122
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
TOTAL:	3,862,500	0.29	1,143,122

CORPORATE GOVERNANCE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* requires management of an issuer (other than a venture issuer) that solicits a proxy from a securityholder of the issuer for the purpose of electing directors to the its board of directors to include in its management information circular the disclosure required by Form 58-101F2 – *Corporate Governance Disclosure*. The following disclosure describes the Company’s approach to corporate governance.

Board of Directors

Independent Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Company’s Board facilitates its exercise of independent judgement in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Company’s Board requires management to provide complete and accurate information with respect to the Company’s activities and to provide relevant information concerning the industry in which the Company operates in order to identify and manage risks. The Company’s Board is responsible for monitoring the Company’s officers, who in turn are responsible for the maintenance of internal controls and management information systems.

The majority of the Board is independent, and one director is an officer of the Company. The independent directors are Adrian Robertson, Charles William (Bill) Reed and Jordan Estra. The non-independent director is Robert Dinning (Chairman and CEO).

Directorships in Other Reporting Issuers

The following directors of the Company are directors of other reporting issuers:

Director	Other Reporting Issuer Directorships
Robert Dinning	Simba Essel Energy Inc. Sonora Gold & Silver Corp.
Jordan Estra	Starcore International Mines Ltd.
Charles William (Bill) Reed	Otis Gold Corp. Zonte Metals Inc. Empire Capital Corp.

Independent Director Meetings

The independent directors of the Company do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Board encourages independent Board members to discuss all matters with both other independent directors and non-independent directors and management in order that they are fully informed and apprised of all matters necessary to make objective decisions as directors.

The Chairman of the Board is non-independent. The independent directors have not appointed a lead director of its independent directors. The Board currently consists of four directors in total and there is consistent and frequent communication among the four directors on all matters affecting the operation of the Company.

Orientation and Continuing Education

The Board has not developed a formal orientation policy for new directors. When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

In order to ensure that directors maintain the skill and knowledge necessary to meet their obligations as directors, the Company encourages its directors to take director education and training courses offered by post-secondary institutions. Directors are reimbursed for the expense of these training courses.

Ethical Business Conduct

The Board has not adopted a written code for directors, officers and employees. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and the identification of new candidates for Board nomination is currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board as a whole determines compensation for the directors and the CEO.

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

The Board, the Audit Committee and individual directors are not regularly assessed with respect to their effectiveness and contribution. The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and the Audit Committee.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, none of the directors or executive officers of the Company, none of the management proposed nominees for election as directors of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the Company's last completed financial year or as of the Record Date, was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries indebted to the Company or any of its subsidiaries or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Meadow Bay Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries since April 1, 2018 (being the commencement of the Company's last completed financial year), or has any interest in any material transaction in the current year other than as set out herein.

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Sale of Substantially All of the Undertaking of the Company

On September 13, 2019 and as a result of the Transaction with MVMD, the Company entered into the Casino Gold Agreement with Casino and 2656065 to sell the sole issued and outstanding share of the common stock (the “**DH Share**”) of Desert Hawk Resources Inc. (“**Desert Hawk**”), which represents 100% of the Company’s interest in Desert Hawk, to 2656065 in consideration of 10,000,000 common shares in the capital of Casino (the “**Casino Gold Shares**”), subject to the receipt of shareholder and regulatory approval.

Desert Hawk holds the Atlanta Gold Mine Project in Lincoln County, Nevada (the “**Atlanta Project**”), consisting of an area of 11,829 acres of 556 unpatented mineral claims (located on United States Bureau of Land Management land) and 12 patented mineral claims, approximately 250 kilometers northeast of Las Vegas, Nevada.

The Company plans to complete the sale of the DH Share (and thereby the sale of the Atlanta Project) concurrently with closing its change of business transaction with MVMD, which remains subject to shareholder and regulatory approval.

Casino is a Toronto-based private gold exploration company that holds gold exploration projects in the Battle Mountain Trend in Nevada. Casino also currently holds 46.29% of the issued and outstanding shares of Victory Metals Inc. (TSX-V: ECC), which owns a 100% interest in the Iron Point Vanadium Project located 22 miles east of Winnemucca, Nevada. The 10,000,000 common shares of Casino currently represents approximately 5.8% of Casino’s issued and outstanding shares.

In addition, subject to receipt of regulatory approval, Casino is to complete a CAD\$350,000 private placement into the Company (the “**DH Private Placement**”) involving Casino subscribing for 350 convertible debenture units of the Company (the “**DH Convertible Debenture Units**”). Each Convertible Debenture Unit consists of one secured convertible debenture of the Company (a “**DH Convertible Debenture**”) in the principal amount of \$1,000 and 1,000 share purchase warrants of the Company (the “**DH Convertible Debenture Warrants**”). Each Convertible Debenture Warrant is to entitle the holder to acquire one additional Meadow Bay Common Share (a “**DH Warrant Share**”) of the Company at a price of \$0.06 per Warrant Share (\$0.48 per Warrant Share after giving effect to the proposed 8-1 share consolidation of the Company (the “**DH Consolidation**”) for a period of five years. Each Convertible Debenture will have a maturity date of July 11, 2023 and earn interest at the rate of 10% per annum, with the principal and accrued interest convertible into units of the Company (“**DH Conversion Units**”) at a price of \$0.05 per Conversion Unit (\$0.40 per Conversion Unit post-Consolidation). Each Conversion Unit will consist of one Meadow Bay Common Share and one share purchase warrant (a “**DH Conversion Warrant**”), with each Conversion Warrant entitling the holder to acquire an additional Meadow Bay Common Share (a “**DH Conversion Warrant Share**”) at a price of \$0.06 per DH Conversion Warrant Share (\$0.48 per Conversion Warrant Share post-Consolidation) for a period of five years.

Creation of Class B Shares

In connection with the Desert Hawk Sale, the Company intends to alter the authorized share structure of Meadow Bay and approve, by way of a resolution its Board of Directors, the creation of a new class of Class B Non-Voting Common shares without par value (the “**Class B Shares**”) and issue to Shareholders prior to completion of the transaction, one Class B Share for every Meadow Bay Common Share held by such Shareholder, by way of share distribution, dividend or otherwise. If: (a) the Company determines, by way of a resolution of its Board of Directors, to distribute the 10,000,000 Casino Gold Shares that will be acquired and held by the Company as consideration for the Desert Hawk Sale

pursuant to the Casino Gold Agreement to the holders of Class B Shares; or (b) the Company completes the sale of all or any portion of the Casino Gold Shares, the Company will redeem all but not less than all of the then outstanding Class B Shares for an amount (the “**Redemption Price**”) per Class B Share equal to the Class B Share Total Entitlement, if any, as of the Redemption Date (as defined below) divided by the number of Class B Shares issued and outstanding at that time. The Class B Share Total Entitlement is: (a) the 10,000,000 Casino Gold Shares, along with any dividends or distributions received from Casino by virtue of the Company being a holder of the Casino Gold Shares, or any other securities or property received by the Company in exchange for the Casino Gold Shares as a result of any merger, amalgamation, arrangement, reorganization or other restructuring involving Casino; or (b) in the event that the Company has disposed of any or all of the 10,000,000 Casino Gold Shares, the proceeds arising from such disposal in whatever form along with the remainder of the Casino Gold Shares not disposed of by the Company, if any. The holders of the Class B Shares will not be entitled as such to receive notice of or to attend any meeting of the shareholders of or to vote at any such meeting, except that (a) the holders of the Class B Shares will be entitled to notice of meetings of the shareholders called for the purpose of authorizing the dissolution of or the sale, lease or exchange of all or substantially all of the property of other than in the ordinary course of business of the Company and (b) the approval of the holders of the Class B Shares will be required to add to, vary or delete the special rights and restrictions attaching to the Class B Shares. All but not less than all of the Class B Shares shall be redeemed by on the Redemption Date for an amount per share equal to the total of the Class B Share Entitlement. The Redemption Date is the date that is 60 days after the earlier of: (a) the date on which the Company determines, by way of a resolution of its Board of Directors, to distribute the Casino Gold Shares to the holders of Class B Shares; and (b) the date on which the Company has completed the sale of all or any portion of the Casino Gold Shares. In the event of the liquidation, dissolution or winding up of or any other distribution of the assets of among its shareholders for the purpose of winding up its affairs, each holder of a Class B Share will be entitled to its pro rata shares of the Class B Share Total Entitlement, if any. This summary of the rights attached to the Class B Shares is qualified in its entirety by reference to the full provisions of the Class B Shares which are to be set out in Articles of the Company. Reference should be made to the full provisions of the Class B Shares for complete details of the rights and restrictions to be attached to the Class B Shares.

The Desert Hawk Sale and therefore the sale of the Atlanta Project is a sale of substantially all of the undertaking of the Company. Under the provisions of the BCBCA, the directors cannot sell, lease or otherwise dispose of all or substantially all of its undertaking unless it does so in the ordinary course of its business or it has been authorized to do so by a special resolution of its shareholders. Accordingly, the Shareholders are being asked at the Meeting to consider and, if thought appropriate, approve a special resolution (the “**Desert Hawk Resolution**”), with or without variation, to authorize and approve the sale by the Company of Desert Hawk Interest and the remaining terms of the Casino Gold Agreement substantially in the following form:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The sale by the Company of all of its interest in Desert Hawk Resources Inc. (“**Desert Hawk**”) and thereby the sale of the Atlanta Project, as more particularly described and set forth in the Management Information Circular of the Company dated August 29, 2019, is hereby authorized, approved and adopted;
2. The share purchase agreement dated September 13, 2019 (the “**Casino Gold Agreement**”), among the Company, 2656065 Ontario Limited (“**2656065**”) and Casino Gold Corp. pursuant to which the Company is sell to 2656065 of all of its interest in Desert Hawk and all transactions contemplated thereby, and the performance by the Company of its obligations thereunder, is hereby approved and adopted;

3. The actions of the directors of the Company in approving the Casino Gold Agreement and the actions of the directors and officers of the Company in executing and delivering the Casino Gold Agreement and any amendments thereto in accordance with its terms are hereby ratified and approved;
4. Notwithstanding that this special resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered: (a) to amend the Casino Gold Agreement to the extent permitted by the Casino Gold Agreement, or (b) subject to the terms of the Casino Gold Agreement, elect not to proceed with any or all of the transactions contemplated thereby; and
5. Any officer or director is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, all such documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such authorization to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

Recommendation of the Board

The Board carefully reviewed and considered the terms of the Desert Hawk Sale and, based upon their own investigations, unanimously determined that the Transaction was in the best interests of the Company and its shareholders and unanimously determined to recommend that shareholders vote in favour of the Desert Hawk Resolution. In making its determination and recommendation, the Board relied upon legal, tax and other advice and information received during the course of its deliberations.

By approving the Desert Hawk Resolution, Shareholders will thereby be authorizing the sale by the Company of the Atlanta Project.

IT IS INTENDED THAT THE COMMON SHARES REPRESENTED BY PROXIES WILL BE VOTED IN FAVOUR OF THE APPROVAL OF THE DESERT HAWK SALE IN ACCORDANCE WITH THE FOREGOING SPECIAL RESOLUTION.

Dissenting Shareholders' Rights

A holder of shares of any class of the Company is entitled to be paid the fair value of all, but not less than all, of the class of his/her securities in accordance with section 237 of the BCBCA if such holder dissents to the Desert Hawk Resolution to approve the sale of all or substantially all of the Company's undertaking.

The following description of a Shareholder's Dissent Rights is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder and is qualified entirely by reference to the full text of Sections 237 to 247 of the BCBCA, annexed as Appendix E to this Circular. To the extent that any discrepancy arises between the description provided herein and the official text of the BCBCA, the statute shall be relied on exclusively.

In general, any Registered Shareholder who dissents from the Desert Hawk Resolution in compliance with Sections 237 to 247 of the BCBCA will be entitled, in the event that the Desert Hawk Sale is completed, to be paid by Meadow Bay the fair value of Meadow Bay Common Shares held by such Dissenting Shareholder of Meadow Bay determined as at the point in time immediately before the passing of the Desert Hawk Resolution.

A Dissenting Shareholder shall, on the effective date of the Desert Hawk Sale (the “**Desert Hawk Sale Effective Date**”), and notwithstanding any provision of Sections 237 to 247 of the BCBCA, be deemed to have transferred the Dissenting Shares to Meadow Bay for cancellation and shall cease to have any rights as a holder of Meadow Bay Common Shares except for the entitlement to be paid fair value for such Meadow Bay Common Shares in accordance with the Dissent Procedures. In no event shall Meadow Bay be required to recognize a Dissenting Shareholder as a securityholder of Meadow Bay after the Desert Hawk Sale Effective Date. In addition, in accordance with the restrictions set forth in Sections 237 to 247 of the BCBCA, no Shareholder who has voted in favour of the Desert Hawk Resolution shall be entitled to dissent.

A Dissenting Shareholder who, for any reason, does not properly fulfill each of the Dissent Procedures in accordance with the requirements set out herein, acts inconsistently with such dissent or who for any other reason is not entitled to be paid the fair value of the holder’s Meadow Bay Common Shares shall be treated as if the Shareholder had participated in the Desert Hawk Sale on the same basis as a non-dissenting Shareholder.

The filing of a Dissent Notice deprives a Dissenting Shareholder of the right to vote at the Meeting, except if such Dissenting Shareholder ceases to be a Dissenting Shareholder in accordance with the Dissent Procedures. For greater certainty, a Shareholder who wishes to exercise the Dissent Right may not vote in favour of the Desert Hawk Resolution.

A Meadow Bay Common Shareholder who wishes to dissent must deliver a Dissent Notice to the head office of Meadow Bay at #210-905 West Pender Street, Vancouver, British Columbia, Attention: Robert Dinning, Chairman and Chief Executive Officer, not less than 48 hours prior to the time of the Meeting or any adjournments or postponements thereof. If a Dissenting Shareholder also holds a beneficial interest in Meadow Bay Common Shares, the registered owner of such Meadow Bay Common Shares must also dissent.

The Dissent Notice must set out the number of Meadow Bay Common Shares in respect of which the Dissent Notice is being sent and:

- (a) if such Meadow Bay Common Shares constitute all of Meadow Bay Common Shares of which the Shareholder is both the registered and beneficial owner and the Shareholder owns no other Meadow Bay Common Shares, a statement to that effect;
- (b) if such Meadow Bay Common Shares constitute all of Meadow Bay Common Shares of which the Shareholder is both the registered and beneficial owner but if the Shareholder owns additional Meadow Bay Common Shares beneficially, a statement to that effect and the names of the registered owners of such Meadow Bay Common Shares, the number of Meadow Bay Common Shares held by such registered owners and a statement that Dissent Notices have or will be sent with respect to such securities; or
- (c) if the Dissent Rights are being exercised by a registered owner who is not also the beneficial owner of such Meadow Bay Common Shares, a statement to that effect and the name of the beneficial owner and a statement that the registered owner is dissenting with respect to all Meadow Bay Common Shares of the beneficial owner registered in such registered owner’s name.

Meadow Bay is required, promptly after the later of: (a) the date on which Meadow Bay forms the intention to proceed with the Desert Hawk Sale; and (b) the date on which the Dissent Notice was received, to notify each Dissenting Shareholder of its intention to act on the Desert Hawk Sale. Meadow Bay expects that it will be in a position to deliver such notification on or before the Desert Hawk Sale Effective Date. Upon receipt of such notification, each Dissenting Shareholder is then required, if the

Dissenting Shareholder wishes to proceed with the dissent, within one month after the date of such notice to send to Meadow Bay: (a) a written statement that the Dissenting Shareholder requires Meadow Bay to purchase all of its Meadow Bay Common Shares; (b) the certificates representing such Meadow Bay Common Shares; and (c) if the Dissent Right is being exercised by the Dissenting Shareholder on behalf of a beneficial owner who is not the registered owner, a statement to that effect and the name of the beneficial owner and a statement that the registered owner is dissenting with respect to all Meadow Bay Common Shares of the beneficial owner registered in such registered owner's name. A Shareholder who fails to send to Meadow Bay within the required time frame, the written statements described above and the certificates representing Meadow Bay Common Shares in respect of which the Dissenting Shareholder dissents, forfeits the Shareholder's right to dissent.

On sending the required documentation to Meadow Bay, the fair value for the Dissenting Shares will be determined as follows:

- (a) if Meadow Bay and a Dissenting Shareholder agree on the fair value of Meadow Bay Common Shares, then Meadow Bay must promptly pay that amount to the Dissenting Shareholder unless Meadow Bay is insolvent or payment would render Meadow Bay insolvent in which case it must promptly send notice to the Dissenting Shareholder that Meadow Bay is lawfully unable to pay the Dissenting Shareholder for its Meadow Bay Common Shares; or
- (b) if a Dissenting Shareholder and Meadow Bay are unable to agree on a fair value, the Dissenting Shareholder may apply to the Court to determine the fair value of Meadow Bay Common Shares, and Meadow Bay must pay to the Shareholder the fair value determined by the Court unless Meadow Bay is insolvent or payment would render Meadow Bay insolvent in which case it must promptly send notice to the Dissenting Shareholder that Meadow Bay is lawfully unable to pay the Dissenting Shareholder for its Meadow Bay Common Shares.

If Meadow Bay is insolvent or would be rendered insolvent by making the payment to the Dissenting Shareholders, Dissenting Shareholders will have 30 days to elect to either: (a) withdraw their dissent and receive the consideration applicable to Shareholders under the Casino Gold Agreement; or (b) retain their status as a claimant and be paid as soon as Meadow Bay is lawfully able to do so or, in a liquidation, be ranked subordinate to its creditors but in priority to its Shareholders.

If the Desert Hawk Sale is not completed for any reason, Dissenting Shareholders will not be entitled to be paid the fair value for their Meadow Bay Common Shares, and such Meadow Bay Common Shares will not be deemed to be transferred to Meadow Bay.

The discussion above is only a summary of the Dissent Procedures which are technical and complex. A Shareholder who intends to exercise his or her Dissent Right should carefully consider and comply with the provisions of sections 237 to 247 of the BCBCA. Persons who are Non-Registered owners of Meadow Bay Common Shares registered in the name of an intermediary such as a broker, custodian, nominee, other intermediary, or in some other name, who wish to dissent should be aware that only the registered owner of such shares is entitled to dissent. It is suggested that any Shareholder wishing to avail himself or herself of the Dissent Rights seek his or her own legal advice, as failure to comply strictly with the applicable provisions of the BCBCA may prejudice the availability of such Dissent Rights. Dissenting Shareholders should note that the exercise of Dissent Rights can be a complex, time consuming and expensive process.

Other than the foregoing, the Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of this Circular.

ADDITIONAL INFORMATION

Additional information relating to the Company is available for review by the public on SEDAR at www.sedar.com and may also be obtained by a shareholder upon request without charge from the Corporate Secretary of the Company at Suite 210 - 905 West Pender Street, Vancouver, British Columbia, V6C 1L6, telephone: (604) 682-2928; fax (604) 685-6905.

Financial information is provided in the Company's comparative audited financial statements of the Company for the year ended March 31, 2019 and in the related Meadow Bay MD&A.

APPENDIX A

AUDIT COMMITTEE CHARTER OF MEADOW BAY GOLD CORPORATION (THE “COMPANY”)

1. MANDATE

The audit committee will assist the board of directors (the “**Board**”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the Company’s business, operations and risks.

2. COMPOSITION

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 *Independence*

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 *Expertise of Committee Members*

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. The Board shall interpret the qualification of financial literacy in its business judgment and shall conclude whether a director meets this qualification.

3. MEETINGS

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

4. ROLES AND RESPONSIBILITIES

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors’ assertion of their independence in accordance with professional standards.

4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and Related Party Transactions (a "**Related Party Transaction**"); and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (f) review and approve the interim financial statements prior to their release to the public; and
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or

- (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the audit committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. GUIDANCE – ROLES & RESPONSIBILITIES

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 *Financial Reporting*

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the Company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and

(c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 *Other Responsibilities*

(a) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.

APPENDIX B

ACQUISITION RESOLUTION

RESOLUTION OF THE SHAREHOLDERS OF MEADOW BAY GOLD CORPORATION (the "Company")

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The acquisition (the "**Acquisition**") of all the issued and outstanding common shares of Mountain Valley MD Inc. ("**MVMD**") by the Company, as more particularly described and set forth in the Management Information Circular of the Company dated August 29, 2019, is hereby authorized, approved and adopted;
2. The Amalgamation Agreement dated June 27, 2019 among the Company, MVMD and certain securityholders of MVMD (the "**Amalgamation Agreement**") and all transactions contemplated thereby, and the performance by the Company of its obligations thereunder, is hereby approved and adopted;
3. The actions of the directors of the Company in approving the Amalgamation Agreement and the actions of the directors and officers of the Company in executing and delivering the Amalgamation Agreement and any amendments thereto in accordance with its terms are hereby ratified and approved;
4. Notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered (a) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (b) not to proceed with the Acquisition at any time prior to the Closing Date (as defined in the Amalgamation Agreement); and
5. Any officer or director is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, all such documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such authorization to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

APPENDIX C

INFORMATION CONCERNING MVMD

*The following information is presented on a pre-Transaction basis and reflects the business, financial and share capital position of Mountain Valley MD Inc. (“MVMD”). See **Cautionary Notice Regarding Forward-Looking Statements in this Circular in respect of forward-looking statements that are included in this Schedule and in the documents incorporated by reference herein.***

All capitalized terms used in this Appendix and not defined herein have the meaning ascribed to such terms in the *Glossary of Terms* or elsewhere in this Circular. Unless otherwise indicated herein, references to “\$”, “Cdn\$” or “Canadian dollars” are to Canadian dollars, and references to “US\$” or “U.S. dollars” are to United States dollars. The information contained in this Appendix unless otherwise indicated, is given as of August 29, 2019.

PRELIMINARY NOTE

This Appendix has been prepared by the management of MVMD and contains information in respect of the business and affairs of MVMD. Information provided by MVMD is the sole responsibility of MVMD, and Meadow Bay does not assume any responsibility for the accuracy or completeness of such information.

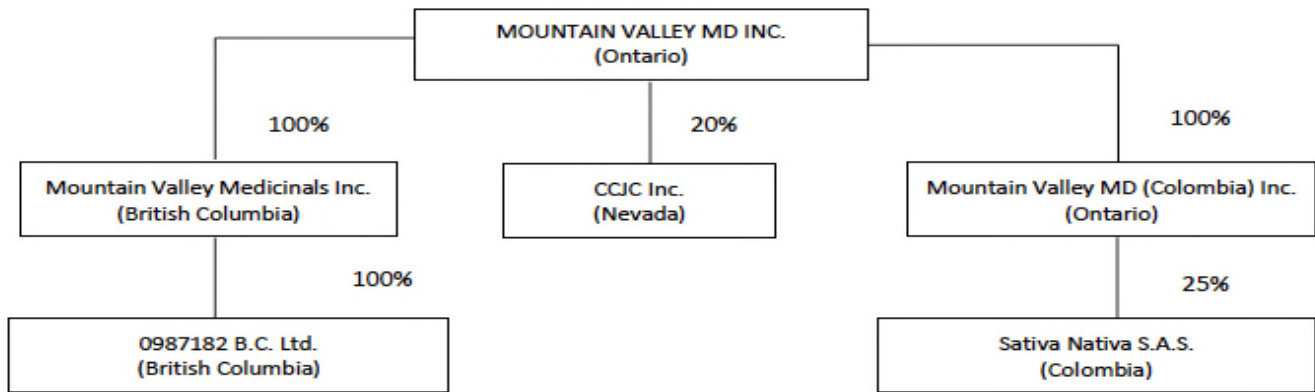
ORGANIZATIONAL STRUCTURE

MVMD was incorporated under the *Business Corporations Act* (Ontario) (“**OBCA**”) on October 26, 2018. MVMD’s head office is located at 210 Adelaide Street West, Toronto, ON.

MVMD has two wholly-owned subsidiaries, Mountain Valley Medicinals Inc. (“**MVM**”), a company incorporated under the *Business Corporations Act* (British Columbia) (“**BCBCA**”) on March 7, 2018, and MVMD (Colombia) Inc. (“**MVMDC**”), a corporation incorporated under the OBCA on April 11, 2019. MVM has a wholly owned subsidiary, 0987182 B.C. Ltd. (“**098**”) (formerly Pura Vida Medical Marihuana Incorporation), a company formed under the BCBCA.

MVMD also holds non-controlling interests in CCJC Inc. (“**CCJC**”), a corporation formed under the laws of Nevada; Sativa Nativa S.A.S, a company incorporated under the laws of the Republic of Colombia (“**Sativa Nativa**”); and Winchester MD Ltd. (formerly Green Biosciences Limited), a private limited company incorporated under the Companies Act 2006 (England and Wales).

The relationships among MVMD and its subsidiaries are illustrated in the organizational chart below:



MVMD Shares are not currently listed on any stock exchange.

GENERAL DEVELOPMENT OF THE BUSINESS OF MVMD

MVMD holds innovative investments in the global cannabis sector focused on developing and optimizing the world’s leading medicinal cannabis ecosystem. MVMD focuses on the areas of research and development, manufacturing and marketing through strategic acquisitions and partnerships, for the purposes of generating a market-leading portfolio of high quality, vertically-integrated, sustainable cannabis assets.

MVMD has been developing its business with a global view on four main growth pillars: a) cultivation; b) processing sciences; c) delivery sciences; and d) distribution. See section entitled “*Narrative Description of Business*” for additional details on MVMD’s business plan and how the transactions below are incorporated.

MVMD has been actively working toward acquiring a variety of assets since incorporation that will together form the basis for its overall business model. MVMD has completed the material transactions below to date.

Completed Acquisitions

Mountain Valley Medicinals Inc.

MVMD completed its first acquisition on January 10, 2019. MVMD acquired 100% of MVM’s issued and outstanding shares by way of share exchange, entering into a share exchange agreement (the “**SEA**”) with MVM and its shareholders. MVMD issued 54,206,148 MVMD Class B Shares (as defined herein) to the shareholders of MVM on a 1:1 basis.

MVM was formed for the purpose of acquiring 098. 098 was formed for the purpose of making an application to Health Canada to produce and sell high-quality strains of medical grade cannabis. The application was made on or about June 27, 2014 and remained under review during the time of its acquisition by MVMD.

In May 2019, Health Canada had announced that all new applicants applying for a Cultivation, Processing or Sale for Medical Purposes Licence would be required to have a fully built site that meets Health Canada requirements at the time of application. Existing applicants, such as 098, have been

required to transfer of all existing and new elements of its application, including design plans for the Facility (as defined below) to the new Cannabis Tracking and Licensing System (“**CTLS**”), established and maintained by Health Canada in part to facilitate new applications for cannabis licence(s). Once this transfer to CTLS of existing and new application elements is complete and the Facility built, a Health Canada reviewer will be able to complete the review of 098’s application, which is anticipated to occur shortly thereafter.

098 owns property located at PID: 001-979-710 Lot 26, District Lot 81, Newcastle District, Plan 1967 (the “**MVM Property**”). The MVM Property is a 33-acre property on Agricultural Land Reserve, situated in what is sometimes referred to as the “banana belt”, believed to be an area with optimal conditions for the growth of quality cannabis. MVM is in the planning and development stages of indoor facility of up to 10,000 square feet on the MVM Property (the “**Facility**”) and receiving quotes to complete the building of the Facility by early 2020. Management has been advised that the MVM Property has a high capacity on-site water supply, expansion potential for up to 800,000 square feet of cultivation, and sufficient electrical power supply for intended operations. MVM had initially planned for the construction of a greenhouse but has been advised by its consultant(s) that the conditions in an indoor facility allow for more control and superior cannabis.

Management anticipates to commence and complete construction by approximately March 2020 and thereafter be in a position to complete its application with Health Canada.

At the time the terms of the SEA were negotiated, an officer and director of MVM was also a director and officer of MVMD.

Sativa Nativa S.A.S.

On January 2, 2019, MVMD entered into a binding letter of intent with Avicanna Inc. (TSX:AVCN) (“**Avicanna**”). Pursuant to the letter of intent, MVMD had agreed to: (i) subscribe for newly issued shares of Sativa Nativa, a corporation formed under the laws of Colombia of which Avicanna is the majority shareholder, equal to 10% of the then total issued and outstanding shares of Sativa Nativa for \$2,800,000 in cash; and (ii) MVMD would acquire an additional 15% of the then total issued and outstanding shares of Sativa Nativa from shareholders of Avicanna for \$2,000,000 in cash and \$2,200,000 worth of MVMD Class B Shares.

On April 11, 2019, MVMD completed the transaction contemplated in the letter of intent with Avicanna. MVMD entered into a Subscription and Share Purchase Agreement with Sativa Nativa, Avicanna and certain shareholders of Sativa Nativa, resulting in the acquisition by MVMD of an aggregate 25% of the issued and outstanding shares of Sativa Nativa. MVMD acquired 7,892,248 common shares of Sativa Nativa, representing 10% of the issued and outstanding shares of Sativa Nativa (following issuance), for a subscription price of CAD \$2,800,000, and another 26,838,372 common shares of Sativa Nativa from its shareholders other than Avicanna, representing 15% of the issued and outstanding shares of Sativa Nativa, for a purchase price of CAD \$4,200,000 by way of a monetary payment of CAD \$2,000,000 and the issuance of 11,000,000 MVMD Class B Shares at a deemed price of \$0.20 per share.

MVMD became a party to a shareholder agreement with the shareholders of Sativa Nativa upon completion of the acquisition of Sativa Nativa, which sets out the terms upon which Sativa Nativa operates, including control held by Avicanna as its majority shareholder. MVMD is entitled to have a board member on Sativa Nativa’s board of directors and to receive regular updates as well as financial statements. MVMD is also restricted from competing in the cannabis industry with Sativa Nativa within the Republic of Colombia, however this is limited to the four (4) northern departments of Atlantico, Magdalena, Cesar, and La Guajira.

MVMD holds a right of first refusal to enter into a supply agreement for the export of product to Australia and the United States of America. Further, Sativa Nativa holds a right of first refusal to enter into an agreement with MVMD for the export of its product, excluding to Canada or any territory to which Sativa Nativa is prevented by any applicable laws to export the product, to third parties that are seeking to import product from the Republic of Colombia with the same characteristics as Sativa Nativa's product.

CCJC Inc.

On December 20, 2018, MVMD provided a loan equal to USD \$600,000 (the "**CCJC Loan**") to CCJC, a private Nevada corporation, and, on the same date, entered into a term sheet with CCJC (the "**CCJC Term Sheet**"), the intention of the parties being that the CCJC Loan be converted into equity in CCJC pursuant to the CCJC Term Sheet. CCJC is the majority shareholder (90%) of a US private corporation (the "**Applicant**") who has made an application (the "**DEA Application**") with the U.S. Drug Enforcement Administration ("**DEA**") to become registered under the Controlled Substances Act (United States) to manufacture marijuana to supply to researchers in the United States (the "**DEA Licence**"). Pursuant to the terms of the CCJC Term Sheet, MVMD would acquire newly issued shares from CCJC representing 10% of the issued and outstanding shares of CCJC (following issuance) in consideration for USD \$600,000, to be paid by way of conversion of the CCJC Loan. MVMD would acquire an additional 10% from the existing shareholders of CCJC by way of share purchase, in consideration for the issuance of 5,000,000 MVMD Class B Shares. Further, MVMD would acquire the right to purchase an additional 40% of the issued and outstanding shares in CCJC for an additional payment of USD \$2,000,000 together with the issuance of 8,000,000 MVMD Class B Shares.

On June 10, 2019, MVMD entered into a subscription agreement with CCJC to acquire 1,333,333 common shares of CCJC, representing 10% of the issued and outstanding shares of CCJC (following issuance), for an aggregate subscription price of USD \$600,000 (USD \$0.20 per share) by way of conversion of the CCJC Loan. MVMD also entered into share purchase agreements (the "**Share Purchase Agreements**") with the shareholders of CCJC to acquire an additional 1,333,334 common shares of CCJC, representing an additional 10% of the issued and outstanding shares of CCJC, in consideration for an aggregate purchase price of \$1,000,000 by the issuance of an aggregate 5,000,000 MVMD Class B Shares at a deemed price of \$0.20 per share. Pursuant to the terms of the Share Purchase Agreements, MVMD acquired the right to purchase an additional 40% of the issued and outstanding shares in CCJC for an additional payment of USD \$2,000,000 together with the issuance of 8,000,000 MVMD Class B Shares on terms to be negotiated in good faith by MVMD and the shareholders of CCJC.

There is no expected timeline, or guarantee, with respect to the approval and granting of the DEA Licence.

One of the shareholders of CCJC is also an officer of MVMD, however at the time the terms of the transaction were negotiated, MVMD and CCJC were arm's length parties.

Winchester MD Limited

On May 9, 2019, MVMD acquired 700,000 ordinary shares in the capital stock of Winchester MD Limited ("**Winchester**"), a private company with its registered office in London, England, representing, as at July 2, 2019, approximately 2.6% of the ordinary shares of Winchester. Winchester is an established, fully-integrated European based medical cannabis company that operates an online store called HempElf and offers over 100 products for sale. MVMD believes that its relationship with Winchester MD will be valuable for European market expansion and supply agreements in the future.

Proposed Acquisitions of Assets

Smartek Assets

On July 5, 2019, MVMD entered into a binding letter of intent (the “**Smartek LOI**”) with Smartek International LLC (“**Smartek**”), a private corporation operating in the State of New Jersey, and its shareholders. Smartek is the holder of assets related to developing, manufacturing, supply and licensing desiccated liposomes. The terms of the Smartek LOI provide for the acquisition of intellectual property related primarily to desiccated liposomes including in particular patents, trademarks and other inventions (the “**Smartek Assets**”) to develop and commercialize numerous cannabis-based products, as well as complimentary non-cannabis opportunities leveraging the principal patents across nutraceutical, nicotine, and pharmaceutical applications. Subject to the completion of a due diligence review, MVMD would also acquire related license and/or supply agreements or opportunities with third parties, which would form part of the Smartek Assets. In consideration for the transfer of the Smartek Assets, subject to the completion of certain milestones, MVMD would pay an aggregate of CAD \$1,000,000, 25,000,000 MVMD Class B Shares (or common shares of the Resulting Issuer if issued upon the completion of the Transaction), and 10,000,000 share purchase warrants, exercisable at \$0.60 into common shares of the Resulting Issuer for a period of time to be set out in the definitive agreement. The foregoing compensation would be paid over time upon and subject to the completion of certain agreed upon milestones. An initial payment of \$100,000 (the “**Initial Payment**”) has been made. It is the intention of the parties to complete the transaction by September 30, 2019, however, except for the binding letter of intent, no agreement other than the Smartek LOI has been entered into and there can be no assurance that any agreement will be entered into as contemplated or at all or, if the parties proceed with a definitive agreement, certain terms which may be material may be amended. In the event that the parties do not proceed with a definitive agreement, the Smartek LOI provides for the Initial Payment to be treated as a loan from MVMD to Smartek. In the event that the parties to the Smartek LOI proceed with a definitive agreement, it is also intended that MVMD would engage the services of a co-owner of Smartek and the primary inventor of the Smartek Assets, in a role and capacity to be determined but anticipated to be Director of Life Sciences.

Colverde Assets

On July 9, 2019, MVMD entered into a letter of intent (the “**Colverde LOI**”) with Colverde MD S.A.S. (“**Colverde**”), a private corporation formed under the laws of the Republic of Colombia, and its shareholders (the “**Colverde Vendors**”). The terms of the Colverde LOI provide for the acquisition by MVMD of the assets of Colverde by the acquisition from the Colverde Vendors of all of the issued and outstanding shares of Colverde (the “**Colverde Shares**”) such that Colverde will become a wholly owned subsidiary of MVMD. Colverde is non-operating and its sole assets are a licence for the cultivation of psychoactive cannabis plants issued by the Ministry of Justice and Law and a licence for the manufacture of cannabis derivatives issued by the Colombian Ministry of Health and Social Protection. In addition, Colverde has made application to the Colombian Ministry of Justice and Law for a licence for the cultivation of non-psychoactive cannabis plants and for registration with the Colombia Agricultural Institute as a producer of certified seed. As there is no existing business in Colverde and the licenses are non-transferable, the intention is to acquire the assets by acquiring the Colverde Shares.

In consideration for the acquisition of the Colverde Shares, MVMD would pay an aggregate purchase price (the “**Purchase Price**”) of \$130,000 as cash compensation and the issuance of 9,750,000 MVMD Class B Shares (or common shares of the Resulting Issuer if issued upon the completion of the Transaction). A deposit of \$130,000 (the “**Deposit**”) has been made. The Colverde LOI further provides for the Colverde Shares to be held in escrow pending the completion of the Transaction (if not already completed) by a certain date (the “**Deadline**”), such that if the Transaction is not completed by the Deadline, or if MVMD issues securities exceeding an agreed upon maximum prior to the Deadline (to be determined in the definitive agreement), the Purchase Price for the Colverde Shares will instead be

paid in cash. Note that, except for the letter of intent, no agreement has been entered into and there can be no assurance that any agreement will be entered into as contemplated or at all or, if the parties proceed with a definitive agreement, certain terms which may be material may be amended. In the event that the parties do not proceed with a definitive agreement, the Colverde LOI provides for the Deposit to be returned unless the Colverde LOI is terminated as a result of MVMD's actions or omissions aside from as a result of MVMD's due diligence review of Colverde revealing information that MVMD reasonably believes may be adverse to MVMD or its business.

Financings

On December 7, 2018, MVMD issued 45,000,000 MVMD Class A Shares (as defined herein) as a private issuer at a price of \$0.005 per share, for aggregate gross proceeds of \$225,000.

On December 21, 2018, MVMD completed a private placement offering of 25,625,000 MVMD Class A Shares as a private issuer at a price of \$0.02 per share, for aggregate gross proceeds of \$512,500.

On January 9, 2019, MVMD completed a private placement offering of 12,260,000 MVMD Class B Shares as a private issuer at a price of \$0.05 per share, for aggregate gross proceeds of \$613,000.

On January 15, 2019, MVMD began to offer (the "**January Offering**") units of MVMD (for the purposes of this paragraph, the "**First Units**") on a private placement basis at a subscription price of \$0.20 per Unit. Each First Unit was comprised of one Class "B" (non-voting) Common Share and one share purchase warrant (for the purposes of this paragraph, each a "**First Warrant**", collectively the "**First Warrants**") to acquire one MVMD Class B Share at an exercise price of \$0.35 per share for a period ending twenty-four (24) months after the issuance date (for the purposes of this paragraph, the "**First Warrant Expiry Date**"), subject to forced acceleration of the First Warrant Expiry Date in the event that MVMD completes a going public transaction (such as the Transaction) (the "**Going Public Liquidity Event**") and thereafter the common shares of the reporting issuer trade at \$0.50 or higher for at least three (3) consecutive trading days, whereby MVMD (or the Resulting Issuer following the completion of the Transaction) may, at its option, accelerate the First Warrant Expiry Date by giving notice to the holder thereof and in such case the First Warrants will expire at 5:00 p.m. (Toronto time) on the date which is the 30th day after the date on which such notice is given by MVMD. Also in the event of a Going Public Liquidity Event (such as the Transaction), the holders of the First Units will not be able to trade the MVMD Class B Shares (or First Warrants or underlying MVMD Class B Shares comprising the First Units) except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event. MVMD relied on exemptions from prospectus requirements under National Instrument 45-106 ("**NI 45-106**"), including execution 2.9 (the offering memorandum exemption). The January Offering closed over four (4) tranches on February 21, March 8, March 18th, and June 5th, 2019, for gross proceeds of \$9,980,831.78 by the issuance of 49,904,159 First Units.

On July 29, 2019, MVMD began to offer (the "**July Offering**") units of MVMD (for the purposes of this paragraph, the "**Second Units**") on a private placement basis at a subscription price of \$0.40 per Second Unit for estimated gross proceeds of up to approximately \$10,000,000, subject to increase or decrease in the discretion of MVMD. Each Second Unit will be comprised of one MVMD Class B Share and one-half of one share purchase warrant (for the purposes of this paragraph, each full warrant a "**Second Warrant**", collectively the "**Second Warrants**"), each full Second Warrant entitling the holder to acquire one MVMD Class B Share at an exercise price of \$0.60 per share for a period ending twenty-four (24) months after the issuance date (for the purposes of this paragraph, the "**Second Warrant Expiry Date**"), subject to forced acceleration of the Second Warrant Expiry Date in the event that MVMD completes a Going Public Liquidity Event and thereafter the common shares of the reporting

issuer trade at \$0.90 or higher for at least three (3) consecutive trading days, whereby MVMD (or the Resulting Issuer following the completion of the Transaction) may, at its option, accelerate the Second Warrant Expiry Date by giving notice to the holder thereof and in such case the Second Warrants will expire at 5:00 p.m. (Toronto time) on the date which is the 30th day after the date on which such notice is given by MVMD. Also in the event of a Going Public Liquidity Event (such as the Transaction), the holders of the Second Units will not be able to trade the MVMD Class B Shares (or Second Warrants or the underlying MVMD Class B Shares comprising the Second Units) except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event. No closings of the July Offering have occurred as at the date of this Circular.

NARRATIVE DESCRIPTION OF BUSINESS

Principal Products or Services

MVMD has been developing its business with a global view on four main growth pillars:

1. Cultivation
2. Processing Sciences
3. Delivery Sciences
4. Distribution

Cultivation

MVMD's wholly-owned operation on Vancouver Island in British Columbia, MVM, fits into its core business and cultivation story and is designed to position the craft side of MVMD's business. It is also the genesis of MVMD's core brand to convey a focused, high-quality, premium positioning in the marketplace.

MVM is in advanced planning stages to build the Facility (as defined in the section entitled "*General Development of the Business of MVMD*" – "*Completed Acquisitions*" – "*Mountain Valley Medicinals Inc.*") that will be compliant with all the requirements of the Agricultural Land Commission ("ALC") as well as Regional District of Nanaimo ("RDN"). The rules and by-laws of the RDN have recently been amended to favour the craft cultivation strategy of MVM. MVM had initially planned for the construction of a greenhouse but has elected through its evaluation process to move to building an indoor facility that allows for more control of the growth process and as a result would enable the production of superior cannabis.

MVM believes that it will be in a position to begin the physical construction of its facility in the fourth quarter of 2019. Although Health Canada announced in May 2019 that it would require all applicants to have a completed site prior to application review, as an existing applicant, MVM has a grandfathered legacy application number with Health Canada which MVMD believes will help expedite the licence process once the construction of the facility has been completed, enabling target cannabis production in the later-half of 2020.

Outside of Canada, MVMD intends to focus its initial cultivation activities in Colombia as management believes Colombia to be one of the best places in the world to grow cannabis and has focused its initial global efforts on acquiring interests and assets in that territory.

MVMD has acquired a 25% non-controlling equity interest in Sativa Nativa. Sativa Nativa's largest and controlling shareholder is Avicanna.

Sativa Nativa's operations are located in the foothills of the Sierra Nevada Mountains in Colombia. The location offers 12 hours of daily sunlight year-round, while the tropical weather of Santa Marta and microclimate of the Sierra Nevada Mountains provide optimal conditions to maximize the number and amount of harvests. It is believed that access to cost efficient energy sources and construction labour allow for affordable expansion and production. Sativa Nativa has easy access to the local Santa Marta shipping port that is expected to provide low cost shipping for export.

Sativa Nativa is focused on commercial cannabis and is licensed to cultivate and process cannabis for the production of cannabis extracts and purified cannabinoids including cannabidiol ("**CBC**") and tetrahydrocannabinol ("**THC**"). Sativa Nativa has applied to the Colombian Ministry of Justice and Law to register ten (10) cannabis genetics. Of these ten (10) genetics, eight (8) are THC dominant strains while the remaining two (2) are CBD dominant. Sativa Nativa's cultivation facilities include 50,000 square feet of shade house and 20,000 square feet of customized greenhouse space. Avicanna intends to expand Sativa Nativa's shade house operation by approximately 50,000 square feet.

On December 29, 2017, the Colombian Ministry of Justice and Law and the Ministry of Health issued a psychoactive cannabis Cultivation license and Cannabis Derivatives Processing and Manufacturing license to Sativa Nativa. However, there are certain regulatory requirements that must be met in order to be allowed to sell medical cannabis in the Republic of Colombia. Part of this process requires that Sativa Nativa grow and register the strains of cannabis plants that it wishes to commercially harvest for sale, which MVMD understands is currently in progress.

MVMD has learned that the following licenses have been granted to Sativa Nativa:

- Resolution 5221 issued on December 18, 2017 and expiring on December 17, 2022, which authorizes the manufacturing of cannabis derivatives for the purposes of distribution nationally (Colombia) and for exportation;
- Resolution 3465 issued on August 17, 2018 and expiring on December 17, 2022, which amends Resolution 5221 and amends the names of (i) the legal representative of Sativa Nativa, and (ii) the permitted location to perform the activities from "Ronda" to "Bonda";
- Resolution 777 issued on December 28, 2017 and expiring on December 27, 2022, which is a registration with the National Narcotics Fund of Colombia for the activity of manufacturing cannabis derivatives for the purposes of distribution nationally (Colombia) and for exportation;
- Resolution 1102 issued on December 29, 2017 and expiring on December 28, 2022, which authorizes the cultivation of psychoactive cannabis and permits Sativa Nativa to conduct the following activities: (i) seed production for sowing; and (ii) the manufacture of cannabis derivatives;
- Resolution 674 issued on July 24, 2018 and expiring on December 28, 2022, which amends Resolution 1102 and amends the named legal representative of Sativa Nativa and also adds the activity permitting the product of grain;
- Resolution 230 issued on March 7, 2018 and expiring on March 6, 2023, which authorizes the cultivation of non-psychoactive cannabis and permits Sativa Nativa to conduct the

following activities for industrial purposes: (i) the product of seeds and grain for planting; and (ii) the manufacture of cannabis derivatives;

- Resolution 673 issued on July 24, 2018, which amends Resolution 230 and amends the named legal representative of Sativa Nativa;
- Resolution 7014 granted by ICA on May 26, 2019 which permits Sativa Nativa to produce sexual and asexual cannabis seed; and
- Resolution 7020 granted by ICA on May 26, 2019 which designates Sativa Nativa as an Agronomic Evaluation Unit and permits Sativa Nativa to begin the characterization process.

MVMD is also currently performing its due diligence review on Colverde pursuant to the Colverde LOI (see “*General Development of the Business of MVMD*” – “*Proposed Acquisitions of Assets*” – “*Colverde Assets*”). If MVMD proceeds with the transaction, MVMD will acquire a licence for the cultivation of psychoactive cannabis plants issued by the Ministry of Justice and Law (Republic of Colombia) and a licence for the manufacture of cannabis derivatives issued by the Ministry of Health and Social Protection (Republic of Colombia) as well as an application made to the Ministry of Justice and Law (Republic of Colombia) for a licence for the cultivation of non-psychoactive cannabis plants and for registration with the Colombia Agricultural Institute as a producer of certified seed, by way of acquisition of all of the issued and outstanding shares of Colverde. While Colverde also holds a lease for land located in Tabio in the department of Cundinamarca, pursuant to the laws of Colombia, the licences are not restricted to a single property, which would allow MVMD to acquire leases or ownership of properties throughout Colombia (subject to non-competition restrictions imposed by Sativa Nativa) and utilize the licences broadly as part of achieving its core cultivation business objectives.

Processing Sciences

Part of MVMD’s core value proposition is to bring leading medical cannabis products to the marketplace and as such MVMD has been focussing on the precision of component separation during the extraction process. Management believes this to be significant to enabling precise dosing across a variety of consumption and application methods, and particularly beneficial in precise medical applications. While MVMD is preparing a framework within which to progress this aspect of the business and is in advanced discussions with a company believed to have a competitively differentiated technology, no acquisition(s) or agreement(s) are currently in place.

Delivery Sciences

In concert with MVMD’s processing sciences focus, management of MVMD believes that leadership in delivery sciences will be critical to clearly differentiate MVMD and achieve early revenues. MVMD is confident it can expand its business in this area outside of the cannabis industry as indicated below.

On July 5, 2019, MVMD entered into the Smartek LOI with Smartek, a private corporation operating in the State of New Jersey, and its shareholders. Smartek holds assets relating to developing, manufacturing and licensing desiccated liposomes. The terms of the Smartek LOI provide for the acquisition of the Smartek Assets, comprised of intellectual property related primarily to desiccated liposomes including patents, trademarks and other inventions to develop and commercialize numerous cannabis-based products, as well as complimentary non-cannabis opportunities across nutraceutical, nicotine, and pharmaceutical applications. MVMD would also acquire related license and/or supply agreements or opportunities with third parties, which would form part of the Smartek Assets. See section entitled “*General Development of Business of MVMD*” – “*Proposed Acquisitions of Assets*” – “*Smartek Assets*” for additional detail on the terms of the Smartek LOI.

If the transaction with Smartek is completed, MVMD would acquire intellectual property rights involving desiccated liposomes, an advanced compressible delivery formulation for transmucosal delivery of a micronized powder base and a desiccated liposome formulation for rapid and precise delivery applications. Management of MVMD believes that, when successfully commercialized, this may lead to opportunities for cost-effective applications across numerous applications to address pain relief, sleep aid, depression, anxiety, energy and more, as well as recreational categories. In addition to the Smartek Assets, MVMD would engage the services of a current owner of Smartek and the inventor of many of the Smartek Assets to continue to expand on the aspect of MVMD's business related to the Smartek Assets but also generally as required by MVMD in all aspects of its business.

Distribution

MVMD's initial focus is on making investments in strategic alliances that open up distribution in key global markets in the cannabis industry.

UK / Spain

In line with MVMD's exploration and focus on establishing key supply agreements and distribution partnerships to maximize MVMD's product throughput, MVMD recently made a strategic investment into UK-based Winchester. As described in a press release issued by Winchester on April 30, 2019, Winchester is a vertically integrated European cannabis company based out of London, UK. It was founded in 2018 with an initial focus on CBD wellness through a revenue producing online retail platform HempElf (www.hempelf.com). Winchester offers a variety of CBD products through its online store and continues to develop and market new products in the CBD wellness category. In 2019, Winchester has expanded into other verticals in the cannabis sector including with the vision of becoming a global cannabis leader with cultivation, extraction, CBD wellness, research and development and clinics/education. Management has been advised that Winchester is in the process of finalizing its cultivation expansion into Spain and MVMD's management believes that the relationship with Winchester generally represents a strong entry point into the European Union.

Canada Distribution

Beyond MVMD's cultivation story in Canada, management is looking at a variety of distribution channels in the Canadian marketplace, however is focusing this aspect of the business on international markets.

United States - DEA Licence

The DEA adopted a policy in 2016 designed to increase the number of entities registered to manufacture marijuana to supply to researchers in the United States under the Controlled Substances Act (the "CSA"). On June 10, 2019, MVMD completed its acquisition of 20% of CCJC, a private Nevada corporation. CCJC is the majority shareholder (90%) of the Applicant, who has submitted the Application to the DEA to obtain the DEA Licence.

The DEA Licence would allow the Applicant to lawfully cultivate cannabis under United States Federal law. The Applicant would, in effect, be growing marijuana for medical research to be sold to universities, pharmaceutical companies, hospitals, physicians, and others conducting research. The DEA License would confer no independent right on the Applicant to conduct such research.

Following a lengthy delay in the review process and a lawsuit filed by one of the applicants related to the delay, the DEA was ordered by the US Court of Appeals to respond by August 28, 2019 and, on August 26, 2019, the DEA provided a notice of applications and confirmed that it was "moving forward to facilitate and expand scientific and medical research for marijuana in the United States" (from a press

released issued by the United States Department of Justice on August 26, 2019). Although there is no current timeline for approval nor a guarantee that the Applicant will receive approval, MVMD believes that the recent developments represent a positive step toward obtaining the Licence. See section entitled “*Narrative Description of Business*” – “*Regulatory Regime*” for more information.

Branding, Marketing and Business Development

MVMD is in early stages of business development across its cultivation, processing and delivery sciences focuses and is currently concentrating its branding and marketing efforts on communicating the vision of MVMD and its emphasis on disruptive, leading edge technologies. MVMD employs its website as a key tool to define its brand positioning and core business objectives. MVMD initially plans on licensing its delivery science technologies and related intellectual property, once acquired, to key strategic partners who offer sophisticated manufacturing and distribution networks that enable an ability to quickly scale. These same strategic partnerships are also intended to provide opportunities for exclusive supply agreements that would benefit MVMD's cultivation and processing sciences focus.

MVMD is currently evaluating the role of its branding and consumer-facing product packaging approach to determine the optimal market position. This includes MVMD branding, co-branding or complete white labeling approaches.

MVMD's principals and advisors are well connected in the global cannabis space and have been strategically sourcing international partnerships to enable MVMD to access local market capabilities, expertise and distribution channels while creating scale across a global network.

Advisory Board

Two of MVMD's current principals (Evan Clifford, director since incorporation, and Christopher Crupi, CFO) will continue on as advisors to MVMD (and the Resulting Issuer). Each has played a significant role in the development of MVMD to date and each has experience and relationships in the cannabis industry that would be beneficial to MVMD's continuing business development. In addition, the current principals of MVMD have and will continue to leverage their relationships with independent third parties in the fields of cannabis and pharmaceuticals to act as advisors from time to time while MVMD continues to grow its business. A short biography of each of Mr. Clifford and Mr. Crupi follow:

- Chris Crupi was the co-founder and CEO of Paramount Gold and Silver Corp. from 2004 until its eventual sale to Coeur Mining in April 2015 for over \$200 million. He has started eight public companies including Urastar Gold which was sold to Agnico Eagle in 2013 and Meadow Bay Gold Corp of which he was CEO. Chris was formerly a Special Assistant to the Right Honourable Don Mazankowski, Deputy Prime Minister of Canada. He is a Chartered Accountant and practiced with several international accounting firms where he was a corporate restructuring expert. Chris holds a Bachelor of Commerce (Hon.) in Finance from the University of Ottawa. In 2017 Chris co-founded Flower One Holdings Inc. (CSE:FONE) and its first CEO and Chairman until it went public in 2018.
- Evan Clifford has over 18 years of extensive experience in entrepreneurial start-ups both in the private and public sector. Evan has earned a platinum record as the manager of one of Canada's most successful pop music artists, played a leading role in building one of the world's foremost electric car companies, and branched into the restaurant business as founder of the world's first 100% sustainable Ocean Wise certified sushi restaurant. In 2015, Evan played a primary role in the introduction of the sustainable consumer water brand Boxed Water, into the Canadian market, and was a speaker at the world-renowned Idea City Conference. In 2016, Evan orchestrated the going public transaction of Organic Garage (TSX-V:OG), successfully raising

over \$5 million for the company, and in 2018 co-founded Flower One Holdings Inc. (CSE:FONE), which raised over \$80 million and owns assets in the cannabis sector including the largest licensed greenhouse in the state of Nevada.

Market Overview

According to New Frontier Data (The Global Cannabis Report 2019 Industry Outlook [the “**Report**”]), there are more than 263 million estimated cannabis consumers in the world, with significant demand for the plant’s medical, wellness, industrial and recreational applications. The strength of demand varies by region, and is heavily influenced by the status of legalization, levels of social acceptance, and access to cannabis in each country.

New Frontier Data estimates the value of the existing worldwide demand for cannabis at \$344.4 billion USD, based on both the estimated consumption levels and current market prices for cannabis flower in each country. Outside of the few countries that have legalized recreational use of cannabis, nearly all of the global demand is currently being met by the illicit market.

The Report estimates 1.2 billion people worldwide suffering from medical conditions for which cannabis has shown therapeutic value. It’s believed that adoption of medical cannabis treatment by even a small proportion of that population would create significant market opportunity for cannabis companies. Furthermore, adoption of medical cannabis is likely to accelerate as the global medical community becomes better informed about the most current science on medicinal cannabis and begins to include it in their portfolio of therapeutic options.

According to and up to the date of the Report, 55 countries have legalized cannabis for medical use in efforts to provide access to patients suffering from serious medical conditions. The stringency of the regulatory framework chosen varies by country (including rules governing qualifying conditions, physician participation, production and processing, and insurance coverage), and has a significant impact on the size, growth, and reach of each program.

Canada

On October 17, 2018, Canada became the first G-7 nation to fully legalize cannabis for adult-use or recreational purposes in addition to medicinal. Management believes that since this legalization, product availability has been limited, and the kinds of products that are legal to consumer — flower and oils — have not moved consumers away from the black market in quantities forecasted. Additionally, management believes that a flatlining of the medical market sales has occurred in this new legalization transition window.

Edibles, cannabis extracts and topical products will be legalized in Canada on October 17, 2019. Management believes that those categories have been the key drivers of market growth in legal US states.

See section entitled “*Narrative Description of Business*” – “*Regulatory Framework*” for more information.

Colombia

Colombia enacted laws regulating the use of cannabis for scientific and medicinal purposes in 2016. See section entitled “*Narrative Description of Business*” – “*Regulatory Framework*” for more information.

Colombia has developed a legal framework for export of cannabis and domestic route to market and has implemented federal level foreign investment protection through government institutions, effectively positioning itself to be a global exporter of medical cannabis derivatives in management's view.

With its inexpensive cultivation costs, ideal growing conditions, and experienced cultivators, MVMD'S belief is that Colombia is producing cannabis at a fraction of the cost of North America. From its review, MVMD understands Colombia to be the second largest flower producer in the world and has the infrastructure and logistics established to allow for future growth in both domestic and international markets.

United States

According to the Report from New Frontier Data:

While the United States has not federally legalized cannabis for medical or recreational use, 33 U.S. states have enacted laws legalizing cannabis in some form for medical use, and 10 states have legalized cannabis for adult use. An additional 14 states allow the use of CBD – a non-psychoactive cannabinoid with strong therapeutic value – on very limited basis. Despite being illegal at a federal level, cannabis use in the U.S. is so widespread at the municipal level that it is increasingly becoming a low priority for law enforcement and the courts.

The federal law banning cannabis in the U.S., the Marihuana Tax Act, was passed in 1937. There is now growing acceptance of the plant as a legitimate option for patients suffering from medical problems like chronic pain or seizures in modern-day America. Additionally, Americans hold very progressive views on cannabis legalization and according to Pew Research – 62% of Americans believe it should be nationally legal.

The United States has also been seen as a world-leader in cannabis innovation, with the creation of new genetics, cultivation techniques, derivative products, and ingestion methods. America is expected to become one of the most lucrative cannabis markets in the world due to the large population of high-spending cannabis consumers and its progressive medical infrastructure. The states where cannabis is legal are generating significant revenues from legal sales. With new products enabling consumers to tailor their cannabis experiences, and advancing research confirming new therapeutic uses, the legal markets are growing quickly.

Regulatory Regime

While MVMD intends to expand globally, its focus to date has been on the markets in Canada and the Republic of Colombia, and, in the event that the Applicant obtains the Licence, the United States will also be a focus to the extent of the DEA Licence (see "*General Business Development of the Business of MVMD*" – "*Completed Acquisitions*" – "*CCJC Inc.*").

Canada:

General:

Until recreational cannabis was legalised on October 17, 2018, the Canadian market for cannabis was solely focused on medical cannabis. The Marihuana for Medical Purposes Regulations ("**MMPR**"), enacted by the Federal government of Canada under the Controlled Drugs and Substances Act (Canada) ("**CDSA**"), was repealed on August 24, 2016 and replaced by the Access to Cannabis for Medical Purposes Regulations ("**ACMPR**").

On October 17, 2018, the Cannabis Act (the “**Act**”), also known as Bill C-45, came into force as law with the effect of legalizing the non-medical use of cannabis by adults across Canada. The Act replaced the ACMPR and the Industrial Hemp Regulations (“**IHR**”) (which had also come into force under the CDSA), which previously permitted access to cannabis for medical purposes for only those Canadians who had been authorized to use cannabis by their health care practitioner.

The Act permits the non-medical use of cannabis by adults and regulate the production, distribution and sale of cannabis and related oil extracts in Canada, for both non-medical and medical purposes.

In addition to the Act, the Federal Government of Canada published regulations, including the Cannabis Regulations (the “**Cannabis Regulations**”) and the new IHR (together with the Cannabis Regulations, collectively, the “**Regulations**”). The Regulations outline additional rules for the cultivation, processing, research, analytical testing, distribution, sale, importation and exportation of cannabis, hemp and related products in Canada, including the various classes of licences that can be granted. The Regulations set standards for these cannabis and hemp products and include strict specifications for the plain packaging and labelling and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for federally licensed sites.

Licenses:

The Cannabis Regulations establish different classes of licences that are required depending on the nature of the activity being undertaken: (a) cultivation licences – standard cultivation, micro-cultivation and nursery cultivation; (b) processing licences – standard processing and micro-processing; (c) sale, and sale for medical purposes; (d) analytical testing; (e) research; and (f) cannabis drug licence. The Cannabis Regulations dictate that any licence will be valid for no more than five years.

Security Clearances:

The Act requires that certain individuals associated with a licensee, such as directors, officers and large shareholders obtain security clearances with Health Canada. Security clearances granted under the ACMPR are also considered to be valid security clearances under the Cannabis Regulations.

Cannabis Tracking System

A national cannabis tracking system was established and came into effect on October 17, 2018. The purpose of this system is to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. This tracking system requires the submission of reports related to inventory.

Cannabis Products

The Cannabis Regulations set out the product categories that are permitted for sale, including dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including “pre-rolled” and capsule products. In June 2019, Health Canada announced amendments to the Cannabis Regulations setting out the rules governing the legal production and sale of edible cannabis, cannabis extracts and cannabis topicals. As required by the Cannabis Act, the amended regulations will come into force on October 17, 2019, with cannabis products becoming available at some time after, anticipated to be no earlier than mid-December 2019.

Provincial Regulatory Framework

The provinces and territories of Canada have authority to regulate certain aspects of recreational cannabis including sale and distribution, minimum age requirements, places where cannabis can be consumed, pursuant to the Act. Each has enacted regulatory regimes, which are based on (i) private cannabis retailers licensed by the province; (ii) government run retail stores; or (iii) a combination of both frameworks. In any case, all suppliers are federal licence holders.

Colombia:

In 2016 and 2017, Colombia put in force a regulatory framework for safe and informed access to medical and scientific use of cannabis and its derivatives. The regulation regulates the cultivation, sale, derivatives, and use of cannabis seeds for medicinal and scientific purposes. This industry encourages research and scientific development in Colombia. The regulations do not address recreational use.

1. Law 1787 of 2016 establishes the regulatory framework that allows secure and informed access to the medical and scientific use of cannabis and its derivatives in the Colombian national territory. Also establish that the Colombian State will assume the control and regulation of the activities of cultivation, production, manufacturing, acquisition to any title, import, export, storage, transport, commercialization, distribution, use and possession of the seeds of the cannabis plant, cannabis, its derivatives and products that contain it for medicinal and scientific purposes.
2. Decree 613 of 2017 is intended to regulate the evaluation, monitoring and control of import, export, cultivation, production, manufacturing, acquisition of any title, storage, transport, commercialization, distribution, use and possession of the seeds of the cannabis plant, cannabis, its derivatives and products that contain it for medicinal and scientific purposes. Also establishes the types of licenses related to psychoactive and non-psychoactive cannabis in Colombia, the requirements, the process for the reques.
3. Resolution 577 of 2017 regulates the evaluation and monitoring of licences for the use of seeds for planting and cultivation of psychoactive and non-psychoactive cannabis plants.
4. Resolution 578 of 2017 regulates the fees corresponding to evaluation and monitoring services that must be paid by natural and legal persons requesting licences for the use of seeds for planting and cultivation of psychoactive and non-psychoactive cannabis plants.
5. Resolution 579 of 2017 establishes the criteria and definitions of small and medium growers, producers and national marketers of medical cannabis.
6. Resolution 2891 of 2017 regulates the fees corresponding to evaluation and monitoring costs that must be paid by natural and legal persons requesting licences to manufacturing licences of cannabis derivatives for medical and scientific use.
7. Resolution 2892 of 2017 establishes the technical regulation associated with the granting of licences for the production and manufacture of cannabis derivatives.
8. Decree 631 of 2018 regulates activities related to the growing of psychoactive and non-psychoactive cannabis seeds and establishes that cannabis seeds located in Colombia can be used only for the growing of cannabis in general.

United States:

On August 11, 2016, the DEA announced that it would be adopting a new policy designed to increase the number of entities that could manufacture marijuana for use in federally approved research. However, despite receiving “dozens” of applications to grow research marijuana since that announcement, as at the date of this Circular, the University of Mississippi holds the only licence to manufacture marijuana for research in the United States.

In June 2019, Scottsdale Research Institute, LLC (“SRI”) filed a petition in the U.S. Court of Appeals against the DEA, seeking to force the DEA to respond to SRI’s application to manufacture marijuana for research purposes, which SRI had filed in 2016. The petition asserts that the DEA failed to comply with certain statutory deadlines regarding clinical research-based manufacture applications, causing an unreasonable delay in the processing of SRI’s application.

On July 30, 2019 the court ordered the DEA to file a response to SRI’s petition within 30 days (August 28, 2019). On August 26, 2019, the announced a notice of applications, filed on August 27, 2019 in the Federal Register, the notice identifying the applications submitted from potential growers between August 2016 and May 2019. The DEA Acting Administrator said the agency is “making progress in the program to register additional marijuana growers for federally authorized research and will work with other relevant federal agencies to expedite the necessary next steps.” The DEA noted in its press release that over the last two years, the total number of individuals registered by DEA to conduct research with marijuana, marijuana extracts, derivatives and delta-9-tetrahydrocannabinol (THC) has increased by more than 40 percent from 384 in January 2017 to 542 in January 2019. Similarly, in the last two years, DEA has more than doubled the production quota for marijuana each year based on increased usage projections for federally approved research projects.

The DEA also announced it plans to propose new regulations for growers before making a determination about pending applications. No timeline has been announced and there is no guarantee that an applicant, even if all requirements are met, will be granted a licence.

Trends, Commitments, Events or Uncertainties

The most significant trends and uncertainties which MVMD’s management expects could impact its business and financial condition are (i) the changing legal and regulatory regime which regulates the production, sale and export of cannabis and cannabis related products in each territory in which it intends to operate in some capacity, including but not limited to Canada and Colombia; (ii) the ability of companies who may receive funds from the sale of cannabis and cannabis related products to adequately track and legally transfer such funds; and (iii) the ability of companies to raise adequate capital to carry out their business objectives. See section entitled “*Risk Factors*”.

SELECTED CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes financial information of MVMD for the period from the date of incorporation (October 26, 2018) to its year end date of March 31, 2019. This summary financial information should only be read in conjunction with the MVMD Annual Financial Statements.

	Date of incorporation to March 31, 2019 (annual audited)
Operating Data:	
Total revenues	Nil
Net loss from operations	(\$897,032)
Basic and diluted loss per share	(\$0.01)
Balance Sheet Data:	
Total assets	\$11,488,283
Total liabilities	\$534,337

DIVIDENDS

No dividends on MVMD Shares have been paid to date.

MANAGEMENT'S DISCUSSION AND ANALYSIS

A copy of the MVMD's MD&A for the period from the date of incorporation to its year end date of March 31, 2019 is attached to this Appendix C as Schedule B.

The MVMD MD&A should be read in conjunction with the audited financial statements and the notes thereto for the period from the date of incorporation to its year end date of March 31, 2019. The MVMD Annual Financial Statements set out in Schedule A attached hereto to Appendix C have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

DESCRIPTION OF MVMD SHARE CAPITAL

The authorized share capital of MVMD consists of an unlimited number of Class "A" common shares (the "**MVMD Class A Shares**") and an unlimited number of Class "B" (non-voting) common shares (the "**MVMD Class B Shares**"), together with the MVMD Class A Shares collectively the "**MVMD Shares**"), of which 70,625,200 MVMD Class A Shares and 133,293,307 MVMD Class B Shares are issued and outstanding as fully paid and non-assessable as at the date hereof .

MVMD Shares

Holders of MVMD Class A Shares are entitled to receive notice of and to attend all meetings of MVMD Shareholders. Each MVMD Class A Share carries one vote. Subject to the preferences of any series of preferred shares, if any, in the event of a liquidation, dissolution or winding up of MVMD, whether voluntary or involuntary, or any other distribution of its assets among its shareholders for the purpose of winding up its affairs, the holders of the MVMD Shares are entitled to receive the remaining property and assets of MVMD on a pro rata basis.

While holders of MVMD Class B Shares are not entitled to notice of and attend all meetings of MVMD Shareholders, they are entitled to receive notice of and attend a meeting of all holders of MVMD Shares with respect to the approval of the Transaction.

Share Purchase Warrants

As at the Record Date, there were 49,904,149 share purchase warrants outstanding. Each warrant entitles the holder to acquire one MVMD Class B Share upon due exercise thereof, including, without limitation, payment of the exercise price therefor. Further details as to the terms and exercise price of the share purchase warrants are set out under “Consolidated Capitalization” below.

CONSOLIDATED CAPITALIZATION

Common Shares

The following table sets forth the MVMD common shares as of the date hereof:

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of the Record Date
MVMD Class A Common Shares	Unlimited Number	70,625,200
MVMD Class B Common Shares	Unlimited Number	133,293,207

MVMD Warrants

The following table sets forth the MVMD Class B Share purchase warrants outstanding as of the date hereof:

Number of Warrants	Exercise Price (C\$)	Expiry Date
38,388,910	\$0.35	February 21, 2021
4,114,537	\$0.35	March 8, 2021
3,098,212	\$0.35	March 18, 2021
4,302,500	\$0.35	June 5, 2021

MVMD Options

The following table sets forth the MVMD Options to acquire MVMD Class A Shares outstanding as of the date hereof:

Number of Options	Exercise Price (C\$)	Expiry Date
7,288,500	\$0.05	5 years from date of listing
1,000,000	\$0.05	5 years from date of listing

PRIOR SALES

The following table summarizes the issuances of securities of MVMD within 12 months prior to the date hereof:

Date of Issue	Description	Number of Common Shares	Price per Share	Total Issue Price
October 26, 2018	Founder Shares (MVMD Class A Shares) ⁽¹⁾	200	\$0.005	\$1.00
December 7, 2018	Founder Shares – Private Placement (MVMD Class A Shares)	45,000,000	\$0.005	\$225,000

Date of Issue	Description	Number of Common Shares	Price per Share	Total Issue Price
December 21, 2018	Private Placement (MVMD Class A Shares)	25,625,000	\$0.02	\$512,500
January 9, 2019	Private Placement (MVMD Class B Shares)	12,260,000	\$0.05	\$613,000
January 10, 2019	Share Exchange (MVMD Class B Shares) ⁽²⁾	54,206,148	\$0.02	\$1,496,564
February 21, 2019	Private Placement (MVMD Class B Shares) ⁽³⁾	38,388,910	\$0.20	\$7,677,782
March 8, 2019	Private Placement (MVMD Class B Shares) ⁽³⁾	4,114,537	\$0.20	\$822,907
March 18, 2019	Private Placement (MVMD Class B Shares) ⁽³⁾	3,098,212	\$0.20	\$619,642
April 11, 2019	Share Acquisition – Consideration Shares (MVMD Class B Shares) ⁽⁴⁾	11,000,000	\$0.20 ⁽⁵⁾	\$2,200,000
June 5, 2019	Private Placement (MVMD Class B Shares) ⁽³⁾	4,302,500	\$0.20	\$860,500
June 14, 2019	Share Acquisition – Consideration Shares (MVMD Class B Shares) ⁽⁶⁾	5,000,000	\$0.20 ⁽⁵⁾	\$5,000,000
July 3, 2019	Consulting Fees (MVMD Class B Shares) ⁽⁷⁾	773,000	\$0.20 ⁽⁵⁾	\$154,600
Total:		133,293,307		\$13,978,431
Contemplated Issuances				
September 2019	Consulting Fees (MVMD Class B Shares) ⁽⁷⁾	862,500	\$0.20 ⁽⁵⁾	\$172,500

Notes:

- (1) Initial shares granted to founder.
- (2) MVMD Class B Shares issued pursuant to Share Exchange Agreement between MVMD, MVM and the shareholders of MVM as consideration to the shareholders of MVM for the acquisition of all of the issued and outstanding shares of MVM.
- (3) Private placement offering of units, each unit comprised of one MVMD Class B Share and one share purchase warrant acquire an additional MVMD Class B Share at an exercise price of \$0.60 per share, subject to acceleration and escrow conditions imposed by MVMD. See section entitled “*General Development of the Business of MVMD*” – “*Financings*”.
- (4) Issued pursuant to the Subscription and Share Purchase Agreement dated April 11, 2019 between MVMD, Sativa Nativa, Avicanna and certain shareholders of Sativa Nativa other than Avicanna, resulting in the acquisition by MVMD (wholly owned subsidiary of MVMD) of an aggregate 25% of the issued and outstanding shares of Sativa Nativa.
- (5) Deemed price.
- (6) Issued pursuant to the share purchase agreements entered into with the shareholders of CCJC, resulting in the acquisition by MVMD of 1,333,334 common shares of CCJC, representing an (additional) 10% of the issued and outstanding shares of CCJC.
- (7) Issued (or to be issued) in lieu of cash payment to various consultants, including a company owned and/or controlled by the President and CEO of MVMD.
- (8) On July 29, 2019, MVMD began to offer units on a private placement basis at a subscription price of \$0.40 per unit, each unit to be comprised of one MVMD Class B Share and one-half of one share purchase warrant, each full warrant entitling the holder to acquire one MVMD Class B Share at an exercise price of \$0.60 per share for a period ending twenty-four (24) months after the issuance date subject to forced acceleration and subject to escrow conditions imposed by MVMD. See section entitled “*General Development of the Business of MVMD*” – “*Financings*”.

TRADING PRICE AND VOLUME OF THE MVMD SHARES

The MVMD Shares are not traded on any stock exchange.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Other than as set out below, there are no securities of MVMD that are subject to escrow or restrictions on transfer other than standard limitations on transfer pursuant to the Articles of MVMD.

MVMD has imposed escrow requirements on 49,904,194 units, each unit comprised of one MVMD Class B Share and one share purchase warrant acquire an additional MVMD Class B Share, which require that, in the event of a Going Public Liquidity Event, holders of such securities will not be able to trade such securities except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event, the foregoing which will be set out in a legend on certificates evidencing the common shares and warrants comprising such units (and the common shares underlying the warrants). These escrow requirements will also be imposed on any additional units issued by MVMD prior to completion of the Transaction.

See section entitled “*General Development of the Business of MVMD*” – “*Financings*”.

PRINCIPAL SECURITYHOLDERS

As of the date of this Circular, there is no principal shareholder who owns more than 10% of the issued shares of MVMD. Upon completion of the Acquisition, it is expected that no shareholder will, beneficially and of record, own more than 10% of the issued common shares of the Resulting Issuer.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Securityholdings

The names and province or state and country of residence of the directors and executive officers of MVMD, positions held by them with MVMD and their principal occupations during the past five years are as set forth below. The term of office of each of the present directors expires at the next annual general meeting of shareholders. After each such meeting, the Board of Directors appoints MVMD’s officers and committees for the ensuing year. Following the completion of the Transaction, Dennis Hancock will be the sole director and officer of MVMD.

Name and Municipality of Residence Held	Position	Principal Occupation	Number and Percentage of MVMD Shares⁽¹⁾
Dennis Hancock Ontario, Canada	President, CEO and Director	Dennis Hancock is a senior sales and marketing executive with over 25 years of experience spanning automotive, tech, teleco, retail and financial services sectors. Dennis spent more than 12 years in a leadership role at one of North America’s leading performance improvement and Loyalty providers, Maritz, who works with 70% of the world’s Super 50 companies. Dennis led publicly traded ZENN Motor Company as the Vice President of Sales and Marketing. As a senior officer at ZMC, Dennis drove the establishment of ZENN – (Zero Emission, No Noise) as one of the most recognized “green tech” brands in North America. Dennis has several startups established, including PerformanceSPARK, an agency that works with leading organizations to identify and deliver on the key elements necessary to drive	2,300,000 (1.13%) ⁽²⁾⁽³⁾

Name and Municipality of Residence Held	Position	Principal Occupation	Number and Percentage of MVMD Shares ⁽¹⁾
		measurable performance growth, and co-founder of CrowdSeating Inc., an innovative social concert platform that provides fans with a conduit to crowdfund their favorite artist for a unique concert experience.	
Christopher Crupi Ontario, Canada	CFO	Chris Crupi was the co-founder and CEO of Paramount Gold and Silver Corp. from 2004 until its eventual sale to Coeur Mining in April 2015 for over \$200 million. He has started eight public companies including Urastar Gold which was sold to Agnico Eagle in 2013 and Meadow Bay Gold Corp of which he was CEO. Chris was formerly a Special Assistant to the Right Honourable Don Mazankowski, Deputy Prime Minister of Canada. He is a Chartered Accountant and practiced with several international accounting firms where he was a corporate restructuring expert. Chris holds a Bachelor of Commerce (Hon.) in Finance from the University of Ottawa. In 2017 Chris was co-founded Flower One Holdings Inc. (CSE:FONE) and its first CEO and Chairman until it went public in 2018.	4,500,000 (2.21%) ⁽²⁾⁽³⁾
Evan Clifford Ontario, Canada	Director	Evan Clifford has over 18 years of extensive experience in entrepreneurial start-ups both in the private and public sector. Evan has earned a platinum record as the manager of one of Canada's most successful pop music artists, played a leading role in building one of the world's foremost electric car companies, and branched into the restaurant business as founder of the world's first 100% sustainable Ocean Wise certified sushi restaurant. In 2015, Evan played a primary role in the introduction of the sustainable consumer water brand Boxed Water, into the Canadian market, and was a speaker at the world renowned Idea City Conference. In 2016, Evan orchestrated the IPO of Organic Garage (TSX-V:OG), successfully raising over \$5 million for the company, and in 2018 co-founded Flower One Holdings Inc. (CSE:FONE), which raised over \$80 million and owns assets in the cannabis sector including the largest licensed greenhouse in the state of Nevada.	14,000,200 (6.87%) ⁽³⁾

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the directors or officers themselves.
- (2) Held directly or indirectly in a corporation owned and/or controlled by the principal.
- (3) Percentage of MVMD Shares issued and outstanding as at the date hereof.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer (a) is, as at the date of this Circular, or has been, within ten years before the date of this document, a director or executive officer of any corporation (including MVMD) that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under the securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the corporation being the subject of a

cease trade order or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days.

No director, executive officer or shareholder holding a sufficient number of securities of MVMD to materially affect the control of MVMD (a) is, as at the date of this Circular, or has been within ten years before the date of the Circular, a director or executive officer of any corporation (including MVMD) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the ten years before the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of MVMD, or a shareholder holding sufficient number of securities of MVMD to affect materially the control of MVMD, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of MVMD's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies. For a list of the other reporting issuers in which directors of MVMD also serve as directors, please see the directors' and insider's profile available on SEDI at www.sedi.ca. To the extent that such other companies may participate in ventures in which MVMD may participate, the directors of MVMD may have a conflict of interest in negotiating and concluding terms regarding the extent of such participation. In the event that such a conflict of interest arises at a meeting of MVMD's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular corporation will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of MVMD making the assignment. Under the laws of Canada, the directors of MVMD are required to act honestly, in good faith and in the best interests of MVMD. In determining whether or not MVMD will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which MVMD may be exposed and its financial position at that time.

The following director of MVMD is also a director of the following reporting issuer:

Director	Reporting Issuer	Exchange and Symbol	Dated Appointed
Evan Clifford	Organic Garage Ltd.	TSX-V: OG	October 18, 2016

EXECUTIVE COMPENSATION

The following table, prepared in accordance with Form 51-102F6, sets forth all annual and long term compensation for services in all capacities to MVMD for the three most recently completed financial years of MVMD in respect of each of the individuals comprised of each Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the CEO and the CFO), as at March 31, 2019 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of MVMD, nor acting in a similar capacity, for the most recently completed financial year ending March 31, 2019 (collectively the “Named Executive Officers” or “NEOs”).

NEO Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) ⁽⁴⁾	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Michael Monaco President, CEO and Director ⁽¹⁾	2019	Nil	Nil	N/A ⁽²⁾⁽⁴⁾	Nil	Nil	Nil	Nil	N/A ⁽²⁾⁽⁴⁾
Christopher Crupi CFO	2019	Nil	Nil	N/A ⁽³⁾⁽⁴⁾	Nil	Nil	Nil		N/A ⁽³⁾⁽⁴⁾

Notes:

- (1) President and CEO during the year ended March 31, 2019, resigned as of June 10, 2019 as officer.
- (2) 500,000 stock options were issued to Michael Monaco on or about January 9, 2019, exercisable until 5 years after the listing of MVMD’s common shares (or the shares of its acquirer in the case of a reverse takeover) at an exercise price of \$0.05. As a result of Michael Monaco’s resignation on or about August 26, 2019, the stock options will expire on or about November 24, 2019.
- (3) 1,000,000 stock options were issued to Christopher Crupi on or about January 14, 2019, exercisable until 5 years after the listing of MVMD’s common shares (or the shares of its acquirer in the case of a reverse takeover) at an exercise price of \$0.05.
- (4) Fair market value has not been calculated as MVMD is a private corporation.

Compensation Discussion and Analysis

MVMD does not have in place any formal objectives, criteria or analysis for determining or assessing the compensation of its executive officers and Directors, nor does it have a compensation committee.

MVMD is aware of the challenges that it faces in its present stage of development and the financial limitations of being a newly formed and fast-growing company in the nascent cannabis industry. Corporate performance and level of activity has been a consideration in determining compensation. As MVMD’s business and operations grow in size and complexity, it is anticipated that it will establish a compensation committee with formal objectives and policies, including specific performance goals or benchmarks as such relate to executive compensation, that will review compensation practices of companies of similar size and stage of development to ensure the compensation paid is competitive within MVMD’s industry.

The compensation of MVMD's officers and directors is based on an incentive philosophy with the intent that all efforts will be directed toward a common objective of creating shareholder value. The compensation strategy is to attract talent and experience with focused leadership in the operations, financing, and management of MVMD with the objective of maximizing the value of MVMD. The officers and board of directors each have defined skills and experience that are essential to a fast growing company that provides services and products to the emerging cannabis industry.

Base Salary or Consulting Fees

To date, compensation has been primarily paid in the form of securities to conserve cash for business development purposes. Compensation has been initially determined upon a review of companies within the manufacturing industry, which were of the same size as MVMD, at the same stage of development as MVMD and considered comparable to MVMD.

Going forward, in determining the base salary of an executive officer, the board of directors of MVMD would consider the following factors:

- (a) The particular responsibilities related to the position;
- (b) Salaries paid by other companies that are similar in size and scope of business;
- (c) The experience level of the executive officer;
- (d) The amount of time and commitment which the executive officer devotes to MVMD; and
- (e) The executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

Bonus Incentive Compensation

MVMD's objective is to achieve certain strategic objectives and milestones. The board of directors of MVMD will consider executive bonus compensation dependent upon MVMD meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The board of directors of MVMD approves executive bonus compensation dependent upon compensation levels based on information provided by issuers that are similar in size and scope to MVMD's operations.

Equity Participation

MVMD has a stock option plan (the "**Plan**") in place and 8,288,500 stock options issued and outstanding, each with an exercise price of \$0.05 per MVMD Class A Share, vesting upon, and expiring five (5) years following, the completion of a going public liquidity event (such as the Transaction), subject to earlier termination in accordance with the terms of the Plan. Pursuant to the terms of the Plan, optionees who exercise options will be entitled to receive common shares of the Resulting Issuer following the completion of the Transaction.

Actions, Decisions or Policy Changes

Given the evolving nature of MVMD's business, the board of directors of MVMD continues to review the overall compensation plan for senior management so as to continue to address the objectives identified above.

Risks Associated with MVMD's Compensation Practices

MVMD's directors have not considered the implications of any risks to MVMD associated with decisions regarding MVMD's compensation program. MVMD intends to formalize its compensation policies and practices and will take into consideration the implications of the risks associated with MVMD's compensation program and how it might mitigate those risks.

Benefits and Perquisites

All officers and directors are entitled to participate in a group benefits plan that provides health, dental, and out-of-country benefits coverage subject to the eligibility requirements set out in the plan..

Hedging by Named Executive Officers or Directors

MVMD has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors.

Outstanding Share-Based Awards and Option-Based Awards

MVMD does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the NEOs.

Pension Plan Benefits

MVMD does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

Termination and Change of Control Benefits

MVMD has entered into consulting agreements with its CEO and CFO, which allow for the agreement to be terminated upon 60 days' notice in the case of the CEO and 60 days' notice in the case of the CFO. MVMD has no compensatory plan, or other contract or agreement with any NEO with respect to compensation to be paid in the event of termination.

Director Compensation

The directors of MVMD do not receive any compensation or fees in their capacity as directors or a committee chair. Other than described herein, there were no other arrangements under which directors were compensated by MVMD during the two most recently completed financial years for their services in their capacity as directors.

No directors receive monthly compensation and no director receives compensation for attending board meetings or committee meetings.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular and during the period of incorporation to MVMD's year end date on March 31, 2019, no director or executive officer of MVMD (and each of their associates and/or affiliates) was indebted, including under any securities purchase or other program, to (i) MVMD or its subsidiaries, or

(ii) any other entity which is, or was at any time during the period of incorporation to March 31, 2019, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by MVMD or its subsidiaries.

RISK FACTORS

The following is a summary of certain risk factors applicable to MVMD. Since the business of the Resulting Issuer will include progression of the business of MVMD, readers are cautioned that the following risk factors are also relevant to the business of the Resulting Issuer, and are encouraged to see *Appendix D - Information Concerning the Resulting Issuer – Risk Factors*.

The risks presented in this Circular should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and MVMD may face.

Whether actual results, performance or achievements will conform to MVMD's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including the following:

Business Risks Reliance on Licenses and Authorizations

The operations of MVMD do or may require it to obtain licences and/or permits for the production, packaging, storing, distribution, sale (whether wholesale or retail), export and/or import of cannabis and/or cannabis products in Canada, Colombia and other international jurisdictions. Non-cannabis Natural Health Products (Canada) and Dietary Supplements (US) also do or may require licenses or permits under relevant regulatory statutes. MVMD is in the process of applying or otherwise acquiring indirectly or directly those licences and/or permits it believes it requires to carry in order to operate and intends to apply for, as the need arises, all necessary licences and permits to carry on the activities it expects to conduct in the future. However, the ability of MVMD to obtain, sustain or renew any such licences and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies. There can be no guarantee such licenses or permits will issue to MVMD or be maintained in force. Any loss of interest in any such required licence or permit, or the failure of any governmental authority to issue or renew such licences or permits upon acceptable terms, would have a material adverse impact upon MVMD.

The licences and authorizations are subject to ongoing compliance and reporting requirements and the ability of MVMD to obtain, sustain or renew any such licences and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies. Failure to comply with the requirements of the licences or authorizations or any failure to maintain the licences or authorizations would have a material adverse impact on the business, financial condition and operating results of MVMD.

Although MVMD believes that it will meet the requirements to obtain, sustain or renew the necessary licences and authorizations, there can be no guarantee that the applicable authorities will issue these licences or authorizations. Should the authorities fail to issue the necessary licences or authorizations, MVMD may be curtailed or prohibited from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of MVMD may be materially adversely affected.

In particular regarding the application by a subsidiary of CCJC for a licence from DEA, the DEA will only license an appropriate number of marijuana cultivators necessary for producing "an adequate and uninterrupted supply ... under adequately competitive conditions for legitimate medical, scientific, research, and industrial purposes." 81 Fed. Reg. 53,847 (Aug. 12, 2016). This requirement is intended

to avoid the problem of legally-cultivated marijuana being diverted for illegal/unauthorized purposes. Thus, the Applicant could meet all of the qualifications set forth by the DEA and still not receive a DEA Licence because the DEA is limiting the number of licences. It is unknown whether or by how much the DEA intends to limit licences. Further, cannabis cultivated under a DEA Licence will be subject to strict regulation, including price controls and quantity quotas. Thus, even if the Applicant receives a DEA Licence, the amount of cannabis it can produce may be limited, and the prices it may charge for such marijuana may be capped.

New Industry and Market

The cannabis industry and market are relatively new in the jurisdictions in which MVMD intends to operate and this industry and market may not continue to exist or grow as anticipated or MVMD may ultimately be unable to succeed in this new industry and market. Licensed producers (assuming MVMD obtains the required licences) are subject to general business risks, as well as risks associated with a business involving an agricultural product and a regulated consumer product. MVMD holds an interest in a company that is licensed to harvest, extract, produce and sell both psychoactive (THC) and non-psychoactive (CBD) medical cannabis extract and is in the process of acquiring additional assets that will allow it to begin operations in Colombia. MVMD will need to make potentially significant investments in order to both acquire and maintain requisite licences as well as begin to operate. There are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the cannabis industry and market could have a material adverse effect on MVMD's business, financial condition and results of operations.

Change of Cannabis Laws, Regulations, and Guidelines

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require MVMD to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of MVMD's business. MVMD cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on MVMD's business. Management expects that the legislative and regulatory environment in the cannabis industry in Canada, Colombia, the United States and otherwise internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on MVMD's business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry in any jurisdiction could affect future legislation or regulation in different jurisdictions.

Uncertain Demand for Cannabis and Derivative Products

The legal cannabis industry in the jurisdictions in which MVMD intends to operate, including in particular Canada and Colombia, is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory

proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity, could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of MVMD. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. MVMD's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure to materialize into significant demand may have an adverse effect on MVMD's financial condition.

Realization of Growth Targets

MVMD is currently in the early development stage. MVMD's growth strategy contemplates, among other things, building its facility in British Columbia and thereafter seeking to acquire its licence to produce from Health Canada. There is a risk that such construction will not be achieved in a timely manner, on budget, or at all, as they are can be adversely affected by a variety of factors, such as: a) delays in obtaining, or conditions imposed by, regulatory approvals; b) plant design errors; c) environmental pollution; d) non-performance by third party contractors; e) increases in materials or labour costs; f) construction performance falling below expected levels of output or efficiency; g) breakdown, aging or failure of equipment or processes; h) contractor or operator errors; i) labour disputes, disruptions or declines in productivity; j) inability to attract sufficient numbers of qualified workers; k) disruption in the supply of energy and utilities; and l) major incidents and/or catastrophic events such as fires, floods, droughts, explosions, earthquakes or storms. As a result, there is a risk that MVMD may not be able to begin its operations in Canada in a timely manner or at all.

Product Liability

Once MVMD obtains the requisite licences and assets, as a producer and/or distributor of products designed to be ingested by humans, MVMD faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused bodily harm or injury. In addition, the sale of such products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of products alone or in combination with other medications or substances could occur. MVMD may be subject to various product liability claims, including, among others, that MVMD's products or products which MVMD may distribute caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against MVMD could result in increased costs, could adversely affect MVMD's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of MVMD. There can be no assurances that MVMD will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of MVMD's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling

disclosure. If any products which MVMD may produce or distribute are recalled due to an alleged product defect or for any other reason, MVMD could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. MVMD may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. In addition, a product recall may require significant management attention. Although MVMD will implement detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if such products are subject to recall, the reputation of MVMD could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for MVMD's products and could have a material adverse effect on the results of operations and financial condition of MVMD. Additionally, product recalls may lead to increased scrutiny of MVMD's operations by regulatory agencies, requiring further management attention, potential loss of applicable licences, and potential legal fees and other expenses.

Success of Quality Control Systems

The quality and safety of future potential MVMD products will be critical to the success of its business and operations. As such, it is imperative that MVMD's (and its future service providers', future partners, etc.) quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although MVMD will strive to ensure that all third parties with whom MVMD would engage will have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on MVMD's business and operating results.

New Products

The cannabis industry is in its early stages and it is likely that MVMD and its competitors will seek to introduce new products in the future. In attempting to keep pace with any new market developments, MVMD will likely need to expend significant amounts of capital in order to successfully develop and generate revenues from new products. MVMD may also be required to obtain regulatory approvals from applicable authorities based on the jurisdiction(s) in which it plans to distribute its products, which may take significant time. MVMD may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which together with capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on MVMD's business, financial condition and results of operations.

Competition

The cannabis production industry is competitive in all of its phases. MVMD faces competition from other companies who are already operating in the industry. Many of these companies may have greater financial resources, operational experience and technical capabilities than MVMD. MVMD may be unable to maintain its operations or develop them as currently proposed as contemplated or at all. Consequently, the future revenues, future operations and financial condition of MVMD could be materially adversely affected. MVMD may also face additional competition from new entrants into the cannabis industry. If the number of users of cannabis in Canada or internationally increases, the demand for products will increase and MVMD expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, MVMD will require a continued high level of investment in research and development, marketing, sales and client support. MVMD may not have sufficient resources to do this on a competitive

basis which could materially and adversely affect the business, financial condition and results of operations of MVMD.

Acquisition Risks

MVMD is in the process of acquiring assets which together will contribute to its overall business plan. MVMD may also acquire other companies in the future. There are risks inherent in any such acquisition. Although MVMD will perform due diligence reviews of any assets or companies it intends to acquire, in whole or in part, there could be unknown or undisclosed risks, problems, hazards, liabilities, claims, or otherwise, for which MVMD may not be sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect MVMD's financial performance and results of operations. MVMD could encounter additional costs or other factors such as the failure to realize all of the benefits from such acquisitions.

MVMD may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired entity with its existing operations. If integration is not managed successfully by MVMD's management, MVMD may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on its business, financial condition and results of operations. MVMD may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on management. There is no assurance that any such acquisitions will be successfully integrated in a timely manner.

Investment Risks

MVMD's business plan includes a basis on the acquisition of various assets and the formation of relationships with third parties for mutual benefit. There can be no assurance that MVMD will acquire favourable investment opportunities or that any such investments will generate revenues or profits. Failure to successfully manage the acquisition of investments could harm MVMD's business, strategy and operating results in a material way. The transactions and their success may be exposed to a number of risks, including the risks that MVMD may not be able to identify viable opportunities or, if it does identify viable opportunities, effect the transaction and that the investment may fail to perform.

In addition, MVMD has co-invested and may continue to co-invest in one or more investments with certain strategic investors and/or other third parties through joint ventures or other arrangements, which parties in certain cases may have different interests or superior rights to those of MVMD (such as the case with Sativa Nativa, which is controlled by an unrelated third party, or Winchester, in which MVMD holds a small percentage of equity). In cases where MVMD will not have a controlling interest, MVMD may have a limited ability to protect its position in such investment. In addition, even when MVMD does maintain a control position, such investments will be subject to typical risks associated with third-party involvement, including the possibility that a third-party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of MVMD, or may be in a position to take (or block) action in a manner contrary to MVMD's objectives. Although MVMD has tried and will continue to try to mitigate potential risks, MVMD may also, in certain circumstances, be liable for the actions of its third-party partners or co-

investors. Co-investments by third parties may or may not be on substantially the same terms and conditions as MVMD and such different terms and conditions may be disadvantageous to MVMD.

Regulatory Compliance Risks

Achievement of MVMD's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the production, storing, distribution, sale, import and/or export of products. MVMD may not be able to obtain or maintain the necessary licences, permits, quotas, authorizations or accreditations to operate its business, or may only be able to do so at great cost. MVMD cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities.

The officers and directors of MVMD must rely, to a great extent, on MVMD's local legal counsel and local consultants retained by MVMD in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect MVMD's business operations, and to assist MVMD with its governmental relations.

MVMD will also rely on the advice of local experts and professionals in connection with any current and new regulations that develop in respect of banking, financing and tax matters in the jurisdictions in which it intends to operate, initially primarily in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the control of MVMD and may adversely affect its business.

MVMD will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. MVMD may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to MVMD's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of MVMD.

Retention and Acquisition of Skilled Personnel

The loss of any member of MVMD's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on MVMD's business and operating results. The growth of MVMD's business will require MVMD to find, hire and retain capable employees and contractors who can carry out the operations of MVMD. There may be competition for capable personnel and MVMD may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and in many cases, take a significant amount of time before they achieve full productivity. As a result, MVMD may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as MVMD moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Risks Inherent in an Agricultural Business

MVMD's business will involve the growing of cannabis, which is an agricultural product. The occurrence of severe adverse weather conditions, especially droughts or floods is unpredictable, may have a potentially devastating impact on agricultural production, and may otherwise adversely affect the supply of cannabis. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce MVMD's yields or require MVMD to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of MVMD's cannabis production, which could materially and adversely affect MVMD's business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agricultural operations, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, MVMD's results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect MVMD's operating results and financial condition. Furthermore, if MVMD fails to control a given plant disease and the production is threatened, MVMD may be unable to adequately supply its customers, which could adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on production.

Supply of Cannabis Seeds

If, once licensed to produce, for any reason the supply of cannabis seeds is ceased or delayed, MVMD would have to seek alternate suppliers and obtain all necessary authorization for the new seeds. If replacement seeds cannot be obtained at comparable prices, or at all, or if the necessary authorizations are not obtained, MVMD's business, financial condition and results of operations would be materially and adversely affected.

Limited Operating History

MVMD is an early stage company, and as a result, it has a limited operating history upon which its business and future prospects may be evaluated. MVMD will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for MVMD to meet its future operating and debt service requirements, MVMD will need to be successful in its growing, marketing and sales efforts of its products. Additionally, where MVMD experiences increased sales, MVMD's current operational infrastructure may require changes to scale MVMD's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. If MVMD's products and services are not accepted by new customers, MVMD's operating results may be materially and adversely affected.

Managing Growth

In order to manage growth and changes in strategy effectively, MVMD must: (a) incur significant expense to acquire those assets it requires to begin and continue operations; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, MVMD expects to invest its earnings and

capital to support its growth, but may incur additional unexpected costs. If MVMD incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Legal and Regulatory Proceedings

From time to time, MVMD may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. MVMD will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on MVMD's financial results.

MVMD's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against MVMD. Litigation, complaints, and enforcement actions involving MVMD could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on MVMD's future cash flows, earnings, results of operations and financial condition.

Ability to Establish and Maintain Bank Accounts

There is a risk that banking institutions in countries where MVMD operates will not open accounts for MVMD or will not accept payments or deposits from proceeds related to the cannabis industry. Such risks could increase costs for MVMD or prevent MVMD from expanding into certain jurisdictions.

Insurance Coverage

MVMD's business is or will be, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to MVMD and environmental contingencies.

MVMD's insurance may cover only part of the losses it may incur and does not cover losses on crops due to drought or floods. Furthermore, certain types of risks may not be covered by the policies that MVMD may hold. Additionally, any claims to be paid by an insurer due to the occurrence of a casualty covered by MVMD's policies may not be sufficient to compensate MVMD for all of the damages suffered. MVMD may not be able to maintain or obtain insurance of the type and amount desired at a reasonable cost. If MVMD were to incur significant liability for which it were not fully insured, it could have a materially adverse effect on MVMD's business, financial condition and results of operations.

Emerging Market Risks

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. Initially, it's expected that MVMD's operations will be in Colombia. Colombia has a history of geopolitical instability and crises. While there is no current major political instability in Colombia, this could be subject to change in the future and could adversely affect MVMD's business, financial condition and results of operations.

Global Economy

Economic downturn or volatility could have a material adverse effect on MVMD's business, financial condition and results of operations. In addition, weakening of economic conditions could lead to reductions in demand for products MVMD intends to produce or distribute. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend. In addition, as a result of volatile or uncertain economic conditions, MVMD may experience the negative effects of increased financial pressures on its clients. If MVMD is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

Intellectual Property

MVMD intends to develop and or acquire intellectual property rights in the future operation of its business. MVMD's business is likely to depend significantly on the protection of any acquired or developed intellectual property rights. MVMD cannot offer any assurances about whether any patent or trademark applications which it may file or acquire will be granted. Even if trademark and patent applications are successfully approved, third parties may challenge their validity, enforceability, or scope, which may result in such trademarks or patents being narrowed, found unenforceable or invalidated. Even if they are unchallenged, any trademark or patent applications and future trademarks and patents may not adequately protect MVMD's intellectual property, provide exclusivity for its products or processes, or prevent others from designing around any issued patent claims. Any of these outcomes could impair MVMD's ability to prevent competition from third parties, which may have an adverse impact on MVMD's business.

Unauthorized parties may also attempt to replicate or otherwise obtain and use MVMD's future products, processes and/or technology. Policing the unauthorized use of MVMD's existing or future trademarks, patents or other intellectual property rights could be difficult, expensive, time consuming and unpredictable, as may be enforcing these rights. Identifying the unauthorized use of intellectual property rights is difficult as MVMD may be unable to effectively monitor and evaluate the products being distributed by its competitors and the processes used to produce such products. In addition, in any infringement proceeding, MVMD's existing or future trademarks, patents or other intellectual property rights or other proprietary know-how may be found invalid, unenforceable, anti-competitive or not infringed or may be interpreted narrowly and such proceeding could put existing intellectual property applications at risk of not being issued.

In addition, other parties may claim that MVMD's products infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders or require the payment of damages.

MVMD expects that it will rely on certain developed or acquired trade secrets, technical know-how and proprietary information that are not protected by patents to maintain its competitive position. Such trade secrets, technical know-how and proprietary information, which are/would not be protected by patents, may become known to or be independently developed by competitors, which could adversely affect MVMD.

MVMD's success depends upon the skills, knowledge and experience of its scientific and technical personnel, consultants and advisors, as well as contractors. Because MVMD will operate in a highly competitive industry, it intends to rely in part on trade secrets to protect its proprietary products and processes; however, trade secrets are difficult to protect. MVMD enters into confidentiality or non-disclosure agreements with third parties. These agreements generally require that the receiving party

keep confidential, and not disclose to third parties, confidential information developed by the receiving party or made known to the receiving party by MVMD during the course of the receiving party's relationship with MVMD. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to MVMD will be its exclusive property, and MVMD enters into assignment agreements to perfect its rights. These confidentiality, inventions and assignment agreements, where in place, may be breached and may not effectively assign intellectual property rights to MVMD.

Risks Related to Investment in Company with International Assets

Economic and Political Risks Inherent with International Investment

Certain of MVMD's operations are or are expected to be located outside of Canada, such as Colombia. Consequently, MVMD is or will be dependent upon each such international jurisdiction's economic and political developments. As a result, MVMD's business, financial position and results of operations may be affected by the general conditions of these economies, price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting such jurisdictions, over which MVMD has no control and which could have a material adverse effect on MVMD's business, financial condition or results of operations.

MVMD intends to focus its initial operations in Colombia. The Colombian government has exercised, and continues to exercise, significant influence over the Colombian economy and frequently intervenes in the Colombian economy to control inflation and affect other policies in such areas as wage and price controls, currency devaluations, capital controls and limits on imports, among other things. Any cannabis cultivation business in which MVMD may engage and, as a result, its overall business, financial condition and results of operations may be adversely affected by changes in policy involving tariffs, exchange controls and other matters, as well as factors such as inflation, currency devaluation, exchange rates and controls, interest rates, changes in government leadership, policy, taxation and other political, economic or other developments in or affecting Colombia, including civil disturbances, regional terrorism, armed conflict and/or war. There is a risk of rebel, terrorist attacks and kidnappings against facilities and personnel involved in the cannabis cultivation operations at the Colombian properties in which MVMD has or may acquire an interest.

Operational Risks

Operations in certain jurisdictions outside of Canada, such as potentially Colombia, are subject to risk due to the potential for social, political, economic, legal and/or fiscal instability. Such instability may require MVMD to suspend operations in such jurisdictions. Although MVMD is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in such jurisdictions, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in MVMD's operations, or other matters.

Enforcement of Judgments

MVMD is incorporated under the laws of Ontario, however it is expected that certain of its assets will be located outside of Canada. As a result, investors may not be able to effect service of process within Canada upon MVMD's potential future directors or officers who reside outside of Canada or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada. As a result, shareholders may have more difficulty in

protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Inflationary Risks

Historically, Colombia has experienced double digit rates of inflation. If this continues, costs may increase substantially given respective changes in the exchange rates. In addition, this may affect MVMD's ability to raise capital. The government's response to such inflationary pressures might include monetary and fiscal policy that may have an adverse effect on MVMD.

Repatriation of Earnings from Colombia

There are currently no restrictions on the repatriation from Colombia of earnings to foreign entities. However, there can be no assurance that restrictions on repatriations of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for the purpose of payments to foreign suppliers, repayment of foreign debt, payments of dividends to foreign stockholders and other foreign expenses.

Colombian Legal System

The Colombian legal system may expose MVMD to risks such as: (a) effective legal redress in the courts, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (b) a higher degree of discretion on the part of governmental authorities; (c) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (e) relative inexperience of the judiciary and courts in such matters. The commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain in Colombia, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in Colombia cannot be assured.

Financial and Accounting Risks

Access to Capital

MVMD makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, MVMD has financed these expenditures through offerings of its equity securities or by the issuance of its securities as consideration. MVMD will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. MVMD may incur major unanticipated liabilities or expenses. MVMD can provide no assurance that it will be able to obtain financing to meet the growth needs of its operations.

Foreign Sales

MVMD's functional currency is denominated in Canadian dollars. MVMD may, in the future, have sales denominated in the currencies of countries other than Canada in which it establishes operations or distribution, such as Colombia. In addition, MVMD may incur some or a majority of its operating expenses outside of Canada. Sales outside of Canada may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact MVMD's business, financial condition and results of operations. MVMD has not previously engaged in foreign currency hedging. If MVMD decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide MVMD from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. MVMD bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the MVMD Annual Financial Statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. MVMD's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause MVMD's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of MVMD. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best of MVMD's knowledge, there were no legal proceedings as of the date of this Circular to which MVMD was a party or of which any of MVMD's property was subject that would have had a material adverse effect on the MVMD, nor are there any such legal proceedings existing or contemplated to which MVMD is a party or of which MVMD's property is subject that would have a material adverse effect on MVMD.

There have been no penalties or sanctions imposed against MVMD by a court relating to securities legislation or by a securities regulatory authority as of the date of this Circular, or any other time that would likely be considered important to a reasonable investor making an investment decision in MVMD. MVMD has not entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority as of the date of this Circular.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than transactions carried out in the ordinary course of business of MVMD or disclosed herein, none of the directors or executive officers of MVMD, any shareholder directly or indirectly beneficially owning, or exercising control or direction over, more than 10% of the outstanding MVMD Shares, nor an associate or affiliate of any of the foregoing persons has had, during the three most recently completed financial years of MVMD or during the current financial year, any material interest, direct or indirect, in any transactions that materially affected or would materially affect MVMD.

AUDITOR

The auditors of MVMD are DeVisser Gray LLP at 401-905 West Pender Street, Vancouver, BC Canada V6C 1L6.

INTERESTS OF EXPERTS

DeVisser Gray LLP, MVMD's current auditors, are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

The aforementioned firms and persons held either less than one percent or no securities of MVMD or of any associate or affiliate of MVMD when they prepared the technical reports or information referred to, or following the preparation of such reports or information.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently, or are expected to be elected, appointed or employed as, a director, officer or employee of MVMD or of any associate or affiliate of MVMD.

MATERIAL CONTRACTS

The material contracts which the Corporation has entered into since its incorporation before the date of this Circular are:

1. Share Exchange Agreement with MVM dated January 10, 2019, whereby MVMD acquired all of the issued and outstanding shares of MVM. See section entitled "*General Development of the Business of MVMD*" – "*Completed Acquisitions*" – "*Mountain Valley Medicinals*".
2. Subscription Agreement with CCJC and Share Purchase Agreements with its shareholders dated June 10, 2019, for the acquisition of an aggregate 20% interest in CCJC. See section entitled "*General Development of the Business of MVMD*" – "*Completed Acquisitions*" – "*CCJC Inc.*".
3. Subscription and Share Purchase Agreement with Sativa Nativa and its shareholders dated April 11, 2019 for the acquisition of an aggregate 25% interest in Sativa Nativa (and related documents). See section entitled "*General Development of the Business of MVMD*" – "*Completed Acquisitions*" – "*Sativa Nativa S.A.S.*".
4. Letter of Intent with Smartek and its shareholders dated July 5, 2019, with respect to the acquisition of certain intellectual property assets. See section entitled "*General Development of the Business of MVMD*" – "*Proposed Acquisitions of Assets*" – "*Smartek Assets*".
5. Letter of Intent with Colverde and its shareholders dated July 9, 2019, with respect to the acquisition of certain intellectual property assets by way of the acquisition of Colverde, a non-operating Colombian corporation. See section entitled "*General Development of the Business of MVMD*" – "*Proposed Acquisitions of Assets*" – "*Colverde Assets*".

SCHEDULE A TO APPENDIX C
MVMD FINANCIAL STATEMENTS

[See Attached]

MOUNTAIN VALLEY MD INC.

Consolidated Annual Financial Statements

(Stated in Canadian Dollars)

For the period from incorporation on October 26, 2018 to March 31, 2019

MOUNTAIN VALLEY MD INC.

March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Mountain Valley MD Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mountain Valley MD Inc., which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mountain Valley MD Inc. as at March 31, 2019 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Mountain Valley MD Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Mountain Valley MD Inc.'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 Mountain Valley MD Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Mountain Valley MD Inc.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mountain Valley MD Inc.'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 Mountain Valley MD Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Mountain Valley MD Inc. to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

A handwritten signature in cursive script that reads "De Visser Gray LLP".

Chartered Professional Accountants

Vancouver, BC, Canada
August 20, 2019

MOUNTAIN VALLEY MD INC.
Consolidated Statement of Financial Position

As at	Note	March 31 2019 \$
ASSETS		
Current		
Cash		9,086,662
GST/HST receivable		21,012
Deposit - acquisition	16	100,000
Prepaid expenses and deposits	7	73,035
Note receivable	8	817,574
Total current assets		<u>10,098,283</u>
Non-current		
Property	6, 9	<u>1,390,000</u>
		<u>1,390,000</u>
Total assets		<u>11,488,283</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	12, 17	224,337
Mortgage payable	10	310,000
Total current liabilities		<u>534,337</u>
SHAREHOLDERS' EQUITY		
Share capital	11	11,840,978
Subscriptions received	11	10,000
Deficit		<u>(897,032)</u>
Total shareholders' equity		<u>10,953,946</u>
Total liabilities and shareholders' equity		<u>11,488,283</u>

Note 2 c) – Going concern of operations
 Note 16 – Commitments and contingent liabilities
 Note 17 – Events after the reporting period

On behalf of the Company:

<u>“Evan Clifford”</u> Evan Clifford	Director	<u>“Michael Monaco”</u> Michael Monaco	Director
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The accompanying notes form an integral part of these consolidated financial statements.

MOUNTAIN VALLEY MD INC.
Consolidated Statement of Loss and Comprehensive Loss

Period ended March 31	Note	2019 \$
Expenses		
Business development and travel		132,280
Consulting fees	12	522,899
Mortgage interest	10	9,799
Office and miscellaneous		9,210
Professional fees	12	205,925
Property taxes		1,046
Rent	16	10,500
Utilities		5,373
		897,032
Net loss and comprehensive loss for the period		(897,032)
Loss per share – basic and diluted per common share		(0.01)
Weighted average shares outstanding, basic and diluted		93,720,659

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

MOUNTAIN VALLEY MD INC.
Consolidated Statement of Changes in Equity

	Note	Class A Number of shares	Class A Share capital \$	Class B Number of shares	Class B Share capital \$	Subscriptions received \$	Deficit \$	Total \$
Balance at October 26, 2018		-	-	-	-	-	-	-
Share issuances	11	70,625,200	737,501	57,861,659	9,733,332	-	-	10,470,833
Share issue costs	11	-	-	-	(156,419)	-	-	(156,419)
Shares issued for consulting services	11,12	-	-	150,000	30,000	-	-	30,000
Shares issued pursuant to Share Exchange Agreement	6, 11	-	-	54,206,148	1,496,564	-	-	1,496,564
Subscriptions received	11	-	-	-	-	10,000	-	10,000
Net loss for the period		-	-	-	-	-	(897,032)	(897,032)
Balance at March 31, 2019		70,625,200	737,501	112,217,807	11,103,477	10,000	(897,032)	10,953,946

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

MOUNTAIN VALLEY MD INC.
Consolidated Statement of Cash Flows

Period ended March 31	Note	2019 \$
Cash flows provided by (used in):		
Operating activities		
Net loss for the year		(897,032)
Adjustments for:		
Class B common shares issued for consulting services	11,12	30,000
Changes in non-cash working capital items:		
GST/HST receivable		(1,665)
Prepaid expenses and deposits		7,797
Accounts payable and accrued liabilities		165,337
Cash flows used in operating activities		(695,563)
Financing activities		
Issuance of share capital	11	10,470,833
Subscriptions received	11	10,000
Share issue costs	11	(156,419)
Cash flows provided by financing activities		10,324,414
Investing activities		
Cash acquired in acquisition transaction	6	375,385
Deposit – acquisition	16	(100,000)
Note receivable	8	(817,574)
Cash flows used in investing activities		(542,189)
Change in cash during the period		9,086,662
Cash, beginning of the period		-
Cash, end of the period		9,086,662

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

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

1. Corporate Information

Mountain Valley MD Inc. ("MVMD" or the "Company"), was incorporated under the laws of the province of Ontario on October 26, 2018. MVMD is a private corporation operating or intending to operate in the global cannabis industry in the areas of cultivation, research and development, production, manufacturing and marketing through strategic acquisitions and partnerships for the purposes of generating a market-leading global portfolio of high quality, vertically integrated, sustainable cannabis assets.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern (see note 2c).

The address of the Company's corporate office and principal place of business is 210 Adelaide Street West, Toronto, Ontario, Canada, M5H 1W7.

2. Basis of Presentation

a) Statement of compliance

These consolidated financial statements for the period ended March 31, 2019 have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

The Company adopted IFRS 9, Financial Instruments ("IFRS 9") and IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), which became effective January 1, 2018. Note 4 provides an overview of these new IFRS pronouncements.

The Company's board of directors approved the release of these consolidated financial statements on August 20, 2019.

b) Basis of measurement

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these consolidated financial statements is cost, net realizable value, fair value or recoverable amount. These consolidated financial statements, except for the statement of cash flows, are based on the accrual basis. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

c) Going concern of operations

These consolidated 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. The Company is in the start up phase, incurred a loss of \$897,032 during the period ended March 31, 2019 and, as of that date, the Company's deficit was \$897,032. The Company is dependent on its ability to raise additional debt, equity and/or to generate revenue from operations to raise sufficient cash resources to execute its business plans. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company had cash of \$9,086,662 at March 31, 2019 to meet current financial obligations of \$534,337. Management believes that the Company has sufficient working capital to maintain operations for the next 12 months.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

3. Significant Accounting Policies

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Mountain Valley Medicinals Inc. ("MVM") and 0987182 B.C. Ltd. ("0987182") 100% owned by MVM and both incorporated under the laws of the province of British Columbia.

Subsidiaries are entities that are controlled, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

b) Foreign currencies

The Company assesses functional currency on an entity by entity basis based on the related fact pattern. However, the presentation currency used in these consolidated financial statements is determined at management's discretion.

The currency of the parent company, and the presentation currency applicable to these consolidated financial statements, is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company has determined that the functional currency of its wholly-owned subsidiaries is the Canadian dollar.

c) Property

Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed using the straight-line method over the assets' estimated useful lives, less their estimated residual value. Residual value and estimated useful lives are reviewed annually. The building is not being depreciated because it is not currently in use.

d) Impairment

At each statement of financial position reporting date the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value to their present value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

3. Significant Accounting Policies (continued)

d) Impairment (continued)

recoverable amount is determined for the cash generating units to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of impairment is recognized immediately in profit or loss.

e) Share-based payment transactions

The Company's stock option plan allows directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

f) Provisions

Provisions are recognized in the consolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

g) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

h) Financial instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

3. Significant Accounting Policies (continued)

h) Financial instruments (continued)

Cash and deposits

Cash and deposits are classified as financial assets that are subsequently measured at amortized cost.

Note receivable

Note receivable is initially recorded at fair value less transaction costs and is classified as a financial asset that is subsequently measured at amortized cost, calculated using the effective interest rate method.

Trade payables

Trade payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables are classified as financial liabilities that are subsequently measured at amortized cost.

Mortgage payable

Mortgage payable is initially recorded at fair value less transaction costs and is classified as a financial liability that is subsequently measured at amortized cost, calculated using the effective interest rate method.

Impairment

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as subsequently measured at amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as subsequently measured at amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss has been recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

i) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

3. Significant Accounting Policies (continued)

i) Income taxes (continued)

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4. New Accounting Pronouncements and Recent Developments

The new IFRS pronouncements listed below became effective on January 1, 2018.

a) Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss and comprehensive loss, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedge accounting model in IFRS 9 aligns hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items are now eligible for hedge accounting, as long as the risk component can be identified and measured. The hedge accounting model includes eligibility criteria that must be met, but these criteria are based on an economic assessment of the strength of the hedging relationship.

b) Revenue from Contracts with Customers

IFRS 15 introduces a single principles-based, five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

New IFRS pronouncements that have been issued but are not yet effective at the date of these consolidated financial statements are listed below. The Company plans to apply the new standards or interpretations in the annual period for which they are first required.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

4. New Accounting Pronouncements and Recent Developments (continued)

a) Leases

The IASB issued IFRS 16, Leases (“IFRS 16”), which eliminates the classification of leases as either operating or finance leases for a lessee. IFRS 16 is effective from January 1, 2019. Under IFRS 16, all leases will be recorded on the statement of financial position. The only exemptions to this will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases on the statement of financial position under IFRS 16 will increase “right-of-use” assets and lease liabilities on an entity’s financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for right-of-use assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about right-of-use assets and expenses and cash flows related to leases, (b) a maturity analysis of lease liabilities and (c) any additional company-specific information that is relevant to satisfying the disclosure objective.

The Company will apply IFRS 16 as at April 1, 2019.

b) Conceptual Framework

In March 2018, the IASB issued a comprehensive set of concepts for financial reporting, the revised Conceptual Framework for Financial Reporting (“revised Conceptual Framework”), replacing the previous version of the Conceptual Framework issued in 2010. The purpose of the revised Conceptual Framework is to assist preparers of financial reports to develop consistent accounting policies for transactions or other events when no IFRS applies or IFRS allows a choice of accounting policies and to assist all parties to understand and interpret IFRS.

The revised Conceptual Framework sets out the objective of general purpose financial reporting; the qualitative characteristics of useful financial information; a description of the reporting entity and its boundary; definitions of an asset, a liability, equity, income and expenses and guidance on when to derecognize them; measurement bases and guidance on when to use them; concepts and guidance on presentation and disclosure; and concepts relating to capital and capital maintenance. The revised Conceptual Framework provides concepts and guidance that underpin the decisions the IASB makes when developing standards but is not in itself an IFRS standard and does not override any IFRS standard or any requirement of an IFRS standard. The revised Conceptual Framework is applicable to annual periods beginning on or after January 1, 2020 for preparers who develop an accounting policy based on the Conceptual Framework.

5. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies and significant estimates and assumptions made are as follows:

Critical Judgments

Going concern of operations

Management has made the determination that the Company will continue as a going concern for the next year.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

5. Critical Accounting Judgements, Estimates and Assumptions (continued)*Assessment of impairment indicators*

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required. The information considered in assessing whether there is an indicator of impairment or impairment reversal includes, but is not limited to, market transactions for similar assets, commodity prices, interest rates, inflation rates, the Company's market capitalization and operating results.

6. Share Exchange Agreement

On January 10, 2019, the Company entered into a share exchange agreement (the "SEA") with Mountain Valley Medicinals Inc. ("MVM"), a private company incorporated under the laws of the province of British Columbia, and the shareholders of MVM to purchase all of the issued and outstanding common shares of MVM from the MVM shareholders in exchange for 54,206,148 Class B common shares of MVMD valued at \$1,496,564.

The Company has recorded the acquisition of MVM as an asset acquisition as follows:

Purchase price consideration:	
Class B common shares issued	\$ 1,496,564
Assets acquired and liabilities assumed:	
Cash	375,385
GST/HST receivable	19,347
Prepaid expenses and deposits	80,832
Building	1,390,000
Accounts payable and accrued liabilities	(59,000)
Mortgage payable	(310,000)
	<u>1,496,564</u>

MVM's subsidiary submitted an application to Health Canada in June 2014 to become a licensed producer under the Marijuana for Medical Purposes Regulations ("MMPR"). The application is under review and has not been approved.

Pursuant to the SEA, the Company proceeded with a private placement offering and sale of units to raise gross proceeds of not less than \$5,000,000 and up to \$7,000,000 or such other minimum and maximum amount(s) as may be determined by the Company in its sole discretion (subsequently increased to a target maximum of \$10,000,000) at a purchase price of \$0.20 per unit or as otherwise determined by the Company. Each unit consists of one Class B common share of the Company and one half of one purchase warrant (subsequently changed to one purchase warrant), with each full warrant entitling the holder to acquire one Class B common share of the Company at an exercise price of \$0.35 per share (see notes 11 and 17).

7. Prepaid Expenses and Deposits

At March 31, 2019, prepaid expenses and deposits are made up of the following amounts:

	March 31, 2019
	\$
Prepaid expenses	38,390
Deposits	<u>34,645</u>
	<u>73,035</u>

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

8. Note Receivable

During the period ended March 31, 2019, MVMD executed a term sheet with a private corporation (“US Privco”) that is funding an application with the U.S. Drug Enforcement Administration (“DEA”) to become registered under the Controlled Substances Act to manufacture and supply marijuana for medical research in the United States. That parties agreed that MVMD would purchase a 10% equity interest valued at USD600,000 by way of private placement of that number of shares of common stock and to purchase an additional 10% of the common stock from US Privco’s shareholders directly in consideration for 5,000,000 Class B common shares of MVMD, such that on closing, MVMD would have a 20% equity interest in US Privco. The term sheet also contemplates the grant of an option to purchase an additional 40% equity interest in US Privco (the “Option”), bringing the total equity interest to 60%, for an additional payment of USD2,000,000 plus the issuance of 8,000,000 Class “B” common shares of MVMD.

MVMD advanced USD600,000 (\$817,574 as at March 31, 2019) to US Privco in return for a promissory note, contemplating the repayment of the principal balance by way of issuance of common shares of Privco to MVMD representing the first 10% equity interest described above. This advance bears interest at the rate equal to the applicable federal rate prescribed by the Internal Revenue Code section 1274 on December 20, 2018 and matures on March 31, 2019. MVMD has the right to request a security interest in and to any and all of US Privco’s assets.

The foregoing transaction was completed on June 10, 2019 (see note 17).

On December 28, 2018, a shareholder of US Privco became the CFO of MVMD (see note 12).

9. Property

	Building \$	Total \$
Cost		
Additions during the period (note 6)	1,390,000	1,390,000
At March 31, 2019	<u>1,390,000</u>	<u>1,390,000</u>
Accumulated amortization and impairment		
Additions during the period		
Depreciation expense	-	-
Impairment provision	-	-
At March 31, 2019	<u>-</u>	<u>-</u>
Net book value		
At March 31, 2019	<u>1,390,000</u>	<u>1,390,000</u>

The building is not being depreciated because it is not currently in use.

10. Mortgage Payable

On January 27, 2015, 0987182 entered into a first mortgage for the principal amount of \$310,000 with Cambridge Mortgage Investment Corporation (“CMIC”) on a building located in Qualicum Beach, British Columbia. The mortgage, renewed on February 1, 2019 (and February 1, 2017), bears interest at 8.95% (8.49%), has interest-only monthly payments of \$2,312 (\$2,193), can be prepaid without penalty and matures on August 1, 2019 (see note 17). An assignment of rents has been given to CMIC by way of additional and collateral security.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

11. Share Capital

a) Share Capital

Authorized:

The Company has authorized share capital of:

- Unlimited Class A voting common shares without par value.
- Unlimited Class B non-voting common shares without par value.

The Company may, from time to time and in the absolute discretion of the directors, pay dividends on the Class A common shares or Class B common shares, or any of them, in such amount and at such time and place as the directors may determine.

In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Company or other distribution of property of the Company among shareholders for the purpose of winding-up its affairs, the holders of Class A common shares and Class B common Shares are entitled to receive the remaining property of the Company equally. If the Company is not a reporting issuer or an investment fund within the meaning of applicable securities legislation, then no securities (other than non-convertible debt securities) can be transferred without either:

- the previous consent of the board of directors; or
- the previous consent of the holders of at least 51% of the securities of the specified class being outstanding.

Issued

The Company has issued share capital of:

- 70,625,200 Class A common shares.
- 112,217,807 Class B common shares.

Share Issuance

On October 26, 2018, the Company issued 200 Class A common shares as seed shares at \$0.005 per share for gross proceeds of \$1.

On December 7, 2018, the Company issued 45,000,000 Class A common shares at \$0.005 per share for gross proceeds of \$225,000.

On December 21, 2018, the Company issued 25,625,000 Class A common shares at \$0.02 per share for gross proceeds of \$512,500.

On January 9, 2019, the Company issued 12,260,000 Class B common shares at \$0.05 per share for gross proceeds of \$613,000.

On January 10, 2019, the Company issued 54,206,148 Class B common shares pursuant to the SEA with MVM (see note 6). These shares were ascribed a fair value of \$1,496,564.

On February 28, 2019, the Company issued 150,000 Class B common shares pursuant to a consulting agreement for marketing and business development services. These shares were ascribed a fair value of \$30,000.

In February and March 2019, the Company issued a total of 45,601,659 Class B common shares at \$0.20 per share for gross proceeds of \$9,120,332. In connection with these share issuances, the Company paid cash share issue costs of \$156,419 (see notes 6 and 12).

As at March 31, 2019, the Company had received \$10,000 related to an offering of Class B common shares at \$0.20 per share. These shares were issued subsequent to year-end (see notes 6 and 17).

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

11. Share Capital (continued)

b) Stock Options

In January 2019, pursuant to its stock option plan, the Company granted 8,288,500 stock options to officers, directors and consultants of the Company to purchase up to 8,288,500 Class A common shares of the Company at an exercise price of \$0.05. The options vest and become exercisable as at the date upon which the Company becomes listed for trading on any nationally recognized stock exchange in Canada. The options expire five years following the vesting date.

c) Warrants

A summary of warrant activity during the period ended March 31, 2019 is as follows:

	Outstanding Warrants	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price \$
October 26, 2018 Issued	-	-	-
	45,601,659	1.91	0.35
March 31, 2019	45,601,659	1.91	0.35

The Company's outstanding warrants as at March 31, 2019 were as follows:

Expiry Date	Number	Warrants	
		Weighted Average Remaining Life (Years)	Weighted Average Exercise Price \$
February 21, 2021	38,388,910	1.60	0.35
March 8, 2021	4,114,537	0.18	0.35
March 18, 2021	3,098,212	0.13	0.35
	45,601,659	1.91	0.35

See note 6.

12. Related Party Transactions

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Period ended March 31	2019 \$
Short-term benefits (1)	163,670
Share issue costs (2)	44,750
	207,420

(1) Comprised of \$5,650 in accounting fees paid to a company controlled by the financial controller of the Company and \$157,520 in consulting fees paid to a company controlled by the president of MVM.

(2) Paid to a company controlled by the president of MVM.

The fees charged by the related parties are in the normal course of operations and are measured at the exchange amount which is amount of consideration established and agreed to by the related parties.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

12. Related Party Transactions (continued)

Included in accounts payable and accrued liabilities as at March 31, 2019, was \$82,938 owing to related parties. The payment terms are similar to the payment terms of non-related party trade payables.

On August 13, 2018, MVM entered into a consultant agreement with a company controlled by an insider of the company for consulting services. Pursuant to the agreement:

- consulting services include providing onsite general assistance and advice on all aspects needed by the company for all construction related matters of its ACMPR cannabis business and providing assistance in related matters on as-required basis;
- the consultant will receive compensation of \$4,850 per month inclusive of applicable taxes; and
- the agreement will continue on a month-by-month basis unless otherwise cancelled upon five days' notice by either party or the parties agree to enter into an employment agreement.

On December 28, 2018, MVMD entered into a consulting agreement for CFO services with a company controlled by a shareholder of US Privco (see note 8) for his consulting services. Pursuant to the agreement (which was executed subsequent to the term sheet and promissory note described in note 8):

- the consultant will act in the capacity of CFO to provide financial, management and administration services on an as-required basis;
- the consultant will receive the following compensation:
 - in and for any part of the period from December 28th and concluding on the earlier of: (i) December 27, 2019 and (ii) the date upon which MVMD's shares begin trading on a recognized stock exchange in Canada (the "initial term"), MVMD will pay the consultant by way of grant of 1,000,000 stock options (*issued in January 2019*) exercisable for a period of five years at \$0.05 and which vest 100% upon the last day of the initial term (see note 11);
 - thereafter, in and for any part of each contract year in which services are provided, the number of options approved by the board of directors of MVMD or payment in any other form and manner as agreed between the consultant and MVMD; and
- the agreement will continue until either party gives 30 days written notice of termination.

13. Capital Disclosures

The Company manages its cash, common shares, warrants and share purchase options as capital (see note 11). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company expects its current capital resources will be sufficient to carry out its planned operations in the near term.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

14. Risk Management

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, interest rate risk and market risk.

a) Credit risk

Credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. Credit risk arises from cash, deposits and note receivable. While the Company is exposed to credit losses due to the non-performance of its counterparties, management does not consider this to be a material risk.

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 risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. As at March 31, 2019, the Company had cash of \$9,086,662 to meet current financial liabilities of \$534,337.

Trade accounts payable and accrued liabilities are due within the current operating period.

c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company's note receivable is denominated in USD (see note 8).

d) Fair value of financial instruments

The fair value of the Company's financial assets and liabilities approximate the carrying amount due to their short term nature and capacity for prompt liquidation.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at March 31, 2019, the Company did not have any financial assets and liabilities which are measured at fair value. There were no transfers between Level 1, 2 or 3 during the period ended March 31, 2019.

15. Income Taxes

a) Provision for current tax

No provision has been made for current income taxes, as the Company has no taxable income.

b) Provision for deferred tax

As at March 31, 2019, the Company has unused non-capital loss carry forwards of approximately \$928,000 expiring in 2039 available for deduction against future years' taxable income. As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

15. Income Taxes (continued)

b) Provision for deferred tax (continued)

The provision for income taxes differs from the amount that would have resulted by applying combined federal and provincial statutory rates of 27.00% to the Company's loss before income taxes. A reconciliation of income taxes at statutory rates is as follows:

	2019 \$
Net loss for the period before tax recovery	(897,032)
Expected income tax recovery	(242,199)
Net adjustment for deductible and non-deductible amounts	(42,233)
Unrecognized benefit on non-capital losses	284,432
Total income tax	-

The Company's deductible temporary differences and unused tax losses consist of the following amounts:

	2019 \$
Non-capital loss carry-forwards	928,000
Share issuance costs	125,136
	1,053,136

16. Commitments and Contingent Liabilities

On May 31, 2018, MVM entered into an independent contractor agreement with a private company in the business of construction and general contracting to act as project manager and provide general contracting services for the purposes of renovating and/or building a licensed marijuana manufacturing facility. Pursuant to the agreement:

- the project manager will receive a fee calculated as a percentage based on the actual cost of all elements necessarily incurred to construct and/or renovate the project including, but not limited to, all contracts secured for MVM, materials, equipment (including installation) and all costs related to the specified scope of services (collectively the "costs") as follows – 10% on the first \$5,000,000 of costs, 7% on the next \$5,000,000 of costs and 5% on any costs over \$10,000,000;
- fees paid to the project manager will be 75% in the form of cash consideration and 25% in the form of equity consideration in MVM in a manner that is mutually agreed to. Equity consideration will be valued at a price of \$0.20 per common share of MVM;
- the agreement will continue on a phase-to-phase or project-to-project basis unless earlier terminated; and
- the agreement may be terminated by either party without cause upon 30 days' notice to the other party and immediately by either party for cause.

Effective September 28, 2018, MVM entered into a sublease agreement as the subtenant for office premises in Toronto, Ontario for a period of one year commencing on November 1, 2018 and terminating on October 31, 2019, with the option to renew the lease for an additional period of one year under the same terms and conditions, except as for the further right of renewal. Gross rent was payable in one instalment of \$60,000 plus H.S.T. 30% of the premises is being used by another individual who paid 30% of the instalment and is paying 30% of the lease payments directly.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

16. Commitments and Contingent Liabilities (continued)

On December 22, 2018, MVMD entered into a binding letter of intent (the "LOI") with a private company in Colombia ("Colombian Privco"), dedicated to the cultivation of medical cannabis, and one of its shareholders, a biopharmaceutical company focused on innovative product development and advanced clinical research in the medical cannabis industry, to summarize the principal terms of a proposed transaction pursuant to which MVMD, directly or through a wholly-owned subsidiary, proposes to subscribe for a 10% interest in Colombian Privco and to acquire, directly or through a wholly-owned subsidiary, an additional 15% of the then issued and outstanding shares of Colombian Privco from the shareholder. Upon execution and delivery of a definitive agreement, or multiple agreements in lieu, the LOI will be superseded. Pursuant to the LOI:

- the subscription price for the shares of Colombian Privco will be \$2,800,000 in cash payable on execution of the definitive agreement;
- the purchase price for the additional 15% interest will be \$4,200,000 payable as follows:
 - \$2,000,000 in cash; and
 - \$2,200,000 in shares of MVMD at a deemed price of \$0.20 per share; and
- a \$100,000 deposit will be paid by MVMD (*paid*); and
- Colombian Privco and MVMD will enter into a proposed supply agreement or, prior to entering into a supply agreement, a right of first refusal pursuant to which MVMD will be entitled to contract with Colombian Privco for all products produced by Colombian Privco at an agreed upon pricing formula and that contains a term that grants MVMD a right of first refusal to export product to Australia and the United States.

See note 17.

17. Events After the Reporting Period

On April 4, 2019, MVMD entered into a subscription and share purchase agreement (the "SSPA") with Colombian Privco. Pursuant to the SSPA:

- MVMD subscribed for 17,892,248 common shares (representing 10% post subscription) of Colombian Privco (*issued to MVMD (Colombia) Inc. on April 11th*) for an aggregate subscription price of \$2,800,000 (*paid on April 11th*);
- MVMD agreed to purchase an additional 26,838,372 common shares of Colombian Privco (representing 15% post subscription) from existing shareholders of Colombian Privco (*transferred to MVMD (Colombia) Inc. on April 11th*) for an aggregate purchase price of \$4,200,000 payable as follows:
 - a cash payment of \$2,000,000 (*paid on April 11th*); and
 - \$2,200,000 in common shares of the Company at a deemed price equal to \$0.20 per share (*11,000,000 Class B common shares issued on April 11th*);
- the \$100,000 deposit paid by MVMD pursuant to the LOI (see note 16) will be returned to MVMD (*received on April 4th*); and
- MVMD is granted a right of first refusal to enter into a supply agreement for export of product to Australia and the United States; and
- for a period of one year, Colombian Privco is granted a right of first refusal to enter into an agreement with MVMD for the export of product to any territory in the world, excluding Canada and any countries where export of the product is not prevented by applicable laws.

On April 11, 2019, the Company paid \$2,000,000 and issued 11,000,000 Class B common shares pursuant to the SSPA with Colombian Privco.

On April 11, 2019, the Company incorporated MVMD (Colombia) Inc. under the laws of the province of Ontario and pursuant to Colombian Privco's shareholders agreement dated August 18, 2017, MVMD (Colombia) Inc. entered into a joinder agreement as a joining shareholder of Colombian Privco.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

17. Events After the Reporting Period (continued)

On May 9, 2019, MVMD entered into a subscription letter with a company in the United Kingdom ("UK Privco") that is an established, fully integrated European-based medical cannabis company. Pursuant to the subscription letter, MVMD applied for 700,000 ordinary shares of UK Privco (received on June 18th) for a subscription price of £105,000 (\$184,958) (paid on May 13th).

On May 13, 2019, the Company paid \$184,958 pursuant to the subscription letter with UK Privco.

On June 5, 2019, the Company issued 4,302,500 Class B common shares at \$0.20 per share for gross proceeds of \$860,500 and 4,302,500 Class B common share purchase warrants. The warrants are exercisable at \$0.35 per Class B common share and expire two years from the grant date subject to acceleration provisions. \$10,000 of this amount was included in subscriptions received as at March 31, 2019 (see notes 6 and 11).

On June 10, 2019, MVMD entered into a consulting agreement for president and CEO services with a company controlled by the consultant for his consulting services. Pursuant to the agreement:

- the consultant will act in the capacity of president and CEO to provide those services ordinarily required by a private corporation which intends to become a reporting issuer and publicly traded corporation;
- the consultant will receive the following compensation:
 - in and for any part of the period from June 10th and concluding on August 30, 2019 (the "initial term"), MVMD will pay the consultant \$40,000 for the period from June 10th to June 30th and \$57,500 for each of July and August, payable by the issuance of an aggregate of 775,000 Class B Common shares of MVMD at a valued price of \$0.20 per share on or about the termination date of the initial term; and
 - thereafter, in and for any part of each contract year in which the services are provided, such compensation as approved by the board of directors and as agreed between the consultant and MVMD; and
- the agreement will continue until either party gives the other 60 days written notice of termination.

This agreement supersedes the marketing and business development consulting agreement with the consultant entered into on February 1, 2019.

On June 10, 2019, MVMD entered into a Subscription Agreement with US Privco and acquired 1,333,333 common shares of US Privco, representing 10% of the issued and outstanding shares of US Privco, by way of conversion of a promissory note in the amount of USD600,000 (see note 8).

Also on June 10, 2019, MVMD entered into share purchase agreements with the sole shareholders of US Privco and acquired an additional 1,333,334 common shares of US Privco, representing a second 10% of the issued and outstanding shares of US Privco, by the issuance of 5,000,000 Class B common shares (see note 8). The terms of an option to acquire an additional 40% equity interest in US Privco for an additional payment of USD2,000,000 plus the issuance of 8,000,000 Class "B" common shares of MVMD are to be negotiated in good faith by MVMD and the shareholders of US Privco.

On June 28, 2019, MVMD entered into an amalgamation agreement with Meadow Bay Gold Corporation ("MBGC"), a reporting issuer in the provinces of British Columbia, Alberta and Ontario, and a wholly-owned Ontario subsidiary of MBGC ("Subco") to effect the combination of their respective businesses and assets by way of a "three-cornered amalgamation" between MBGC, MVMD and Subco to form a new corporation ("Amalco") in accordance with the provisions of the Business Corporations Act (Ontario) (the "OCA"). Pursuant to the amalgamation agreement:

- MBGC will consolidate its issued and outstanding common shares on a 8 pre-consolidation common shares for 1 post-consolidation share basis;

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

17. Events After the Reporting Period (continued)

- MVMD will subscribe for 350 MBGC convertible debenture units (*subscribed for on July 11th and \$325,500 paid*) upon MBGC's satisfaction of the MBGC financing conditions (being a detailed description of the use of proceeds) subject to the MBGC financing fee. Each unit is comprised of one MBGC convertible debenture in the principal amount of \$1,000 bearing interest at 10% per annum to be accrued and having a maturity date of four years and 1,000 MBGC convertible debenture warrants with each warrant being exercisable for a period of five years from the date of issuance at a pre-consolidation exercise price of \$0.06. Each unit is convertible into one pre-consolidation common share and one warrant of MBGC with each warrant being convertible into one pre-consolidation common share of MBGC for a period of five years from the date of issuance at a pre-consolidation exercise price of \$0.06;
- MBGC may proceed with a potential private placement offering of up to an additional 150 MBGC convertible debenture units to raise additional gross proceeds of up to a maximum of \$150,000 with MVMD having a right of first refusal;
- MVMD will complete a private placement; and
- if MVMD terminates the amalgamation agreement because of an uncured breach by MBGC and MBGC consummates an acquisition transaction within one year of the date of termination, MBGC will pay a \$500,000 break fee to MVMD.

Completion is subject to all required consents, orders and approvals, including, without limitation regulatory approvals required, necessary or desirable for the completion of the proposed transactions.

On the effective date of the amalgamation:

- Subco and MVMD will amalgamate to form Amalco and will continue on as one corporation under the OBCA;
- every MVMD Class A and Class B common share prior to the amalgamation will receive one post-consolidation MBGC share;
- every Subco share prior to the amalgamation will receive one Amalco share; and
- the name of Amalco will be Mountain Valley MD Inc. or such other name as otherwise agreed to.

On July 3, 2019, the Company issued 773,000 Class B common shares pursuant to shares-for-services agreements. Of this amount, 360,000 shares were in respect of \$72,000 included in accounts payable and accrued liabilities as at March 31, 2019.

On July 5, 2019, MVMD entered into a binding letter of intent ("LOI 1") with a private company operating in the state of New Jersey ("NJ Privco"), in the business of developing, manufacturing and licensing desiccated liposomes, and its shareholders. Pursuant to LOI 1 and subject to a due diligence review:

- the parties will negotiate one or more binding, definitive agreements anticipated to include an asset purchase agreement, one or more intellectual property assignment agreements and a consulting agreement which will result in the acquisition by MVMD, either directly or indirectly through a subsidiary, of the specified patents, inventions, trademarks, supply agreements and any/all related intellectual property (the "Privco Assets"), with the closing date being on or before September 30, 2019 or such later date as may be agreed upon;
- the principal terms of the proposed transaction are to be substantially as follows:
 - on the closing date, the Privco Assets will be sold, transferred and assigned to MVMD or a subsidiary of MVMD;

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

17. Events After the Reporting Period (continued)

- compensation will be comprised of an aggregate of:
 - an aggregate cash payment of \$1,000,000;
 - 25,000,000 Class B common shares of MVMD; and
 - 10,000,000 warrants to acquire the same number of Class B common shares of MVMD with, subject to certain specified terms and conditions, each warrant being exercisable for a period of five years at an exercise price of \$0.60 per share subject to forced exercise in the event that MVMD becomes a publicly traded company and its common shares trade on a nationally recognized exchange at \$1 or higher for a period of five trading days, following notice of which they will expire if not exercised within 30 days
- compensation will be paid as follows and subject to the following:
 - an initial payment of \$100,000 (*paid on July 11th*) comprised of specified third party expenses to be determined and a deposit;
 - an amount equal to \$500,000 less the deposit and 10,000,000 Class B common shares on the closing date;
 - \$250,000 and 5,000,000 Class B common shares following the completion of the specified agreement and its assignment to MVMD or a subsidiary of MVMD and thereafter upon receipt of combined licensing fees and royalties in connection therewith equal to a minimum value of USD200,000;
 - \$250,000 and 5,000,000 Class B common shares following the completion of the second specified agreement and its assignment to MVMD or a subsidiary of MVMD and thereafter upon receipt of orders equal to a minimum value of USD200,000;
 - 2,500,000 Class B common shares upon the achievement of production and sales of the specified product resulting in a minimum net profit of \$50,000;
 - 2,500,000 Class B common shares upon the achievement of production and sales of the second specified product resulting in a minimum net profit of \$50,000; and
 - 10,000,000 warrants upon receipt by MVMD or a subsidiary of MVMD of a minimum of USD2,000,000 in gross revenues arising from the NJ Privco Assets;
- MVMD or a subsidiary of MVMD will engage a NJ Privco shareholder for a period of two years, unless earlier terminated in accordance with the terms of the applicable agreement, in the anticipated capacity of Chief Science Officer on terms to be determined and agreed upon for consideration of \$10,000 per month payable following the completion of an additional license and supply agreement with a minimum value of \$75,000;
- in the event that the transaction does not complete, the initial payment of \$100,000 will immediately be deemed to be a loan from MVMD secured against the assets of the NJ Privco parties, repayable within 30 days or such longer period as may be agreed upon and bearing interest at 10% per annum; and
- LOI 1 will terminate on the following date:
 - automatically upon execution of the agreements;
 - if the agreements are not executed, on or before the end of the exclusivity period of three months or such later date as may be agreed upon; and
 - by MVMD giving notice, prior to the end of the exclusivity period, that it has determined that as a result of its due diligence review it is not prepared to complete the transaction.

MOUNTAIN VALLEY MD INC.

Notes to the Consolidated Financial Statements

For the period from incorporation on October 26, 2018 to March 31, 2019

17. Events After the Reporting Period (continued)

On July 9, 2019, MVMD entered into a non-binding letter of intent ("LOI 2") with a private company in Colombia ("Colombian Privco 2") operating in the cannabis industry. Pursuant to LOI 2 and subject to a due diligence review:

- MVMD will acquire 100% of the shares of Colombian Privco 2 for a purchase price of \$2,080,000 anticipated to be payable as follows:
 - a \$130,000 refundable deposit (*paid on July 16th*); and
 - \$1,950,000 in Class B common shares of MVMD at a deemed price equal to \$0.20 per share, being 9,750,000 shares;
- the parties will negotiate a binding, definitive agreement containing the terms and conditions of the transaction with the closing date being set at 45 days from the date of the definitive agreement;
- in the event that MVMD terminates LOI 2 as a result of a delay, act and/or omission on its part, the deposit will be forfeited or in the event that LOI 2 is terminated as a result of an event outside of the control of the parties, MVMD will receive \$25,000 to cover its costs; and
- LOI 2 will automatically terminate, unless otherwise mutually agreed, upon the earlier of:
 - execution of the definitive agreement;
 - mutual agreement;
 - the end of the exclusivity period of 45 days in the event that the transaction does not complete; or
 - at any time by notice given by MVMD that, as a result of its due diligence review, it does not want to proceed with the transaction.

On July 11, 2019, MVMD subscribed for a convertible debenture of MBGC in the principal amount of \$350,000 (*\$350,000 paid*) including 350,000 warrants pursuant to the amalgamation agreement with MBGC. The debenture bears interest at 10% per annum which accrues and is payable on the earlier of the conversion date or maturity, matures on July 11, 2023, is secured by a general security agreement, is convertible at the option of MVMD in \$10,000 increments or multiples thereof and is redeemable in certain circumstances by MBGC.

On July 11, 2019, the Company paid \$100,000 pursuant to LOI 1 with NJ Privco.

On July 16, 2019, the Company paid \$130,000 pursuant to LOI 2 with Colombian Privco 2.

On August 1, 2019, 0987182 renewed the mortgage for a term of six months. The mortgage bears interest at 9.49%, has interest-only monthly payments of \$2,452, can be prepaid without penalty and matures on February 1, 2020 (see note 10).

In July and August 2019, the Company received subscriptions totaling \$55,000 relating to an offering of units at \$0.40 per unit, each unit consisting of one Class "B" common share and one half of one share purchase warrant, each warrant exercisable at \$0.60 per Class B common share for 2 years from the issuance date, subject to acceleration provisions.

SCHEDULE B TO APPENDIX C

MVMD MD&A

[See Attached]

MOUNTAIN VALLEY MD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

FOR THE PERIOD FROM

INCORPORATION ON OCTOBER 26, 2018

TO

MARCH 31, 2019

MOUNTAIN VALLEY MD INC.

Management's Discussion and Analysis

For the Period from Incorporation on October 26, 2018 to March 31, 2019

Notice to Reader

The following is management's discussion and analysis in respect of the results of the consolidated operations and financial position of MOUNTAIN VALLEY MD INC. (the "Company" or "MVMD") for the period from incorporation on October 26, 2018 to March 31, 2019 and should be read in conjunction with the Company's audited consolidated financial statements for the same period. The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), and presented in Canadian dollars, which is the Company's functional currency. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

The information presented in this Management's Discussion and Analysis ("MD&A") contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements" or "forward-looking information" (collectively "forward-looking statements") for purposes of applicable securities laws.

These forward-looking statements also include, but are not limited to, factors that may affect our ability to achieve our objectives. Such forward-looking statements, including but not limited to those with respect to the Company's future operating and financial results, the Company's competitive and business strategies, the sufficiency of the Company's working capital and its ability to raise future capital, the further development of the Company's business with respect to the acquisition of licences and other assets, competitive conditions of the cannabis industry, changes in the regulatory environment relating to medical and recreational cannabis within Canada and internationally, expansion into international markets and other factors and events described in this MD&A involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The reader should verify all claims and do their own due diligence before investing in any securities mentioned or implied in this document. Investing in securities is speculative and carries a high degree of risk.

These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and we do not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

Date of Report

The information in this report is presented as of August 20, 2019.

MOUNTAIN VALLEY MD INC.

Management's Discussion and Analysis

For the Period from Incorporation on October 26, 2018 to March 31, 2019

CORPORATE INFORMATION

Mountain Valley MD Inc. ("MVMD" or the "Company"), was incorporated under the laws of the province of Ontario on October 26, 2018. MVMD is a private corporation operating or intending to operate in the global cannabis industry in the areas of cultivation, research and development, production, manufacturing and marketing through strategic acquisitions and partnerships for the purposes of generating a market-leading global portfolio of high quality, vertically integrated, sustainable cannabis assets.

As at the date of this Management's Discussion and Analysis ("MD&A"), MVMD has two wholly owned subsidiaries, Mountain Valley Medicinals Inc. ("MVM"), a company incorporated under the laws of the province of British Columbia on March 7, 2018, and MVMD (Colombia) Inc. ("MVMDC"), a corporation incorporated under the laws of the province of Ontario on April 11, 2019. MVM has a wholly owned subsidiary, 0987182 B.C. Ltd. ("098") (formerly Pura Vida Medical Marijuana Incorporation), a company formed under the laws of the Province of British Columbia.

The address of the Company's corporate office and principal place of business is 210 Adelaide Street West, Toronto, Ontario, Canada, M5H 1W7.

BUSINESS OVERVIEW

MVMD holds innovative investments in the global cannabis sector focused on developing and optimizing the world's leading medicinal cannabis ecosystem. MVMD'S focus is on the areas of research and development, manufacturing and marketing through strategic acquisitions and partnerships, for the purposes of generating a market-leading portfolio of high quality, vertically-integrated, sustainable cannabis assets.

The Company does not yet have revenues but, since incorporation, MVMD has been making acquisitions, forming agreements and generally taking steps to develop its business with a global view on four main growth pillars: 1) cultivation; 2) processing sciences; 3) delivery sciences; and 4) distribution. MVMD intends to continue its business development efforts across these 4 main growth pillars, focusing initially primarily on Colombia and Canada.

Acquisitions:

On January 10, 2019, MVMD completed its first acquisition. MVMD acquired 100% of MVM's issued and outstanding shares by way of share exchange, entering into a share exchange agreement (the "SEA") with MVM and its shareholders. MVMD issued 54,206,148 Class "B" common shares to the shareholders of MVM on a 1:1 basis. At the time the terms of the SEA were negotiated, an officer and director of MVM was also a director and officer of MVMD.

MVM was formed for the purpose of acquiring 098. 098 was formed for the purpose of making an application to Health Canada to produce and sell high-quality strains of medical grade cannabis. The application was made on or about June 27, 2014 and remained under review during the time of the acquisition by MVMD of MVM.

MOUNTAIN VALLEY MD INC.

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See section entitled "Discussion of Operations" for additional detail about the current status of the 098's application.

On January 2, 2019, MVMD entered into a binding letter of intent with Avicanna Inc. ("Avicanna"). Pursuant to the letter of intent, MVMD had agreed to: (i) subscribe for newly issued shares of Sativa Nativa, a corporation formed under the laws of Colombia, of which Avicanna is the majority shareholder, equal to 10% of the then total issued and outstanding shares of Sativa Nativa, for \$2,800,000 in cash; and (ii) MVMD would acquire an additional 15% of the then total issued and outstanding shares of Sativa Nativa from shareholders of Avicanna for \$2,000,000 in cash and \$2,200,000 worth of MVMD Class B common shares.

See the section entitled "Subsequent Events" for details regarding the completion of the foregoing transaction.

On December 20, 2018, MVMD issued a loan equal to USD \$600,000 (the "CCJC Loan") to CCJC Inc. ("CCJC"), a private Nevada corporation, and, on the same date, entered into a term sheet with CCJC (the "CCJC Term Sheet"), the intention of the parties being that the CCJC Loan be converted into equity in CCJC pursuant to the CCJC Term Sheet. CCJC is the majority shareholder (90%) of a US private corporation (the "Applicant") who has made an application (the "DEA Application") with the U.S. Drug Enforcement Administration ("DEA") to become registered under the Controlled Substances Act (United States) to manufacture marijuana to supply to researchers in the United States (the "DEA Licence"). Pursuant to the terms of the CCJC Term Sheet, MVMD would acquire newly issued shares from CCJC representing 10% of the issued and outstanding shares of CCJC (following issuance) in consideration for USD \$600,000, to be paid by way of conversion of the CCJC Loan. MVMD would acquire an additional 10% from the existing shareholders of CCJC by way of share purchase, in consideration for the issuance of 5,000,000 Class "B" common shares. Further, MVMD would acquire the right to purchase an additional 40% of the issued and outstanding shares for an additional payment of USD \$2,000,000 together with the issuance of 8,000,000 Class "B" common shares.

See the section entitled "Subsequent Events" for details regarding the completion of the foregoing transaction as well as for additional proposed transactions.

Reverse Takeover/Amalgamation:

See the section entitled "Subsequent Events" for the details regarding the Amalgamation Agreement dated June 28, 2019, entered into by MVMD with Meadow Bay Gold Corporation ("MBGC"), which, if completed, would result in the Company becoming a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.

Financings:

See the section entitled "Liquidity and Capital Resources" for the details regarding financings completed by the Company during the period from incorporation on October 26, 2018 to March 31, 2019, to facilitate the Company's business development initiatives.

MOUNTAIN VALLEY MD INC.

Management's Discussion and Analysis

For the Period from Incorporation on October 26, 2018 to March 31, 2019

SELECTED ANNUAL INFORMATION

The following is the selected annual information for the Company for the period from incorporation on October 26, 2018 to March 31, 2019.

Year	Total Sales ⁽¹⁾ (\$)	Profit (Loss) continuing operations in Total ⁽²⁾ (\$)	Profit (Loss) continuing operations Undiluted ⁽³⁾ (\$)	Profit (Loss) in Total ⁽⁴⁾ (\$)	Profit (Loss) Undiluted ⁽⁵⁾ (\$)	Profit (Loss) Diluted ⁽⁶⁾ (\$)	Total Assets (\$)	Total Non-Current Financial Liabilities (\$) ⁽⁷⁾	Dividends Per Share ⁽⁸⁾ (\$)
2019	Nil	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	11,488,283	Nil	Nil

1) Total sales from continuing operations.

2) Profit (Loss) from continuing operations attributable to owners of the parent on a per-share, undiluted basis.

3) Profit (Loss) from continuing operations attributable to owners of the parent on a per-share, diluted basis.

4) Profit (Loss) attributable to owners of the parent, in total.

5) Profit (Loss) attributable to owners of the parent on a per-share, undiluted basis.

6) Profit (Loss) attributable to owners of the parent on a per-share, diluted basis.

7) Bank loans and obligations.

8) Distributions or cash dividends declared per-share for each class of share.

DISCUSSION OF OPERATIONS

As the Company has not yet generated revenue, below is a summary of MVMD's plan for its current projects, the status of each relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the projects to the next stage(s).

During the period from incorporation on October 26, 2018 to March 31, 2019, the Company has primarily focused its efforts on making certain acquisitions in anticipation of future operations and business development efforts in Canada and Colombia, as well as the United States. Of the four growth pillars MVMD has identified (see the section entitled "Business Overview"), the initial focus has been on "cultivation". Most of the expenditures related to these acquisitions occurred following March 31, 2019 (see the section entitled "Subsequent Events").

The Company expects that its related expenditures will grow in the second half of its year ended March 31, 2020 (and into the following year). The terms of the completed and proposed acquisitions to date have largely included share-based consideration but, in addition to cash-based consideration, the Company will begin incurring additional expenses when construction begins in both Canada and Colombia (see below).

Canada/MVM/098:

On January 10, 2019, the Company entered into a share exchange agreement (the "SEA") with MVM and its shareholders to purchase all of the issued and outstanding common shares of MVM from the MVM shareholders in exchange for 54,206,148 Class B common shares of MVMD, which has been valued at \$1,496,564.

MOUNTAIN VALLEY MD INC.

Management's Discussion and Analysis

For the Period from Incorporation on October 26, 2018 to March 31, 2019

In May 2019, Health Canada had announced that all new applicants applying for a Cultivation, Processing or Sale for Medical Purposes Licence would be required have a fully built site that meets Health Canada requirements at the time of application. Existing applicants, such as 098, have been required to transfer of all existing and new elements of its application, including design plans for the Facility (as defined below) to the new Cannabis Tracking and Licensing System ("CTLS"), established and maintained by Health Canada in part to facilitate new applications for cannabis licence(s). Once this transfer to CTLS of existing and new application elements is complete and the Facility built, a Health Canada reviewer will be able to complete the review of 098's application, which is anticipated to occur shortly thereafter.

098 owns property located at: PID: 001-979-710 Lot 26, District Lot 81, Newcastle District, Plan 1967 (the "MVM Property"). The MVM Property is a 33-acre property on Agricultural Land Reserve, situated in what is sometimes referred to as the "banana belt", believed to be an area with optimal conditions for the growth of quality cannabis. MVM is in the planning and development stages of up to a 10,000 square foot indoor facility on the MVM Property (the "Facility") and receiving quotes to complete the building of the Facility by early 2020. Management has been advised that the MVM Property has a high capacity on-site water supply, [expansion potential for up to 800,000 square feet of cultivation], and sufficient electrical power supply for intended operations. MVM had initially planned for the construction of a greenhouse but has been advised by its consultant(s) that the conditions in an indoor facility allow for more control and superior cannabis.

Management is currently reviewing and planning for the building of the Facility on the MVM Property and anticipates to commence and complete construction by approximately March 2020, and thereafter be in a position to complete and receive approval of its application with Health Canada.

Colombia:

During the period from incorporation on October 26, 2018 to March 31, 2019, MVMD entered into a binding letter of intent with Avicanna Inc. ("Avicanna") for the acquisition of a 25% equity interest in Sativa Nativa (the "SN Interest"), a licensed cannabis producer in Colombia focused on large scale production of indoor and outdoor greenhouse (and shadehouse) cannabis flower and the subsequent production and extraction of cannabis extracts for domestic and international distribution. See sections entitled "Business Overview" for additional detail.

Following March 31, 2019, MVMD completed its acquisition of the SN Interest and also entered into a letter of intent (the "Colverde LOI") with Colverde MD S.A.S. ("Colverde") and its shareholders with respect to the proposed acquisition of all of the issued and outstanding shares of Colverde (see the section entitled "Subsequent Events" for details regarding the completion of the acquisition of the SN Interest and the Colverde LOI and associated expenditures). It's anticipated that the acquisition of Colverde as a wholly owned subsidiary will be completed by approximately October 2019. Colverde holds a licence for the cultivation of psychoactive cannabis plants issued by the Ministry of Justice and Law and a licence for the manufacture of cannabis derivatives issued by the Ministry of Health and Social Protection. In addition, Colverde has made application to the Ministry of Justice and Law for a licence for the cultivation of non-psychoactive cannabis plants and for registration with the Colombia Agricultural Institute as a producer of certified seed. While Colverde also holds a lease for land, pursuant to the laws of Colombia, the licences are not restricted to a single property, which

MOUNTAIN VALLEY MD INC.

Management's Discussion and Analysis

For the Period from Incorporation on October 26, 2018 to March 31, 2019

would allow MVMD to acquire leases or ownership of properties throughout Colombia (subject to non-competition restrictions imposed by Sativa Nativa) and utilize the licences broadly as part of achieving its core cultivation business objectives.

The Company is working on acquiring additional assets (such as the Smartek Assets – see the section entitled “Subsequent Events”) and forming new relationships and partnership/arrangements in addition to its plans to begin construction of its own facilities in Colombia, to support the foregoing growth in Colombia in the area of cultivation as well as the other three (3) growth pillars (see the section entitled “Business Overview”).

United States:

On December 20, 2018, MVMD issued a loan equal to USD \$600,000 (the “CCJC Loan”) to CCJC Inc. (“CCJC”), a private Nevada corporation, and, on the same date, entered into a term sheet with CCJC (the “CCJC Term Sheet”), the intention of the parties being that the CCJC Loan be converted into equity in CCJC pursuant to the CCJC Term Sheet (see the section entitled “Business Overview” for details).

Following March 31, 2019, MVMD completed the acquisition of 20% of the equity of CCJC (the “CCJC Interest”). MVMD and the shareholders of CCJC are in the process of determining the terms and conditions upon which MVMD will be entitled to exercise its option to acquire an additional 40% (for an aggregate 60%) of the issued and outstanding shares of CCJC for an additional payment of USD \$2,000,000 together with the issuance of 8,000,000 Class “B” common shares. No other expenses are anticipated at this time and there is no expected timeline, or guarantee, with respect to the approval and granting of the DEA Licence.

QUARTERLY FINANCIAL INFORMATION - Consolidated

As the Company has completed only one full quarter, the following is a summary of the period from incorporation on October 26, 2018 to March 31, 2019, which been derived from the financial statements of the Company. This summary should be read in conjunction with the audited consolidated financial statements of the Company for the same period.

Quarter Ended ⁽¹⁾	Total Sales (\$)	Income (Loss) before Other Expenses Expenses (income) (\$)	Net Loss for the Period (\$)	Net Income (Loss) per Share - Basic and Diluted (\$)
March 31, 2019	Nil	(897,032)	(897,032)	(0.01)

1) Period from incorporation on October 26, 2018 to March 31, 2019.

MOUNTAIN VALLEY MD INC.

Management's Discussion and Analysis

For the Period from Incorporation on October 26, 2018 to March 31, 2019

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2019, the Company had cash of \$9,086,662 and working capital of \$9,563,946.

Totals assets on March 31, 2019 were \$11,488,283.

To support its business development initiatives to date, including the completed acquisitions (see section entitled "Subsequent Events"), MVMD has completed the following financings:

On December 7, 2018, MVMD issued 45,000,000 Class "A" Common Shares as a private issuer at a price of \$0.005 per share, for aggregate gross proceeds of \$225,000.

On December 21, 2018, MVMD completed a private placement offering of Class "A" Common Shares as a private issuer at a price of \$0.02 per share, for aggregate gross proceeds of \$512,500 by the issuance of 25,625,000 Class "A" Common Shares.

On January 9, 2019, MVMD completed a private placement offering of Class "B" (non-voting) Common Shares as a private issuer at a price of \$0.05 per share, for aggregate gross proceeds of \$613,000 by the issuance of 12,260,000 Class "B" Common Shares.

On January 15, 2019, MVMD began to offer (the "January Offering") units of MVMD (for the purposes of this paragraph, the "Units") on a private placement basis at a subscription price of \$0.20 per Unit. Each Unit was comprised of one Class "B" (non-voting) common share and one share purchase warrant (for the purposes of this paragraph, each a "Warrant", collectively the "Warrants") to acquire one Class "B" common share at an exercise price of \$0.35 per share for a period ending twenty-four (24) months after the issuance date (for the purposes of this paragraph, the "Warrant Expiry Date"), subject to forced acceleration of the Warrant Expiry Date in the event that MVMD completes a going public transaction (such as the Proposed Transaction) (the "Going Public Liquidity Event") and thereafter the common shares of the reporting issuer trade at \$0.50 or higher for at least three (3) consecutive trading days, whereby MVMD (or the Resulting Issuer following the completion of the Proposed Transaction) may, at its option, accelerate the Warrant Expiry Date by giving notice to the holder thereof and in such case the Warrants will expire at 5:00 p.m. (Toronto time) on the date which is the 30th day after the date on which such notice is given by MVMD. Also in the event of a Going Public Liquidity Event (such as the Proposed Transaction), the holders of the Units will not be able to trade the Class "B" Common Shares (or Warrants or underlying Class "B" Common Shares comprising the Units) except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event. MVMD relied on exemptions from prospectus requirements under National Instrument 45-106 ("NI 45-106"), including execution 2.9 (the offering memorandum exemption).

The first three (3) tranches of the January Offering closed on February 21, March 8, and March 18th, for gross proceeds of \$9,120,332 by the issuance of 45,601,659 Units. See the section entitled "Subsequent Events" for information on the fourth and final tranche closing of the January Offering.

MOUNTAIN VALLEY MD INC.

Management's Discussion and Analysis

For the Period from Incorporation on October 26, 2018 to March 31, 2019

The Company has commenced another private placement financing pursuant to the terms of the Amalgamation Agreement dated June 28, 2019 entered into with MBGC (see the section entitled "Subsequent Events"). Management believes that it will have sufficient capital to complete its business objectives for the next 12 months.

Where possible and reasonable to date, the Company has opted to pay for services and assets by the issuance of securities, in whole or in part, in an effort to conserve cash required for development and operations.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the board of directors, executive officers, key operational management personnel, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. MVMD's key operational management personnel are comprised of the President and CEO of MVMD and the President of MVM.

Total compensation earned by key management personnel for the period from incorporation on October 26, 2018 and March 31, 2019 was comprised of \$5,650 in accounting fees paid to a company controlled by the financial controller of the Company and \$157,520 in consulting fees paid to a company controlled by the president of MVM.

On August 13, 2018, MVM entered into a consultant agreement with a company controlled by an insider of the company for consulting services. Pursuant to the agreement:

- consulting services include providing onsite general assistance and advice on all aspects needed by the company for all construction related matters of its ACMPR cannabis business and providing assistance in related matters on as-required basis;
- the consultant will receive compensation of \$4,850 per month inclusive of applicable taxes; and
- the agreement will continue on a month-by-month basis unless otherwise cancelled upon five days' notice by either party or the parties agree to enter into an employment agreement.

On December 28, 2018, MVMD entered into a consulting agreement for CFO services with a company controlled by a shareholder of CCJC (see the section entitled "Business Overview") for his consulting services. The CCJC Loan and the CCJC Term Sheet had preceded the consulting agreement, however the transaction contemplated by the CCJC Term Sheet was completed during the term of the consulting agreement (June 10, 2019). Pursuant to the terms of the consulting agreement:

- the consultant will act in the capacity of CFO to provide financial, management and administration services on an as-required basis;

MOUNTAIN VALLEY MD INC.

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For the Period from Incorporation on October 26, 2018 to March 31, 2019

- the consultant will receive the following compensation: a) in and for any part of the period from December 28th and concluding on the earlier of: (i) December 27, 2019 and (ii) the date upon which MVMD's shares begin trading on a recognized stock exchange in Canada (the "initial term"), MVMD will pay the consultant by way of grant of 1,000,000 stock options (issued in January 2019) exercisable for a period of five years at \$0.05 and which vest 100% upon the last day of the initial term (see note 11); and b) thereafter, in and for any part of each contract year in which services are provided, the number of options approved by the board of directors of MVMD or payment in any other form and manner as agreed between the consultant and MVMD; and
- the agreement will continue until either party gives 30 days written notice of termination.

FOURTH QUARTER EVENTS

As the Company has completed only one full quarter, the information in this MD&A, derived from the financial statements of the Company, has focused on the entire period from incorporation on October 26, 2018 to March 31, 2019.

PROPOSED TRANSACTIONS

See the section entitled "Subsequent Events" for details regarding 2 letters of intent (the Smartek LOI and the Colverde LOI). The compensation for the Smartek Assets would be comprised of \$1,000,000 cash-based consideration, together with 25,000,000 common shares and 10,000,000 share purchase warrants. The consideration for the Colverde acquisition, other than a cash-based deposit of CAD \$130,000 that was paid on July 16, 2019, would likely be comprised of 1,950,000 common shares and, subject to certain terms, no addition cash-based consideration.

In addition, pursuant to the acquisition of the CCJC Interest (see the sections entitled "Business Overview" and "Subsequent Events"), MVMD has a right to acquire an additional 40% equity interest in CCJC on terms to be negotiated between MVMD and the other shareholders of CCJC, which would require, in addition to the issuance of 8,000,000 common shares, the payment of USD \$2,000,000.

Management's intent is that the largely share-based consideration will allow for cash to be utilized for the Company's own construction, cultivation and other upcoming operational costs.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Refer to Note 3 in the consolidated annual audited financial statements of the Company for information on accounting policies.

FINANCIAL INSTRUMENTS

For a detailed description of financial instruments and their associated risks, see note 3 to the Company's consolidated annual audited financial statements for the period from incorporation on October 26, 2018 to March 31, 2019.

MOUNTAIN VALLEY MD INC.

Management's Discussion and Analysis

For the Period from Incorporation on October 26, 2018 to March 31, 2019

OUTSTANDING SHARE DATA

As at the date of the MD&A, the following securities were outstanding:

Class "A" common shares: 70,625,200

Class "B" Common shares 133,293,307

Warrants: 49,904,159 (see the section entitled "Liquidity and Capital Resources" for exercise details)

Stock options: 8,288,500, exercisable at \$0.05 for a period of 5 years from the date upon which the Company completes a going public transactions.

SUBSEQUENT EVENTS

On April 11, 2019, MVMD completed the transaction contemplated in the letter of intent with Avicanna (see the section entitled "Business Overview"). MVMD entered into a Subscription and Share Purchase Agreement with Sativa Nativa, Avicanna and certain shareholders of Sativa Nativa, resulting in the acquisition MVMDC of an aggregate Twenty-Five Percent (25%) of the issued and outstanding shares of Sativa Nativa. MVMD acquired 7,892,248 common shares of Sativa Nativa, representing 10% of the issued and outstanding shares of Sativa Nativa (following issuance), for a subscription price of CAD \$2,800,000, and another 26,838,372 common shares of Sativa Nativa from its shareholders other than Avicanna, representing 15% of the issued and outstanding shares of SN, for a purchase price of CAD \$4,200,000 by way of a monetary payment of CAD \$2,000,000 and the issuance of 11,000,000 Class "B" (non-voting) common shares at a deemed price of \$0.20 per share.

MVMDC became a party to a Shareholder Agreement of the shareholders of Sativa Nativa upon completion of the acquisition, which sets out the terms upon which Sativa Nativa operates, including control held by Avicanna as its majority shareholder. MVMDC is entitled to have a board of member on Sativa Nativa's board of directors and to receive regular updates as well as financial statements. MVMD is also restricted from competing in the cannabis industry with Sativa Nativa within the Republic of Colombia, however this is limited to the four (4) northern departments of Atlantico, Magdalena, Cesar, and La Guajira.

MVMD holds a right of first refusal to enter into a supply agreement for the export of product to Australia and the United States of America. Further, Sativa Nativa holds a right of first refusal to enter into an agreement with MVMD for the export of its product, excluding to Canada or any territory to which Sativa Nativa is prevented by any applicable laws to export the Product, to third parties that are seeking to import product from the Republic of Colombia with the same characteristics as Sativa Nativa's product.

On May 9, 2019, MVMD acquired 700,000 ordinary shares in the capital stock of Winchester MD Limited ("Winchester"), a private company with its registered office in London, England, representing, as at July 2, 2019, approximately 2.6% of the ordinary shares of Winchester. Winchester is an established, fully-integrated European based medical cannabis company that operates an online store called HempElf and offers over 100 products for sale. On May 13, 2019, the Company paid \$184,958 pursuant to the subscription letter with Winchester.

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On June 5, 2019, the Company issued 4,302,500 Class B common shares at \$0.20 per share for gross proceeds of \$860,500 and 4,302,500 Class B common share purchase warrants. The warrants are exercisable at \$0.35 per Class B common share and expire two years from the grant date. \$10,000 of this amount was included in subscriptions received as at March 31, 2019.

On June 10, 2019, MVMD entered into a subscription agreement with CCJC to acquire 1,333,333 common shares of CCJC, representing 10% of the issued and outstanding shares of CCJC (following issuance), for an aggregate subscription price of USD \$600,000 by way of conversion of the CCJC Loan. MVMD also entered into share purchase agreements (the "Share Purchase Agreements") with the shareholders of CCJC to acquire an additional 1,333,334 common shares of CCJC, representing an additional 10% of the issued and outstanding shares of CCJC, by the issuance of an aggregate 5,000,000 Class "B" common shares. Pursuant to the terms of the Share Purchase Agreements, MVMD acquired the right to purchase an additional 40% of the issued and outstanding shares in CCJC for an additional payment of USD \$2,000,000 together with the issuance of 8,000,000 Class "B" common shares on and subject to terms to be agreed by MVMD and the other shareholders of CCJC.

On June 10, 2019, MVMD entered into a consulting agreement for president and CEO services with a company controlled by the consultant for his consulting services. Pursuant to the agreement:

- the consultant will act in the capacity of president and CEO to provide those services ordinarily required by a private corporation which intends to become a reporting issuer and publicly traded corporation;
- the consultant will receive the following compensation: (i) in and for any part of the period from June 10th and concluding on August 30, 2019 (the "initial term"), MVMD will pay the consultant an aggregate of 775,000 Class B Common shares of MVMD at a valued price of \$0.20 per share in lieu of cash compensation in an effort to conserve cash; and (ii) thereafter, in and for any part of each contract year in which the services are provided, such compensation as approved by the board of directors and as agreed between the consultant and MVMD; and
- the agreement will continue until either party gives the other 60 days written notice of termination.

This agreement supersedes the marketing and business development consulting agreement with the consultant entered into on February 1, 2019.

On June 28, 2019, MVMD entered into an amalgamation agreement with Meadow Bay Gold Corporation ("MBGC"), a reporting issuer in the provinces of British Columbia, Alberta and Ontario, and a wholly-owned Ontario subsidiary of MBGC ("Subco") to effect the combination of their respective businesses and assets by way of a "three-cornered amalgamation" between MBGC, MVMD and Subco to form a new corporation ("Amalco") in accordance with the provisions of the Business Corporations Act (Ontario) (the "OBGA"). Pursuant to the amalgamation agreement:

- MBGC will consolidate its issued and outstanding common shares on a 8 pre-consolidation common shares for 1 post-consolidation share basis;
- MVMD will subscribe for 350 MBGC convertible debenture units (subscribed for on July 11th and \$350,000 paid) upon MBGC's satisfaction of the MBGC financing conditions (being a detailed

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description of the use of proceeds) subject to the MBGC financing fee. Each unit is comprised of one MBGC convertible debenture in the principal amount of \$1,000 bearing interest at 10% per annum to be accrued and having a maturity date of four years and 1,000 MBGC convertible debenture warrants with each warrant being exercisable for a period of five years from the date of issuance at a pre-consolidation exercise price of \$0.06. Each unit is convertible into one pre-consolidation common share and one warrant of MBGC with each warrant being convertible into one pre-consolidation common share of MBGC for a period of five years from the date of issuance at a pre-consolidation exercise price of \$0.06;

- MBGC may proceed with a potential private placement offering of up to an additional 150 MBGC convertible debenture units to raise additional gross proceeds of up to a maximum of \$150,000 with MVMD having a right of first refusal;
- MVMD will complete a private placement; and
- if MVMD terminates the amalgamation agreement because of an uncured breach by MBGC and MBGC consummates an acquisition transaction within one year of the date of termination, MBGC will pay a \$500,000 break fee to MVMD.

Completion is subject all required consents, orders and approvals, including, without limitation regulatory approvals required, necessary or desirable for the completion of the proposed transactions.

On the effective date of the amalgamation:

- Subco and MVMD will amalgamate to form Amalco and will continue on as one corporation under the OBCA;
- every MVMD Class A and Class B common share prior to the amalgamation will receive one post-consolidation MBGC share;
- every Subco share prior to the amalgamation will receive one Amalco share; and
- the name of Amalco will be Mountain Valley MD Inc. or such other name as otherwise agreed to.

On July 3, 2019, the Company issued 773,000 Class B common shares pursuant to shares-for-services agreements. Of this amount, 360,000 shares were in respect of \$72,000 included in accounts payable and accrued liabilities as at March 31, 2019.

On July 5, 2019, MVMD entered into a binding letter of intent (the "Smartek LOI") with Smartek International LLC ("Smartek"), a private corporation operating in the State of New Jersey, and its shareholders. Smartek is in the business of, among other things, developing, manufacturing and licensing desiccated liposomes. The terms of the Smartek LOI provide for the acquisition of certain existing and proposed patents and trademarks (the "Smartek Assets") to develop and commercialize numerous cannabis-based products, as well as complimentary non-cannabis opportunities leveraging the principal patents across nutraceutical, nicotine, and pharmaceutical applications. MVMD would also acquire related license and/or supply agreements with third parties, which would form part of the Smartek Assets. In consideration for the transfer of the Smartek Assets, MVMD would pay an aggregate of CAD \$1,000,000, 25,000,000 Class "B" common shares, and 10,000,000 share purchase warrants with an exercise price of \$0.60. The foregoing compensation would be paid over time upon the completion of certain agreed upon milestones. An initial payment of \$100,000 (the "Initial Payment") has been made on July 11, 2019. It is the intention of the parties to complete the transaction by September

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For the Period from Incorporation on October 26, 2018 to March 31, 2019

30, 2019, however, except for the binding letter of intent, no agreement other than the Smartek LOI has been entered into and there can be no assurance that any agreement will be entered into as contemplated or at all. In the event that the parties do not proceed with a definitive agreement, the Smartek LOI provides for the Initial Payment to be treated as a loan from MVMD to Smartek.

In the event that the parties to the Smartek LOI proceed with a definitive agreement, it is also intended that MVMD would engage the services of a shareholder of Smartek and the primary inventor of the Smartek Assets, in a role and capacity to be determined but anticipated to be Chief Science Officer.

On July 9, 2019, MVMD entered into a letter of intent (the "Colverde LOI") with Colverde MD S.A.S. ("Colverde"), a private corporation formed under the laws of the Republic of Colombia, and its shareholders (the "Colverde Vendors"). The terms of the Colverde LOI provide for the acquisition by MVMD, directly or indirectly, from the Vendors of all of the issued and outstanding shares of Colverde (the "Colverde Shares") such that Colverde will become a wholly owned subsidiary of MVMD.

In consideration for the acquisition of the Colverde Shares, MVMD would pay an aggregate purchase price (the "Purchase Price") of \$130,000 as cash compensation and the issuance of 9,750,000 Class "B" common shares. A deposit of \$130,000 (the "Deposit") has been made on July 16, 2019. The Colverde LOI further provides for the Colverde Shares to be held in escrow such that if a going public transaction is not completed by MVMD by a certain date (the "Deadline"), or if MVMD issues securities exceeding an agreed upon maximum prior to the Deadline, the Purchase Price for the Colverde Shares will instead be paid in cash. Note that, except for the letter of intent, no agreement has been entered into and there can be no assurance that any agreement will be entered into as contemplated or at all. In the event that the parties do not proceed with a definitive agreement, the Colverde LOI provides for the Deposit to be returned unless the Colverde LOI is terminated as a result of MVMD's actions or omissions aside from as a result of MVMD's due diligence review of Colverde revealing information that MVMD reasonably believes may be adverse to MVMD or its business.

On July 11, 2019, MVMD subscribed for a convertible debenture of MBGC in the principal amount of \$350,000 (\$350,000 paid) including 350,000 warrants pursuant to the amalgamation agreement with MBGC. The debenture bears interest at 10% per annum which accrues and is payable on the earlier of the conversion date or maturity, matures on July 11, 2023, is secured by a general security agreement, is convertible at the option of MVMD in \$10,000 increments or multiples thereof and is redeemable in certain circumstances by MBGC.

On August 1, 2019, 098 renewed its mortgage on the MVM Property (see the section entitled "Business Overview") for a term of six months. The mortgage bears interest at 9.49%, has interest-only monthly payments of \$2,452, can be prepaid without penalty and matures on February 1, 2020.

On July 29, 2019, MVMD began to offer (the "July Offering") units of MVMD (for the purposes of this paragraph, the "Units") on a private placement basis at a subscription price of \$0.40 per Unit. Each Unit will be comprised of one Class "B" common share and one-half of one share purchase warrant (for the purposes of this paragraph, each full warrant a "Warrant", collectively the "Warrants"), each full Warrant entitling the holder to acquire one Class "B" common share at an exercise price of \$0.60 per share for a period ending twenty-four (24) months after the issuance date (for the purposes of this paragraph, the "Warrant Expiry Date"), subject

MOUNTAIN VALLEY MD INC.

Management's Discussion and Analysis

For the Period from Incorporation on October 26, 2018 to March 31, 2019

to forced acceleration of the Warrant Expiry Date in the event that MVMD completes a going public transaction (such as the amalgamation transaction with MBGC) (the "Going Public Liquidity Event") and thereafter the common shares of the reporting issuer trade at \$0.90 or higher for at least three (3) consecutive trading days, whereby MVMD (or the resulting issuer) may, at its option, accelerate the Warrant Expiry Date by giving notice to the holder thereof and in such case the Warrants will expire at 5:00 p.m. (Toronto time) on the date which is the 30th day after the date on which such notice is given by MVMD. Also in the event of a Going Public Liquidity Event, the holders of the Units will not be able to trade the Class "B" Common Shares (or Warrants or underlying Class "B" common shares comprising the Units) except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event. No closings of the July Offering have yet occurred. In July and August 2019, up to the date of this MD&A, the Company received subscriptions totaling \$55,000 relating to the July Offering.

APPENDIX D

INFORMATION CONCERNING THE RESULTING ISSUER

The Resulting Issuer may derive a portion of its revenues from the cannabis industry in the United States, which industry is illegal under United States federal law. MVMD's holds a 20% interest in a US private company, which has a 90% interest in another US private company that has made an application with the US Department of U.S. Drug Enforcement Administration ("DEA") to become registered under the Controlled Substances Act (United States) ("CSA") to manufacture marijuana to supply to researchers in the United States. As such, the Resulting Issuer will only will be involved (indirectly through such subsidiaries) in the cannabis industry in the United States if and when permitted by the United States federal government. Currently, the application is under review.

The United States federal government regulates drugs through the CSA, which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any indication.

In the United States cannabis is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal CSA, which makes cannabis use and possession federally illegal. Although certain states authorize medical or recreational cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under United States federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of United States federal law.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the Controlled Substances Act with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law. The the Resulting Issuer's subsidiaries are expected to be involved in the cannabis industry only if and to the extent that a license is granted by the DEA. Although this should eliminate any risk to the business of the Resulting Issuer, it cannot be guaranteed that the Resulting Issuer's business, results of operations, financial condition and prospects could be adversely affected. See section entitled "*Risk Factors*" for additional information on this risk.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the Canadian Securities Administrators published a staff notice (Staff Notice 51-352) setting out the Canadian Securities Administrators' disclosure expectations for specific

risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

The following section of this Circular contains forward-looking information. Readers are cautioned that actual results may vary. See *Cautionary Notice Regarding Forward-Looking Statements*.

All capitalized terms used in this Appendix and not defined herein have the meaning ascribed to such terms in the Glossary of Terms or elsewhere in this Circular

OVERVIEW AND DESCRIPTION OF BUSINESS

Upon completion of the Transaction, the Resulting Issuer's business shall continue to be the business of MVMD. See *Appendix C – Information Concerning MVMD*.

Business Objectives

The Resulting Issuer expects to accomplish the following business objectives over the 12-month period following completion of the Transaction, directly or through its wholly owned subsidiaries:

- (a) Mountain Valley Medicinals – commence and complete construction of cultivation and extraction facility, submit relevant/outstanding items to Health Canada and obtain licence for the cultivation and supply of cannabis;
- (b) Colverde MD S.A.S. – complete the due diligence review and acquisition of certain licences in Colombia by way of acquisition of all of the issued and outstanding shares of Colverde MD S.A.S., a non-operating entity;
- (c) Smartek International LLC – complete the due diligence review and acquisition of intellectual property assets from Smartek International, LLC and its shareholders;
- (d) Colombian operations – commence and complete construction of cultivation and extraction facility in Colombia; and
- (e) Licensing/supply arrangement – pending acquisition of the Smartek Assets, license key desiccated liposome patent to a minimum of two third party life sciences partners to commercially deploy in North America.

As MVMD is in a phase of growth, it may add or amend to the foregoing objectives, which may require additional financing.

Upon completion of the Desert Hawk Sale, the Company will beneficially hold 10,000,000 Casino Gold Shares. If the Resulting Issuer determines to distribute the 10,000,000 Casino Gold Shares to the holders of Meadow Bay Class B Shares or the Resulting Issuer completes the sale of all or any portion of the Casino Gold Shares, the Resulting Issuer is required under its charter documents to redeem all but not less than all of the then outstanding Meadow Bay Class B Shares for the Redemption Price per Meadow Bay Class B Share equal to the Class B Share Total Entitlement, if any, as of the Redemption Date divided by the number of Meadow Bay Class B Shares issued and outstanding at that time. See "*Particulars of Matters to be Acted Upon - Sale of Substantially All of the Undertaking of the Company - Creation of Meadow Bay Class B Shares*" in the Circular to which this Appendix D is attached.

Significant Events Milestones

To achieve the business objectives set out above, the following milestones must be met by the Resulting Issuer, certain of which may or are likely to be completed simultaneously:

	Description	Timeframe
1	Secure financing, by way of offering of units at \$0.40 per unit, each unit consisting of one MVMD Class B Share and one-half of one share purchase warrant, exercisable at \$0.60 per share, subject to certain accelerated exercise and escrow conditions	Prior to completion of Transaction
2	Mountain Valley Medicinals – completed construction and licence approval	April 2020
3	Acquisition of Colverde assets	September 2019
4	Acquisition of Smartek assets	January 2020 ⁽¹⁾
5	Begin operations in Colombia following asset acquisitions and construction	August 2020
6	Begin licensing of intellectual property rights, pending acquisition of Smartek assets	February 2020

Notes:

(1) The Letter of Intent provides for a targeted completion date of September 30, 2019, subject to extension upon agreement by the parties. Subject to the unanimous agreement of the parties to the letter of intent, it is anticipated that the transaction will be completed at a later date, as indicated.

Other than as described in this Circular, there are no other significant events or milestones that must occur for the Resulting Issuer's business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

Total Funds Available

As of June 30, 2019, Meadow Bay had a working capital deficit of approximately (\$439,998) and as at March 31, 2019, MVMD had a working capital of \$9,563,946. MVMD estimates available cash as at the date of this Circular to be approximately \$4,080,000. The following table represents the available funds of the Resulting Issuer and the principal purpose of those funds over a 12-month period:

Source	Funds Available
Meadow Bay Working Capital Deficit as at June 30, 2019 ⁽¹⁾	(\$439,998)
Estimated MVMD Working Capital as at the date of this Circular ⁽²⁾	\$4,080,000
Estimated Gross Proceeds from the MVMD Unit Offering	\$5,000,000 ⁽³⁾
Available Funds of the Resulting Issuer⁽⁷⁾	\$8,640,002
Principal Purpose	
Expenses related to the completion of the Transaction	\$205,000
Expenses related to MVM licence and construction	\$3,000,000
Expenses related to Colverde	\$Nil ⁽⁴⁾
Expenses related to Smartek	\$1,000,000
Expenses related to construction and beginning operations in Colombia, including additional acquisition of assets to be determined	\$2,000,000
Expenses for IR, PR, dissemination services, road shows, trade shows, online marketing business development partnerships and acquisitions	\$1,435,002

Principal Purpose	
General and administrative costs estimated for operating 12 months ⁽⁵⁾⁽⁷⁾	\$1,000,000
Total Expenses	\$8,640,002

Notes:

- (1) Based on the interim unaudited financial statements of Meadow Bay for the three-month period ended June 30, 2019, filed on SEDAR.
- (2) Estimated cash balance.
- (3) Based on average estimated gross proceeds, may be higher or lower in MVMD's sole discretion.
- (4) \$130,000 was paid as a deposit in July 2019. Balance of cost anticipated to be paid by way of share consideration.
- (5) General and administrative costs includes: wages, taxes and benefits (\$680,000); rent and utilities (\$60,000); insurance (\$10,000); legal and accounting (\$200,000); and miscellaneous (\$50,000)
- (6) \$350,000 anticipated to be delivered pursuant to a convertible debenture to be issued by Meadow Bay to Casino Gold has not be included as it is anticipated that the net proceeds will be applied to existing current liabilities of Meadow Bay; however, any balance will be allocated to general and administrative costs.

There may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Resulting Issuer spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified below, and will depend on a number of factors, including those referred to under Risk Factors below. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives over the next 12 months.

Ability to Access Public and Private Capital

The Resulting Issuer has historically, and Management of MVMD believes it will continue to have, adequate access to equity from prospectus exempt (private placement) markets in Canada. It plans to (i) continue to access equity financing through private markets, and (ii) access equity financing through public markets in Canada, if listed on the CSE or another stock exchange. Further, the Resulting Issuer's executive team and board also have extensive relationships with sources of private capital (such as high net worth individuals), that could be investigated at a higher cost of capital. Current proceeds from the Resulting Issuer's financings will be used to finance the continued growth of the Resulting Issuer's business. In addition, from time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed wholly or partially with debt, which may increase the Resulting Issuer's debt levels above industry standards, or through the issuance of shares which will be dilutive to the current shareholders.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Resulting Issuer's projects.

Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See section entitled "*Risk Factors*" below.

Employees

Upon completion of the Transaction, the Resulting Issuer shall have no full-time and no part-time employees. The Resulting Issuer will have approximately 3-5 consultants providing services on an independent contractor basis, which is expected to increase following completion of the Transaction.

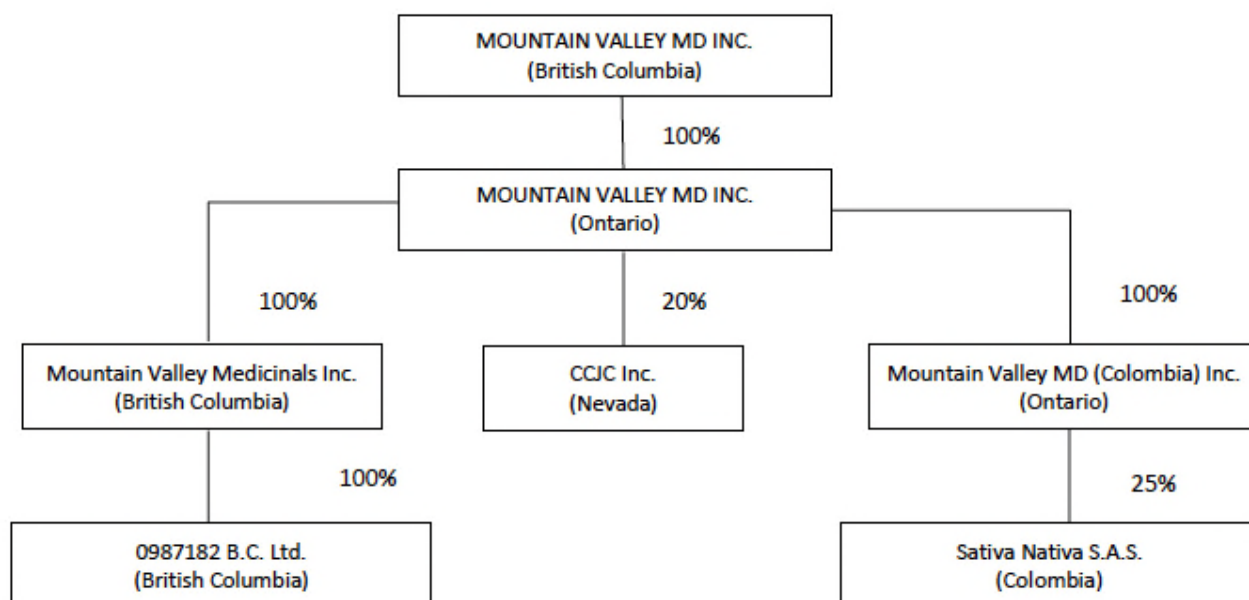
The Resulting Issuer's business will require specialized skills and knowledge of the cannabis industry. Management of the Resulting Issuer will be composed of certain individuals who have extensive expertise in this industry and are complemented by the board of directors of the Resulting Issuer. The Resulting Issuer's future success will depend, in part, on its ability to continue to attract, retain and motivate highly qualified technical and management personnel, for whom competition is intense.

Competitive Conditions and Position

The cannabis production industry is competitive in all of its phases. The Resulting Issuer will face competition from other companies who are already operating in the industry. Many of these companies may have greater financial resources, operational experience and technical capabilities than the Resulting Issuer. The Resulting Issuer may be unable to maintain its operations or develop them as currently proposed as contemplated or at all. Consequently, the future revenues, future operations and financial condition of the Resulting Issuer could be materially adversely affected. The Resulting Issuer may also face additional competition from new entrants into the cannabis industry. If the number of users of cannabis in Canada or internationally increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to do this on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer. See also section entitled "*Risk Factors*" – "*Competition*".

ORGANIZATIONAL CHART

The chart below illustrates the corporate structure of the Resulting Issuer immediately following the completion of the Transaction, including completion of the change of Meadow Bay Gold Corporation's name to "Mountain Valley MD Inc." and the change of MVMD's name to MVMD (Ontario) Inc."



PRO FORMA CONSOLIDATED CAPITALIZATION

The following table summarizes the Resulting Issuer's pro forma common shares, on a consolidated basis, after giving effect to the Transaction as described in the pro forma financial statements of the Resulting Issuer, a copy of which is attached at Schedule "A" of Appendix D.

Designation of Security	Amount Authorized	Anticipated Resulting Issuer Shares Outstanding (as of the effective date of the Transaction)
Common Shares	Unlimited	230,056,465
Class B Shares	Unlimited	50,056,229

FULLY DILUTED SHARE CAPITAL

	Anticipated Resulting Issuer Shares Outstanding (as of the effective date of the Transaction)
Meadow Bay Shares issued and outstanding	6,257,028 ⁽¹⁾⁽²⁾
Resulting Issuer Shares issued to MVMD Shareholders pursuant to the Transaction (other than to the subscribers to the MVMD Unit Offering)	204,781,007 ⁽³⁾
Resulting Issuer Shares to be issued to subscribers to the MVMD Unit Offering	12,500,000 ⁽¹⁾⁽⁴⁾
Meadow Bay Shares to be issued to finders in connection with the Transaction	6,518,430 ⁽⁴⁾⁽⁵⁾
Total Resulting Issuer Shares	230,046,465⁽¹⁾⁽²⁾
Reserved for issuance pursuant to warrants of Meadow Bay including warrants issued in connection with convertible debentures of Meadow Bay issued or to be issued prior to completion of the Transaction other than to MVMD ⁽⁷⁾	4,101,972 ⁽¹⁾⁽²⁾⁽⁶⁾
Reserved for issuance pursuant to convertible debentures of Meadow Bay issued or to be issued prior to completion of the Transaction other than to MVMD ⁽⁷⁾	875,000

	Anticipated Resulting Issuer Shares Outstanding (as of the effective date of the Transaction)
Reserved for issuance pursuant to options of Meadow Bay	449,219 ⁽¹⁾⁽²⁾
Reserved for issuance pursuant to MVMD Warrants issued and outstanding as at the date of this Circular	49,904,159 ⁽⁴⁾
Reserved for issuance pursuant to warrants to be issued pursuant to July Offering	6,250,000 ⁽⁴⁾
Reserved for issuance pursuant to MVMD Options	8,288,500
Total Resulting Issuer Shares Reserved for Issuance	71,618,849⁽¹⁾⁽²⁾
Total Number of Fully Diluted Securities	301,675,314⁽¹⁾⁽²⁾

Notes:

- (1) Calculated on a post-Consolidation basis
- (2) Subject to rounding.
- (3) MVMD Shares issued as at the date of this Circular together with MVMD Class B Shares to be issued to consultants in September 2019.
- (4) Based on average estimated gross proceeds of \$5,000,000 in connection with the July Offering, may be higher or lower in MVMD's sole discretion.
- (5) 3% of number of Resulting Issuer Shares issued to holders of MVMD Shares after giving effect to the July Offering.
- (6) Includes warrants issued or to be issued together with convertible debentures as well as comprising convertible debenture units.
- (7) \$350,000 of convertible debenture units held by MVMD are not likely to be converted as MVMD will be a wholly owned subsidiary of the Resulting Issuer following completion of the Transaction.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of Meadow Bay following the completion of the Transaction will be an unlimited number of common shares and an unlimited number of Class B Non-Voting Common shares, without par value. The Class B Non-Voting Common shares of the Resulting Issuer and the Resulting Issuer Shares will have the same attributes as the Meadow Bay Class B Shares and the Meadow Bay Common Shares, respectively. The issued share capital of Meadow Bay will change as a result of the 2019 Consolidation followed by the issuance of the Meadow Bay Class B Shares in connection with the Desert Hawk Sale and as a result of the issuance of the Resulting Issuer Shares pursuant to the Transaction.

STOCK EXCHANGE LISTING

Meadow Bay Shares are currently traded on the CSE under the symbol "MAY". Meadow Bay will apply to the CSE to list the Meadow Bay Shares issuable to MVMD Shareholders under the Transaction. It is a condition of closing that Meadow Bay will have obtained approval from the CSE for the listing of the Meadow Bay Shares to be issued pursuant to the Transaction subject only to the customary listing conditions of the CSE and approval from the CSE for the Transaction. The Transaction constitutes a fundamental change and Meadow Bay is requalifying following the completion of the Transaction. In connection with the completion of the Transaction, Meadow Bay anticipates changing its name from "Meadow Bay Gold Corporation." to "Mountain Valley MD Inc." and in connection with such name change the new trading symbol for the Resulting Issuer is intended to be "MVMD".

ESCROWED SECURITIES

As required under the policies of the CSE, Principals of the Resulting Issuer will enter into an escrow agreement as if MVMD was subject to the requirements of National Policy 46-201 - *Escrow for Initial Public Offerings* ("NP 46-201"). Escrow releases will be scheduled at periods specified in NP 46-201 for emerging issuers, that is, 10% will be released upon completion of the Transaction followed by six subsequent releases of 15% every six months thereafter. The form of the escrow agreement must be

as provided in NP 46-201. Principals who qualify for an exemption pursuant to NP 46-201 may make such a request to the CSE.

The table below includes the details of escrowed securities that will be held by Principals of the Resulting Issuer upon the completion of the Transaction, subject to exemption pursuant to NP 46-201:

Name of Securityholder	Designation of Class Held in Escrow	Number of Securities Held in Escrow	Percentage of Class⁽¹⁾
Dennis Hancock	Common Shares	2,300,000	1%
Lucie Letellier	Common Shares	1,250,000	0.54%
Monica Gomez	Common Shares	2,148,000	0.93%
Total		5,698,000	2.48%

Note:

(1) The total issued and outstanding Resulting Issuer Shares is expected to be 230,056,465 on an undiluted basis, however this may change upon the completion of the Transaction.

In addition, an aggregate of 49,904,159 Resulting Issuer Shares and the common shares of the Resulting Issuer underlying 49,904,159 MVMD Warrants issued to subscribers to the private placement offering of units by MVMD between February 21, 2019 and June 5, 2019 will be subject to an escrow arrangement whereby holders of such securities will be entitled to trade such securities 1/3 no earlier than 60 days following the Listing Date, an additional 1/3 no earlier than 120 days following the Listing Date, an additional/the final 1/3 no earlier than 180 days following the Listing Date. Any additional units to be issued pursuant to the July Offering by MVMD will be subject to the same escrow arrangement.

Certain other MVMD Shareholders who acquired MVMD Class B Shares pursuant to the share exchange transaction between MVM and MVMD may also be subject to certain escrow requirements, to be determined.

PRINCIPAL SHAREHOLDERS

As of the date of this Circular, there is no principal shareholder who owns more than 10% of the issued shares of Meadow Bay. Upon completion of the Acquisition, it is expected that the no shareholder will, beneficially and of record, own more than 10% of the issued common shares of the Resulting Issuer.

GOVERNANCE AND MANAGEMENT OF THE RESULTING ISSUER

Board of Directors

Following the completion of the Transaction, the board of directors of the Resulting Issuer will initially be comprised of the following three (3) persons: Dennis Hancock, Lucie Letellier, and Kevin Puloski.

The directors of the Resulting Issuer will hold office until the next annual general meeting of Shareholders of the Resulting issuer or until their respective successors have been duly elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer or within the provision of the BCBCA.

The following table sets forth certain information regarding the individuals who will serve as directors of the Resulting Issuer, including their place of residence, age, status as independent or non-independent, each director's principal occupation, business or employment for the past five years and the number of Resulting Issuer Shares that will be beneficially owned by each director, directly or indirectly, or over which each director will exercise control or direction, following the completion of the Transaction.

Name, place of residence and position with Resulting Issuer	Principal occupation during the last five years	Date of appointment as director or officer	Resulting Issuer Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed upon completion of the Transaction ⁽¹⁾⁽⁴⁾
Dennis Hancock Ontario, Canada President, CEO and Director	President and CEO of MVMD from June 10, 2019 to present (and marketing and business development consultant since December 1, 2018); Founding Partner of Performance Spark since August of 2016 and President of Brand Soapbox since September 2012.	Proposed	2,300,000 (1%)
Lucie Letellier ⁽²⁾ Quebec, Canada CFO and Director	Former CFO of: Crestwell Resources (CSE CER), Everton Resources Inc. (EVR: TSX-V) and Albert Mining Inc. (MJX: TSX-V).	Proposed	1,250,000 (<1%)
Kevin Puloski ⁽²⁾⁽³⁾ Ontario, Canada Director	Kevin currently spearheads genetic development as well as strategic land acquisitions in India and Uganda for the hemp and cannabis industry. He also maintains his position as president and CEO of Pund-IT; an IT business technology firm that is focused on helping to bring technology solutions to a wide variety of industries. Also: Chief Information Officer (CIO) for Pavestone Company Inc. and Director of User Education at SSA Global (Infor).	Proposed	Nil ⁽⁵⁾ (<1%)
Monica Gomez ⁽²⁾⁽³⁾ Ontario, Canada Director	Monica Gomez launched The Concierge Club in 2011. Since then it has grown to become one of Canada's top events and staffing agencies, generating over \$10,000,000 in revenue in 2018. As a savvy businesswoman and entrepreneur with over 10 years of event planning experience, Monica has garnered the attention of high profile clients including Ciroc, GUESS, Rockstar Energy, Harry Rosen, Freedom Mobile and Hershey's.	Proposed	2,148,000 (<1%)

Notes:

- (1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of management of the Resulting Issuer and has been furnished by the respective individuals.
- (2) Member of the audit committee.
- (3) Independent director.
- (4) Based on issued and outstanding Resulting Issuer Shares of 230,056,465.

The Resulting Issuer will have one committee: the Audit Committee.

Board of Directors Committees

The Audit Committee of the Resulting Issuer will consist of the following members:

Lucie Letellier
Kevin Puloski

Non-Independent Member
Independent Member

Management

The following sets out details of the proposed directors and management of the Resulting Issuer:

Dennis Hancock – President, CEO and Director, Age 48

Dennis Hancock is a senior sales and marketing executive with over 25 years of experience spanning automotive, tech, teleco, retail and financial services sectors. Dennis spent more than 12 years in a leadership role at one of North America's leading performance improvement and Loyalty providers, Maritz, who works with 70% of the world's Super 50 companies. Dennis led publicly traded ZENN Motor Company as the Vice President of Sales and Marketing. As a senior officer at ZMC, Dennis drove the establishment of ZENN – (Zero Emission, No Noise) as one of the most recognized “green tech” brands in North America. Dennis has several startups established, including PerformanceSPARK, an agency that works with leading organizations to identify and deliver on the key elements necessary to drive measurable performance growth, and co-founder of CrowdSeating Inc., an innovative social concert platform that provides fans with a conduit to crowdfund their favorite artist for a unique concert experience.

Lucie Letellier – CFO and Director, Age 58

Lucie Letellier is a financial professional with specialization in finance and accounting having spent over 25 years in public accounting. From 2005 to 2010 Lucie was the CFO of Paramount Gold and Silver Corp. (NYSE/TSX: PZG) having contributed to the development of the company from a private enterprise through private capital raising and 2 public listings overseeing \$30 million in equity financing. Paramount Gold was later acquired by Coeur Mining (NYSE: CDE) for \$200 million. She was also the CFO of Crestwell Resources (CSE CER) up to acquisition by Organic Garage Ltd. Most recently, Lucie was CFO of Everton Resources Inc. (EVR: TSX-V) and Albert Mining Inc. (MJX: TSX-V). Her work experience also includes credit and loan officer and controller for private enterprises. Her skills include financial reporting for US and Canadian public companies, tax compliance, corporate governance and continuous disclosure requirements.

Kevin Puloski – Director, Age 44

Kevin is an entrepreneur and visionary. With over 26 years of executive experience, he has developed an astute ability to identify global market trends and partners with key people and organizations to ensure success in all his endeavors. Kevin currently spearheads genetic development as well as strategic land acquisitions in India and Uganda for the hemp and cannabis industry. He also maintains his position as president and CEO of Pund-IT; an IT business technology firm that is focused on helping to bring technology solutions to a wide variety of industries. Most recently, the company has moved into the cannabis space giving Kevin the opportunity to combine two of his passions.

Kevin has had many roles over the years including Chief Information Officer (CIO) for Pavestone Company Inc. and Director of User Education at SSA Global (Infor). Kevin's love of collaboration and networking has led him to hold board positions in not-for-profit, financial, healthcare, manufacturing, and digital media organizations. He is a founding member of the Entrepreneurs Organization (EO) of South Western Ontario and continues to play an active role in the chapter.

Kevin takes time to speak, educate and advocate in the ever-evolving Cannabis & Hemp Industry.

Monica Gomez – Director, Age 36

Monica Gomez launched The Concierge Club in 2011. Since then it has grown to become one of Canada's top events and staffing agencies, generating over \$10,000,000 in revenue in 2018. As a savvy businesswoman and entrepreneur with over 10 years of event planning experience, Monica has garnered the attention of high profile clients including Ciroc, GUESS, Rockstar Energy, Harry Rosen, Freedom Mobile and Hershey's.

Monica has positioned The Concierge Club as the curator of unparalleled experiential events. Leading up to the 41st Toronto International Film Festival, The Concierge Club promoted eight TIFF events during the first weekend, attracting A-list celebrities and Toronto's most exclusive crowds. They also organized the season 11 premiere launch event for the CBC show The Dragon's Den, hosted cosmetic brand Guerlain's 30th anniversary soirée and Jeremy Bieber's engagement event in the Bridle Path.

RISK FACTORS

The business of MVMD, which will be the business of the Resulting Issuer upon completion of the Transaction, is subject to certain risks and uncertainties inherent in the cannabis industry. *Appendix C - Information Concerning the MVMD – Risk Factors* for further details.

Prior to making any investment decision regarding MVMD, or the Resulting Issuer as the case may be, investors should carefully consider, among other things, the risk factors set forth below. While this Circular has described the risks and uncertainties that management of Meadow Bay and MVMD believe to be material to the Resulting Issuer's business, it is possible that other risks and uncertainties affecting the Resulting Issuer's business will arise or become material in the future.

If the Resulting Issuer is unable to address these and other potential risks and uncertainties following the completion of the Transaction, its business, financial condition or results of operations could be materially and adversely affected. In this event, the value of the Resulting Issuer Shares could decline and an investor could lose all or part of their investment.

The following is a description of the principal risk factors that will affect the Resulting Issuer, in addition to those set out in *Appendix C - Information Concerning the MVMD – Risk Factors*:

Limited Operating History

MVMD, whose respective businesses will comprise the business of the Resulting Issuer, has only limited operating results to date. MVMD has dedicated significant portions of its capital to creating infrastructure to capitalize on the opportunity for value creation that is emerging from the relaxing of local prohibitions on the cannabis industry in Colombia and Canada in particular. The Resulting Issuer's lack of extensive operating history makes it difficult for investors to evaluate the Resulting Issuer's prospects for success. Prospective investors should consider the risks and difficulties the Resulting Issuer might encounter, especially given the Resulting Issuer's lack of an extensive operating history or audited financial information. There is no assurance that the Resulting Issuer will be successful and the likelihood of success must be considered in light of its relatively early stage of operations.

Reliance on Management

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results, financial condition or prospects.

Additional Financing

The Resulting Issuer will likely require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Resulting Issuer's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Profitability of the Resulting Issuer

The Resulting Issuer may experience difficulties in its development process, such as capacity constraints, quality control problems or other disruptions, which would make it more difficult to generate profits. A failure by the Resulting Issuer to achieve a low-cost structure through economies of scale or improvements in manufacturing processes and design could have a material adverse effect on the Resulting Issuer's business, prospects, results of operations and financial condition.

Ongoing Costs and Obligations

The Resulting Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Resulting Issuer's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Business Risks Reliance on Licenses and Authorizations

The operations of the Resulting Issuer do or may require it to obtain licences and/or permits for the production, packaging, storing, distribution, sale (whether wholesale or retail), export and/or import of cannabis and/or cannabis products in Canada, Colombia and other international jurisdictions. Non-cannabis Natural Health Products (Canada) and Dietary Supplements (US) also do or may require licenses or permits under relevant regulatory statutes. The Resulting Issuer is in the process of applying or otherwise acquiring indirectly or directly those licences and/or permits it believes it requires to carry in order to operate and intends to apply for, as the need arises, all necessary licences and permits to

carry on the activities it expects to conduct in the future. However, the ability of the Resulting Issuer to obtain, sustain or renew any such licences and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies. There can be no guarantee such licenses or permits will issue to the Resulting Issuer or be maintained in force. Any loss of interest in any such required licence or permit, or the failure of any governmental authority to issue or renew such licences or permits upon acceptable terms, would have a material adverse impact upon the Resulting Issuer.

The licences and authorizations are subject to ongoing compliance and reporting requirements and the ability of the Resulting Issuer to obtain, sustain or renew any such licences and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies. Failure to comply with the requirements of the licences or authorizations or any failure to maintain the licences or authorizations would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer.

Although the Resulting Issuer believes that it will meet the requirements to obtain, sustain or renew the necessary licences and authorizations, there can be no guarantee that the applicable authorities will issue these licences or authorizations. Should the authorities fail to issue the necessary licences or authorizations, the Resulting Issuer may be curtailed or prohibited from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of the Resulting Issuer may be materially adversely affected.

Raw Materials and Supply

In the cannabis industry, there is a risk that raw input materials or materials purchased from a third-party processor or producer could be contaminated with pesticides, heavy metals, mycotoxin, or microbial agents.

All recreational markets that would sell brands produced or distributed by the Resulting Issuer would have to require quality assurance testing for each lot of final product and must be conducted by an independent, state certified, third-party testing laboratory with a statistically significant number of samples using acceptable methodologies to ensure that all lots manufactured of each marijuana product are adequately assessed for contaminants and the cannabinoid profile is correctly labeled for consumers.

If the Resulting Issuer's licensed processors and co-packagers or other third-party services providers fail to have positive testing results, the Resulting Issuer could experience negative adverse effect on its operations and ability to produce and sell its products.

Competition

It is likely that the Resulting Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, results of operations or prospects of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer will operate, the Resulting Issuer expects to face additional competition from new entrants. To become and remain competitive, the Resulting Issuer will require research and development, marketing, sales and support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition, results of operations or prospects of the Resulting Issuer.

If the number of users of medical cannabis in Canada or Colombia or any other jurisdiction on which the Resulting Issuer will operate increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

New Industry and Market

The cannabis industry and market are relatively new in the jurisdictions in which the Resulting Issuer will operate and this industry and market may not continue to exist or grow as anticipated or the Resulting Issuer may ultimately be unable to succeed in this new industry and market. Licensed producers (assuming the Resulting Issuer obtains the required licences) are subject to general business risks, as well as risks associated with a business involving an agricultural product and a regulated consumer product. The Resulting Issuer will hold a non-controlling interest in a company that is licensed to harvest, extract, produce and sell both psychoactive (THC) and non-psychoactive (CBD) medical cannabis extract and is in the process of acquiring additional assets that will allow it to begin operations in Colombia. The Resulting Issuer will need to make potentially significant investments in order to both acquire and maintain requisite licences as well as begin to operate. There are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the cannabis industry and market could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Future Acquisitions or Dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Resulting Issuer's ongoing business; (ii) distraction of management; (iii) the Resulting Issuer may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Resulting Issuer's operations; and (vi) loss or reduction of control over certain of the Resulting Issuer's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Resulting Issuer at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Resulting Issuer. A strategic transaction may result in a significant change in the nature of the Resulting Issuer's business, operations and strategy. In addition, the Resulting Issuer may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Resulting Issuer's operations.

Unfavorable Publicity or Consumer Perception

The Resulting Issuer believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory investigations, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or other publicity could have a material adverse effect on the demand for medical cannabis and

on the business, results of operations, financial condition, cash flows or prospects of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. There is no assurance that such adverse publicity reports or other media attention will not arise.

Product Liability

Upon becoming a producer or distributor of products designed to facilitate cannabis ingestion by humans, the Resulting Issuer would face an inherent risk of exposure to product liability claims, regulatory action and litigation if its customers' products are alleged to have caused significant loss or injury. In addition, tampering by unauthorized third parties or product contamination with respect to the cannabis used in the Resulting Issuer's customers' products may impact the risk of injury to consumers. Previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. As a supplier to manufacturers and distributors of products designed to facilitate the consumption of medical cannabis, or in its role as an investor in or service provider to an entity that is a manufacturer, distributor and/or retailer of medical cannabis, the Resulting Issuer may be subject to various product liability claims, including, among others, that the cannabis product caused injury or illness, included inadequate instructions for use or included inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Resulting Issuer. There can be no assurances that the Resulting Issuer will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Resulting Issuer's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Resulting Issuer.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Resulting Issuer will have detailed procedures in place for testing its products or require that third parties do the same where applicable, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Resulting Issuer's brands were subject to recall, the image of that brand and the Resulting Issuer could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Approvals

The Resulting Issuer may require advance approval of its products from authorities in the applicable jurisdiction. While the Resulting Issuer intends to follow the guidelines and regulations of each applicable local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any jurisdiction

may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Resulting Issuer's products are not approved or any existing approvals are rescinded, there is the potential to lead to a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Product Exchanges, Returns and Warranty Claims

If the Resulting Issuer is unable to maintain or cause the maintenance of an acceptable degree of quality control of products it produced or distributes, the Resulting Issuer may incur costs associated with the exchange and return of the products as well as servicing its customers for warranty claims. Any of the foregoing on a significant scale may have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Research and Development

Before the Resulting Issuer can obtain regulatory approval for the commercial sale of any of its products, it would be required to complete extensive trial testing to demonstrate safety and efficacy. Depending on the exact nature of trial testing, such trials can be expensive and are difficult to design and implement. The testing process is also time consuming and can often be subject to unexpected delays.

The timing and completion of trial testing may be subject to significant delays relating to various causes, including: inability to manufacture or obtain sufficient quantities of units and or test subjects for use in trial testing; delays arising from collaborative partnerships; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of trial testing due to the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective trial testing sites and subjects; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after testing, resulting in incomplete data; unforeseen safety issues or side effects; lack of efficacy during trial testing; reliance on research organizations to conduct trial testing, which may not conduct such trials with good laboratory practices; or other regulatory delays.

Difficulty in Developing Products

If the Resulting Issuer cannot successfully develop, manufacture and distribute its products, or if the Resulting Issuer experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Resulting Issuer may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Resulting Issuer's ability to effectively enter the market. A failure by the Resulting Issuer to achieve a low-cost structure through economies of scale would have a material adverse effect on the Resulting Issuer's commercialization plans and the Resulting Issuer's business, prospects, results of operations and financial condition.

Success of New and Existing Products and Services

The Resulting Issuer has committed, and expects to continue to commit, significant resources and capital to develop and market new products and services. These products and services are relatively untested, and the Resulting Issuer cannot guarantee that it will achieve market acceptance for any new products and services that the Resulting Issuer may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business of manufacturing and distributing vaporizers and accessories. In addition, new products, services and enhancements may pose a variety of technical challenges and require the

Resulting Issuer to attract additional qualified employees. The failure to successfully develop and market these new products, services or enhancements or to hire qualified employees could seriously harm the Resulting Issuer's business, financial condition and results of operations.

Continued Market Acceptance by Consumers

The Resulting Issuer would be substantially dependent on continued market acceptance of its products or those products it distributes by consumers. Although the Resulting Issuer believes that the use of products similar to the products to be designed and manufactured by the Resulting Issuer is gaining international acceptance, the Resulting Issuer cannot predict the future growth rate and size of this market.

Promoting and Maintaining Brands

The Resulting Issuer believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in providing high quality products. If customers and end users do not perceive the Resulting Issuer's products to be of high quality, or if the Resulting Issuer introduces new products or enters into new business ventures that are not favorably received by customers and end users, the Resulting Issuer will risk diluting brand identities and decreasing their attractiveness to existing and potential customers. Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Resulting Issuer may have to increase financial commitment to creating and maintaining a distinct brand loyalty among customers. If the Resulting Issuer incurs significant expenses in an attempt to promote and maintain brands, the business, results of operations and financial condition could be adversely affected.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although MVMD and Meadow Bay believe that the articles, reports and studies support their respective beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of the Resulting Issuer Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Resulting Issuer's products with the potential to lead to a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Reliance on Key Inputs

The distribution business is dependent on a number of key inputs and their related costs including raw materials and supplies related to product development and manufacturing operations. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the Resulting Issuer's business, financial condition, and results of operations or prospects. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Resulting Issuer might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Resulting Issuer in the future. Any

inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Resulting Issuer.

Dependence on Suppliers and Skilled Labour

The ability of the Resulting Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Resulting Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Resulting Issuer's capital expenditure plans may be significantly greater than anticipated by the Resulting Issuer's management, and may be greater than funds available to the Resulting Issuer, in which circumstance the Resulting Issuer may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Difficulty to Forecast

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the Resulting Issuer.

Management of Growth

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Internal Controls

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Resulting Issuer Shares.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies.

Litigation

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes

involved be determined against the Resulting Issuer, such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer Shares. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant company resources.

Intellectual Property Risks

The Resulting Issuer will have certain intellectual property rights. Its business is likely to depend significantly on the protection of any acquired or developed intellectual property rights. The Resulting Issuer cannot offer any assurances about whether any patent or trademark applications which it may file or acquire will be granted. Even if trademark and patent applications are successfully approved, third parties may challenge their validity, enforceability, or scope, which may result in such trademarks or patents being narrowed, found unenforceable or invalidated. Even if they are unchallenged, any trademark or patent applications and future trademarks and patents may not adequately protect the Resulting Issuer's intellectual property, provide exclusivity for its products or processes, or prevent others from designing around any issued patent claims. Any of these outcomes could impair the Resulting Issuer's ability to prevent competition from third parties, which may have an adverse impact on the Resulting Issuer's business.

Unauthorized parties may also attempt to replicate or otherwise obtain and use the Resulting Issuer's intellectual property. Policing the unauthorized use of the Resulting Issuer's existing or future trademarks, patents or other intellectual property rights could be difficult, expensive, time consuming and unpredictable, as may be enforcing these rights. Identifying the unauthorized use of intellectual property rights is difficult as the Resulting Issuer may be unable to effectively monitor and evaluate the products being distributed by its competitors and the processes used to produce such products. In addition, in any infringement proceeding, the Resulting Issuer's existing or future trademarks, patents or other intellectual property rights or other proprietary know-how may be found invalid, unenforceable, anti-competitive or not infringed or may be interpreted narrowly and such proceeding could put existing intellectual property applications at risk of not being issued.

In addition, other parties may claim that the Resulting Issuer's products infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders or require the payment of damages.

The Resulting Issuer expects that it will rely on certain developed or acquired trade secrets, technical know-how and proprietary information that are not protected by patents to maintain its competitive position. Such trade secrets, technical know-how and proprietary information, which are/would not be protected by patents, may become known to or be independently developed by competitors, which could adversely affect the Resulting Issuer.

The Resulting Issuer's success depends upon the skills, knowledge and experience of its scientific and technical personnel, consultants and advisors, as well as contractors. Because the Resulting Issuer will operate in a highly competitive industry, it intends to rely in part on trade secrets to protect its proprietary products and processes; however, trade secrets are difficult to protect. The Resulting Issuer enters into confidentiality or non-disclosure agreements with third parties. These agreements generally require that the receiving party keep confidential, and not disclose to third parties, confidential information developed by the receiving party or made known to the receiving party by the Resulting Issuer during the course of the receiving party's relationship with the Resulting Issuer. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to the Resulting Issuer will be its exclusive property, and the Resulting Issuer enters into assignment agreements to perfect its rights. These confidentiality, inventions and assignment agreements, where in place, may be breached and may not effectively assign intellectual property rights to the Resulting Issuer.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants

The Resulting Issuer is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Resulting Issuer that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Resulting Issuer to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Resulting Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Resulting Issuer from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Resulting Issuer, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Resulting Issuer's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Resulting Issuer's operations, any of which could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Information Technology Systems and Cyber-Attacks

The Resulting Issuer's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Resulting Issuer's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Resulting Issuer's reputation and results of operations.

The Resulting Issuer has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Resulting Issuer will not incur such losses in the future. The Resulting Issuer's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Resulting Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Operating Risks and Insurance

The Resulting Issuer's operations will be subject to hazards inherent in the cannabis industry, such as equipment defects, malfunction and failures, natural disasters which result in fires, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment, labour disputes, and changes in the regulatory environment. These risks could expose the Resulting Issuer to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators.

The Resulting Issuer will continuously monitor its operations for quality control and safety. However, there are no assurances that the Resulting Issuer's safety procedures will always prevent such damages. Although the Resulting Issuer will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that the Resulting Issuer will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Resulting Issuer, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the Resulting Issuer, the Resulting Issuer's ability to conduct normal business operations and on the Resulting Issuer's business, financial condition, results of operations and cash flows in the future.

Ability to Establish and Maintain Bank Accounts

There is a risk that banking institutions in countries where the Resulting Issuer will operate will not open accounts for the Resulting Issuer or will not accept payments or deposits from proceeds related to the cannabis industry. Such risks could increase costs for the Resulting Issuer or prevent the Resulting Issuer from expanding into certain jurisdictions.

Uninsured or Uninsurable Risk

The Resulting Issuer may be subject to liability for risks against which it cannot insure or against which the Resulting Issuer may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Resulting Issuer's normal business activities. Payment of liabilities for which the Resulting Issuer does not carry insurance may have a material adverse effect on the Resulting Issuer's financial position and operations.

Issuance of Debt

From time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Resulting Issuer's debt levels above industry standards for companies of similar size. Depending on future exploration and development plans, the Resulting Issuer may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms to the Resulting Issuer. Neither the Resulting Issuer's notice of articles nor its articles will limit the amount of indebtedness that the Resulting Issuer may incur. As a result, the level of the Resulting Issuer's indebtedness from time to time, could impair its ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Dilution

The Resulting Issuer may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Resulting Issuer which may be dilutive to the other shareholders and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Resulting Issuer's financial estimates, projections and other forward-looking information accompanying this Circular were prepared by Meadow Bay and MVMD without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in

such documents. Investors should research Meadow Bay and MVMD and become familiar with the assumptions underlying any estimates, projections or other forward-looking information. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Resulting Issuer might achieve.

Discretion as to the Use of Available Funds

The Resulting Issuer's management will have broad discretion in how it uses the funds available to it. Management may use the available funds in ways that shareholders may not consider desirable. The results and the effectiveness of the application of the funds are uncertain. If the funds are not applied effectively, the results of the Resulting Issuer's operations may suffer. Management currently intends to allocate the available funds as described under "Total Funds Available", however, management may elect to allocate the funds differently from that described under "Total Funds Available" if it believes it would be in the Resulting Issuer's best interest to do so. Shareholders may not agree with the manner in which management chooses to allocate and spend the available funds.

Certain Remedies and Rights to Indemnification may be Limited

The Resulting Issuer's governing documents will provide that the liability of its board of directors and officers is eliminated to the fullest extent allowed under the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Thus, the Resulting Issuer and the shareholders of the Resulting Issuer may be prevented from recovering damages for alleged errors or omissions made by the members of the board of directors of the Resulting Issuer and its officers. The Resulting Issuer's governing documents will also provide that the Resulting Issuer will, to the fullest extent permitted by law, indemnify members of the board of directors of the Resulting Issuer and its officers for certain liabilities incurred by them by virtue of their acts on behalf of the Resulting Issuer.

Going-Concern Risk

The pro forma financial statements of the Resulting Issuer have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Resulting Issuer's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability. The pro forma financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Resulting Issuer be unable to continue as a going concern.

Client Acquisitions

The Resulting Issuer's success depends on its ability to attract and retain clients. There are many factors which could impact the Resulting Issuer's ability to attract and retain clients, including but not limited to the Resulting Issuer's ability to continually produce desirable and effective products, the successful implementation of the Resulting Issuer's client-acquisition plan and continued growth in the aggregate number of consumers choosing to use cannabis either recreationally or medically. The Resulting Issuer's failure to acquire and retain customers would have a material adverse effect on the Resulting Issuer's business, operating results and financial condition.

Credit Risk

The Resulting Issuer will be exposed to credit risk through its cash and cash equivalents. Credit risk arises from deposits with banks and outstanding receivables. The Resulting Issuer does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Acquisition Risks

The Resulting Issuer is likely to acquire additional assets and/or companies. There are risks inherent in any such acquisition. Although the Resulting Issuer will perform due diligence reviews of any assets or companies it intends to acquire, in whole or in part, there could be unknown or undisclosed risks, problems, hazards, liabilities, claims, or otherwise, for which the Resulting Issuer may not be sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Resulting Issuer's financial performance and results of operations. The Resulting Issuer could encounter additional costs or other factors such as the failure to realize all of the benefits from such acquisitions.

The Resulting Issuer may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired entity with its existing operations. If integration is not managed successfully by the Resulting Issuer's management, the Resulting Issuer may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on its business, financial condition and results of operations. The Resulting Issuer may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on management. There is no assurance that any such acquisitions will be successfully integrated in a timely manner.

Investment Risks

The Resulting Issuer is expected to acquire various assets and form relationships with third parties for mutual benefit. There can be no assurance that the Resulting Issuer will acquire favourable investment opportunities or that any such investments will generate revenues or profits. Failure to successfully manage the acquisition of investments could harm the Resulting Issuer's business, strategy and operating results in a material way. The transactions and their success may be exposed to a number of risks, including the risks that the Resulting Issuer may not be able to identify viable opportunities or, if it does identify viable opportunities, effect the transaction and that the investment may fail to perform.

In addition, the Resulting Issuer has co-invested and may again co-invest in one or more investments with certain strategic investors and/or other third parties through joint ventures or other arrangements, which parties in certain cases may have different interests or superior rights to those of the Resulting Issuer. In cases where the Resulting Issuer will not have a controlling interest, the Resulting Issuer may have a limited ability to protect its position in such investment. In addition, even when the Resulting Issuer does maintain a control position, such investments will be subject to typical risks associated with third-party involvement, including the possibility that a third-party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Resulting Issuer, or may be in a position to take (or block) action in a manner contrary to the Resulting Issuer's objectives. Although MVMD has tried and will continue to try to mitigate potential risks, the Resulting Issuer may also, in certain circumstances, be liable for the actions of its third-party partners or co-investors. Co-investments by third parties may or may not be on

substantially the same terms and conditions as the Resulting Issuer and such different terms and conditions may be disadvantageous to the Resulting Issuer.

Industry and Regulatory Risks

Regulatory Regime

The business and activities of the Resulting Issuer are heavily regulated in all jurisdictions where it will carry on business. The Resulting Issuer's operations will be subject to various laws, regulations and guidelines by governmental authorities. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Resulting Issuer, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Resulting Issuer's products and services. Achievement of the Resulting Issuer's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Resulting Issuer cannot predict the impact of the compliance regime of jurisdictions in which it intends to operate, such as Colombia. Similarly, the Resulting Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

The Resulting Issuer will incur ongoing costs and obligations related to regulatory compliance in both Canada and Colombia as well as any other jurisdictions in which it may operate. Failure to comply with regulations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Resulting Issuer's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Changes in Laws, Regulations and Guidelines

The Resulting Issuer's operations will be subject to various laws, regulations, guidelines and licensing requirements both in Canada, Colombia and abroad. While the Resulting Issuer is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Resulting Issuer could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Constraints on Marketing Products

The development of the Resulting Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada and Colombia limits companies' abilities to compete for market share in a manner similar to other industries. If the Resulting Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Resulting Issuer's sales and results of operations could be adversely affected.

Economic Environment

The Resulting Issuer's operations could be affected by general the economic context conditions should the unemployment level, interest rates or inflation reach levels that influence consumer trends, and consequently, impact the Resulting Issuer's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Resulting Issuer's management.

Global Financial Conditions

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Resulting Issuer's ability to obtain equity or debt financing in the future on terms favourable to the Resulting Issuer. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Resulting Issuer's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the cannabis industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Resulting Issuer's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Risks Related to Investment in Company with International Assets

Economic and Political Risks Inherent with any International Investment

Certain of the Resulting Issuer's operations are or are expected to be located outside of Canada, such as Colombia. Consequently, the Resulting Issuer is or will be dependent upon each such international jurisdiction's economic and political developments. As a result, the Resulting Issuer's business, financial position and results of operations may be affected by the general conditions of these economies, price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting such jurisdictions, over which the Resulting Issuer has no control and which could have a material adverse effect on Resulting Issuer's business, financial condition or results of operations.

The Resulting Issuer intends to focus its initial operations in Colombia. The Colombian government has exercised, and continues to exercise, significant influence over the Colombian economy and frequently intervenes in the Colombian economy to control inflation and affect other policies in such areas as wage and price controls, currency devaluations, capital controls and limits on imports, among other things. Any cannabis cultivation business in which the Resulting Issuer may engage and, as a result, its overall business, financial condition and results of operations may be adversely affected by changes in policy involving tariffs, exchange controls and other matters, as well as factors such as inflation, currency

devaluation, exchange rates and controls, interest rates, changes in government leadership, policy, taxation and other political, economic or other developments in or affecting Colombia, including civil disturbances, regional terrorism, armed conflict and/or war. There is a risk of rebel, terrorist attacks and kidnappings against facilities and personnel involved in the cannabis cultivation operations at the Colombian properties in which the Resulting Issuer has or may acquire an interest.

Operational Risks

Operations in certain jurisdictions outside of Canada, such as potentially Colombia, are subject to risk due to the potential for social, political, economic, legal and/or fiscal instability. Such instability may require the Resulting Issuer to suspend operations in such jurisdictions. Although the Resulting Issuer is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in such jurisdictions, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Resulting Issuer's operations, or other matters.

Enforcement of Judgments

It is expected that certain of the Resulting Issuer's assets will be located outside of Canada. As a result, investors may not be able to effect service of process within Canada upon the Resulting Issuer's potential future directors or officers who reside outside of Canada or enforce against them in Canadian courts judgments predicated on Canadian securities laws. It may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada. Shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Inflationary Risks

Colombia has experienced double digit rates of inflation in the past. If this continues, costs may increase substantially as a result of changes in the exchange rates. In addition, this may affect the Resulting Issuer's ability to raise capital. The government's response to such inflationary pressures might include monetary and fiscal policy that may have an adverse effect on the Resulting Issuer.

Repatriation of Earnings from Colombia

There are currently no restrictions on the repatriation from Colombia of earnings to foreign entities. However, there can be no assurance that restrictions on repatriations of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for the purpose of payments to foreign suppliers, repayment of foreign debt, payments of dividends to foreign stockholders and other foreign expenses.

Colombian Legal System

The Colombian legal system may expose MVMD to risks such as: (a) effective legal redress in the courts, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (b) a higher degree of discretion on the part of governmental authorities; (c) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and

resolutions; or (e) relative inexperience of the judiciary and courts in such matters. The commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain in Colombia, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in Colombia cannot be assured.

Illegality of cannabis under United States Law

The cultivation, manufacture, distribution, and possession of marijuana is illegal under United States federal laws. Federal law applies even in those states in which the use of marijuana has been legalized. As a result of the conflict between state and federal laws regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Although prior administrations have taken a more permissive view of legalization at the state level, there is no assurance that the federal government will not seek to prosecute cannabis businesses that are compliant with state law.

Under the CSA, 21 U.S.C. (“CSA”), § 801 et seq., it is a felony to manufacture, distribute, dispense or possess with intent to manufacture, distribute or dispense a controlled substance, including marijuana; to use a communication facility, which includes the mail, telephone, wire, radio, and all other means of communication, to cause or facilitate a violation of the CSA; and to place an advertisement knowing that the advertisement is intended to offer to sell or buy marijuana, or to use the internet to advertise the sale of marijuana. It is also a federal misdemeanor to knowingly or intentionally possess marijuana and a felony to attempt or conspire to violate the CSA. The CSA does not apply to conduct that takes place entirely outside the United States if the conduct involves cannabis that never reaches, and is never intended to reach, the United States.

Those with marijuana-related activities in the United States which are contrary to such federal laws are or may be subject to a variety of criminal, civil, tax and/or other laws and resulting implications. For example:

(A) PARTICIPATING IN TRANSACTIONS INVOLVING PROCEEDS DERIVED FROM CANNABIS MAY CONSTITUTE CRIMINAL MONEY LAUNDERING. IT IS A FEDERAL CRIME TO ENGAGE IN CERTAIN TRANSACTIONS INVOLVING THE PROCEEDS OF “SPECIFIED UNLAWFUL ACTIVITIES” (“SUA”) WHEN THOSE TRANSACTIONS ARE DESIGNED TO PROMOTE AN UNDERLYING SUA, OR CONCEAL THE SOURCE OF THE FUNDS. VIOLATIONS OF THE CSA AND VIOLATIONS OF A FOREIGN STATE’S LAWS ARE BOTH SUA. IT IS A FEDERAL CRIME TO ENGAGE IN AN INTERNATIONAL TRANSACTION INTO OR OUT OF THE UNITED STATES IF THE TRANSACTION IS INTENDED TO PROMOTE AN SUA, IRRESPECTIVE OF THE SOURCE OF THE FUNDS. IT IS A FEDERAL CRIME TO ENGAGE IN A TRANSACTION IN PROPERTY WORTH GREATER \$10,000 KNOWING THAT THE PROPERTY IS DERIVED FROM A SUA. IT IS ALSO A FEDERAL CRIME TO ENGAGE IN INTERSTATE OR FOREIGN TRAVEL OR COMMERCE WITH THE INTENT TO DISTRIBUTE THE PROCEEDS OF OR PROMOTE A SUA. ANYONE WHO AIDS AND ABETS ANOTHER TO COMMIT A FEDERAL CRIME, INCLUDING VIOLATIONS OF THE CSA, CAN BE CHARGED WITH COMMITTING THE UNDERLYING OFFENSES AND PUNISHED AS MUCH AS THE PERSON WHO COMMITTED THEM. VIOLATIONS OF FEDERAL CRIMINAL LAWS CARRY A RISK OF CIVIL PENALTIES IN ADDITION TO OR INSTEAD OF CRIMINAL PENALTIES. THE FEDERAL GOVERNMENT CAN SEEK, (I) CIVIL FORFEITURE OF PROPERTY INVOLVED IN OR TRACEABLE TO CERTAIN CRIMES, INCLUDING MONEY LAUNDERING AND VIOLATIONS OF THE CSA; AND (II) PROSECUTION OF THE RESULTING ISSUER’S EMPLOYEES, DIRECTORS, OFFICERS, MANAGERS AND INVESTORS FOR CRIMINAL VIOLATIONS OF THE CSA, FEDERAL

MONEY LAUNDERING LAWS, OR THE TRAVEL ACT. EVEN WHEN THE GOVERNMENT DOES NOT BRING CRIMINAL CHARGES, IT MAY USE THE THREAT OF AN INVESTIGATION OR CHARGES TO INCENTIVIZE CIVIL SETTLEMENTS. VIOLATIONS OF FEDERAL LAW COULD RESULT IN SIGNIFICANT FINES, PENALTIES, ADMINISTRATIVE SANCTIONS, CRIMINAL PROSECUTION, INCLUDING ARREST, PRE-TRIAL INCARCERATION, AND SENTENCES INCLUDING MONETARY FINES OR INCARCERATION, DISGORGEMENT OF PROFITS, CESSATION OF BUSINESS ACTIVITIES OR DIVESTITURE, AND FORFEITURE OF REAL AND PERSONAL PROPERTY. (b) With respect to tax treatment related to the Resulting Issuer's interest in the United States, under Section 280E ("**Section 280E**") of the United States Internal Revenue Code of 1986 as amended (the "**U.S. Tax Code**"), "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted." This provision has been applied by the U.S. Internal Revenue Service to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E therefore has a significant impact on the retail side of cannabis, but a lesser impact on cultivation, processing, production and packaging operations. A result of Section 280E is that an otherwise profitable business may, in fact, operate at a loss, after taking into account its U.S. income tax expenses.

It is expected that the Resulting Issuer would be involved in marijuana-related activities in the United States, indirectly through MVMD's interest in CCJC, only if and to the extent that the DEA License is granted by the U.S. federal government. As such, the Resulting Issuer and its subsidiaries would not be acting contrary to the United federal laws and therefor contrary to any laws considered above. However, it cannot be guaranteed that inconsistent regulation and legislation, relating to the DEA's decision to grant licences or otherwise, would not result in an adverse effect on the business or financial condition of the Resulting Issuer. Further, the Resulting Issuer will not, unless it increases its interest in CCJC, have control over CCJC or the Applicant. The Resulting Issuer cannot guarantee that their actions pending the approval of the Application which at all times be compliant with applicable federal United States laws, which may subject it to those laws addressing those who act contrary to such laws.

Heightened scrutiny by Canadian regulatory authorities

For the reasons set forth above, the Resulting Issuer's current or future interest in the United States may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSXV.5 The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS Clearing and Depository Services Inc. ("**CDS**") as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the common shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of common shares to make and settle trades. In particular, the common shares would

become highly illiquid until an alternative was implemented, investors would have no ability to effect a trade of the common shares through the facilities of the applicable stock exchange.

Regulatory scrutiny of the Resulting Issuer's interests in the United States

For the reasons set forth above, the Resulting Issuer's interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to carry on its business in the United States.

PROMOTERS

There are no promoters of the Resulting Issuer.

AUDITORS OF THE RESULTING ISSUER

The current auditor of Meadow Bay is MNP LLP, Chartered Professional Accountants located at Suite 2200, MNP Tower, 1021 West Hastings Street, Vancouver, British Columbia and will continue to be the auditors of the Resulting Issuer following the completion of the Transaction.

TRANSFER AGENT AND REGISTRAR

The Resulting Issuer's registrar and transfer agent will be Computershare Investor Services Inc., located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9, or such other registrar and transfer agent as the Resulting Issuer may in future determine.

SCHEDULE A OF APPENDIX D
PRO FORMA FINANCIAL STATEMENTS

[See Attached]

Meadow Bay Gold Corporation

Pro Forma Consolidated Financial Statements

March 31, 2019

(Unaudited)

(Expressed in Canadian Dollars)

Meadow Bay Gold Corporation
Pro Forma Consolidated Statement of Financial Position
March 31, 2019
(Unaudited) – (Expressed in Canadian Dollars)

	Meadow Bay Gold Corporation March 31, 2019	Mountain Valley MD Inc. March 31, 2019	Pro Forma Adjustments	Notes	Consolidated Pro Forma
Assets					
Current					
Cash	39,617	9,086,662	55,000	4(a)	9,181,279
Other receivable	16,591	21,012	-		37,603
Prepaid expenses	11,390	73,035	-		84,425
Deposit - acquisition	-	100,000	-		100,000
Note receivable	-	817,574	-		817,574
	67,598	10,098,283	55,000		10,220,881
Non-current					
Exploration and evaluation assets	6,000,000	-	(4,361,032)	3	1,638,968
Plant and equipment	280,961	1,390,000	-		1,670,961
	6,280,961	1,390,000	(4,361,032)		3,309,929
Total assets	6,348,559	11,488,283	(4,306,032)		13,530,810
Liabilities					
Current					
Accounts payable and accrued liabilities	350,625	224,337	205,000	4(b)	779,962
Amounts payable to related parties	50,350	-	-		50,350
Mortgage payable	-	310,000	-		310,000
Total current liabilities	400,975	534,337	-		1,140,312
Shareholders' Equity					
Share capital	35,048,332	11,840,978	(35,048,332)	4(c)	11,840,978
	-	-	1,381,552	3	1,381,552
	-	-	55,000	4(a)	55,000
Share subscriptions received	-	10,000	-		10,000
Contributed surplus	7,140,174	-	(7,140,174)	4(c)	0
Accumulated other comprehensive income	4,383,507	-	(4,383,507)	4(c)	0
Deficit	(40,624,429)	(897,032)	40,624,429	4(c)	(897,032)
Total shareholders' equity	5,947,584	10,953,946	(4,511,032)		12,390,498
Total liabilities and shareholders' equity	6,348,559	11,488,283	(4,306,032)		13,530,810

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

Meadow Bay Gold Corporation
Pro Forma Consolidated Statement of Comprehensive Loss
Period Ended March 31, 2019
(Unaudited) – (Expressed in Canadian Dollars)

	Meadow Bay Gold Corporation Year Ended March 31, 2019	Mountain Valley MD Inc. Period from incorporation on October 26, 2018 to March 31, 2019	Pro Forma Adjustments	Notes	Consolidated Pro Forma
Operating expenses					
Consulting - general and administration	126,000	522,899	-		648,899
Depreciation	32,679	-	-		32,679
Maintenance of claims	85,495	-	-		85,495
Office and administration	176,164	9,210	-		185,374
Professional fees	119,529	205,925	-		325,454
Trade shows and investor relations	16,883	-	-		16,883
Transfer agent and filing	48,075	-	-		48,075
Mortgage interest	-	9,799	-		9,799
Property taxes	-	1,046	-		1,046
Rent	-	10,500	-		10,500
Utilities	-	5,373	-		5,373
Travel	19,410	132,280	-		151,690
Operating loss before other items	(624,235)	(897,032)	-		(1,521,267)
Impairment of exploration and evaluation assets	(22,221,772)	-	22,221,772	4(d)	0
Net loss for the year	(22,846,007)	(897,032)	22,221,772		(1,521,267)
Other comprehensive loss					
Translation adjustment	623,037	-	-		623,037
Comprehensive loss for the year	(22,222,970)	(897,032)	22,221,772		(898,230)
Loss per share					
Basic	(0.46)	(0.01)			(0.01)
Diluted	(0.46)	(0.01)			(0.01)
Weighted average number of shares outstanding					
Basic	50,056,229	93,720,659			233,037,429
Diluted	50,056,229	93,720,659			233,037,429

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

Meadow Bay Gold Corporation
Notes to the Pro Forma Consolidated Financial Statements
March 31, 2019
(Unaudited) – (Expressed in Canadian Dollars)

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements have been prepared by the management of Meadow Bay Gold Corporation (“Meadow Bay” or the “Company”) for inclusion in the Company’s Listing Statement in connection with the amalgamation agreement to between Meadow Bay and Mountain Valley MD Inc. (“Mountain Valley”) (the “Amalgamation Agreement”).

The pro forma consolidated statement of financial position has been prepared assuming the Amalgamation Agreement had occurred on March 31, 2019. The pro forma consolidated statement of loss and comprehensive loss for the year ended March 31, 2019 have been prepared as if the Amalgamation Agreement had occurred on April 1, 2018. These pro forma consolidated financial statements of the Company have been compiled from and include:

- a) Unaudited pro forma consolidated statement of financial position as at March 31, 2019 combining the audited consolidated statements of financial position of Meadow Bay and Mountain Valley as at March 31, 2019.
- b) Unaudited pro forma consolidated statement of loss and comprehensive loss for the year ended March 31, 2019 combining the audited consolidated statements of loss and comprehensive loss of Meadow Bay for the year ended March 31, 2019 and the audited consolidated statements of loss and comprehensive loss of Mountain Valley for the period from incorporation on October 26, 2018 to March 31, 2019.

Intercompany transactions have been eliminated.

The unaudited pro forma consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company as at and for the twelve months ended March 31, 2019 and notes included therein, as referred to above or available at www.sedar.com.

It is management’s opinion that these pro forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described herein and are in accordance with International Financial Reporting Standards (“IFRS”). The pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of the Company which would have actually resulted had the transactions been effected on the dates indicated. Furthermore, the unaudited pro forma consolidated financial information is not necessarily indicative of the results of operations that may be obtained in the future. Actual amounts recorded upon consummation of the transactions will differ from those recorded in the unaudited pro forma consolidated financial statements and the differences may be material.

2. Summary of Significant Accounting Policies

The unaudited pro forma consolidated statement of financial position has been compiled using the significant accounting policies as set out in the audited financial statements of Meadow Bay and Mountain Valley as described in the notes to their audited financial statements for the year ended March 31, 2019.

3. Amalgamation Agreement

On June 28, 2019, Mountain Valley entered into an Amalgamation Agreement with Meadow Bay, a reporting issuer in the provinces of British Columbia, Alberta and Ontario, and a wholly-owned Ontario subsidiary of Meadow Bay (“Subco”) to effect the combination of their respective

businesses and assets by way of a three cornered amalgamation between Meadow Bay, Mountain Valley and Subco to form a new corporation (“Amalco”). Pursuant to the Amalgamation Agreement:

- Meadow Bay will consolidate its issued and outstanding common shares on an 8:1 basis;
- Meadow Valley will subscribe for 350 Meadow Bay convertible debenture units (“Unit”). Each Unit is comprised of one Meadow Bay convertible debenture in the principal amount of \$1,000 bearing interest at 10% per annum with maturity date of four years and 1,000 Meadow Bay convertible debenture warrants with each warrant being exercisable for a period of five years from the date of issuance at a pre-consolidation exercise price of \$0.06. Each Unit is convertible into one pre-consolidation common share and one warrant of Meadow Bay with each warrant being convertible into one pre-consolidation common share of Meadow Bay for a period of five years from the date of issuance at a pre-consolidation exercise price of \$0.06.
- Meadow Bay may proceed with a potential private placement offering of up to an additional 150 Units to raise additional gross proceeds of \$150,000;
- Meadow Valley will complete a private placement; and
- If Meadow Valley terminates the amalgamation agreement because of an uncured breach by Meadow Bay and Meadow Bay consummates an acquisition transaction within one year of the date of the termination, Meadow Bay will pay a \$500,000 break fee to Mountain Valley.

On the effective date of the amalgamation:

- Subco and Meadow Valley will amalgamate to form Amalco and will continue as on as one corporation;
- Every Mountain Valley Class A and Class B common share prior to the amalgamation will receive one post-consolidation Meadow Bay common share;
- Every Subco share prior to the amalgamation will receive one Amalco share; and
- The name of Amalco will be Mountain Valley MD Inc. or such other name as otherwise agreed to.

The transaction will constitute a reverse take-over (“RTO”) for accounting purposes, as certain Mountain Valley shareholders will hold a majority voting interest in the amalgamated entity, the majority of the Board of Directors will comprise of Mountain Valley shareholders and the management of Mountain Valley will become senior management of the amalgamated company. Although Meadow Bay will be regarded as the legal parent and continuing company, Mountain Valley will be the acquirer for accounting purposes. Consequently, Mountain Valley will be deemed a continuation of the reporting entity, and control of the assets and operations of the Company will be deemed to have been acquired in consideration for the issuance of the Company’s shares to the former shareholders of Mountain Valley. At the time of this transaction, the Company did not constitute a business as defined under IFRS 3, Business Combinations; therefore, the transaction is accounted for under IFRS 2, Share Based Payment, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as a listing expense. The net assets acquired pursuant to the acquisition are as follows:

Accounting for the acquisition as a reverse take over result in the following:

Allocation of Purchase Consideration	
Cash and cash equivalents	39,617
Other receivable	16,591
Prepaid expenses	11,390
Exploration and evaluation assets	1,638,968
Plant and equipment	280,961
Accounts payable and accrued liabilities	(350,625)
Amounts payable to related parties	(50,350)
Net assets acquired	1,586,552
Total	1,586,552

Total Purchase Consideration	
Common shares	1,381,552
Transaction fees	205,000
Total purchase consideration	1,586,552

- The consolidated statements of the combined entities are issued as the financial statements of the legal parent, Meadow Bay, but are considered a continuation of the legal subsidiary, Mountain Valley.
- Since Meadow Bay is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the unaudited pro forma consolidated financial statements at their historical carrying costs.
- In connection with the acquisition, the former shareholders of Meadow Bay retained 50,056,229 common shares of the Company.
- The fair value of the 50,056,229 common shares was determined to be \$1,381,552, based on the fair value of the common shares on September 16, 2019.

For purposes of preparing the unaudited consolidated pro forma financial statements, the net assets acquired are measured at preliminarily estimated fair values at March 31, 2019. A final determination of fair values and consideration given will be based on the actual assets and liabilities that exist at closing date and on actual fair value of the Mountain Valley shares at that time. Accordingly the estimated fair values of assets and liabilities reflected in the table above are preliminary and subject to change pending additional information and facts that may be known at the closing date.

4. Pro Forma Assumptions and Adjustments

- a) In connection with the closing of the Amalgamation Agreement, Mountain Valley completed a private placement of 137,500 units for gross proceeds of \$55,000. Each unit consists of one

Class B common share and one half share purchase warrant, each full warrant exercisable at \$0.60 to purchase one Class B common share for 2 years from the date of issuance.

- b) Incur estimated transaction costs in the amount of \$205,000, primarily as a result of professional fees.
- c) As a result of the reverse acquisition, the pro-forma consolidated statement of financial position has been adjusted for the elimination of Meadow Bay's share capital, reserves and deficit.
- d) Giving effect to the transaction as at April 1, 2019 would have resulted in a value attributed to the exploration and evaluation assets of \$1,433,968 at initial recognition (note 3) and accordingly an impairment would not have been recorded during the year ended March 31, 2019.

5. Share Capital

Share capital as at March 31, 2019 in the unaudited pro forma consolidated financial statements is comprised of the following:

	Number of Shares	Capital Stock	Reserves
Authorized			
Unlimited common shares without par value			
Issued			
Balance as at March 31, 2019 - Meadow Bay	50,056,229	35,048,332	11,523,681
Common share issuance - Mountain Valley	50,056,229	11,840,978	10,000
Elimination of pre-acquisition share capital of Meadow Bay	(50,056,229)	(35,048,332)	(11,523,681)
Common shares issued per reverse takeover	182,843,700	1,381,552	-
Shares issued in concurrent private placement - Mountain Valley	137,500	55,000	-
Total	233,037,429	13,277,530	10,000

6. Pro Forma Net Loss Per Share

Net loss per common share is calculated by dividing the pro forma net loss applicable to common shares by the weighted average number of common shares outstanding for the year ended March 31, 2019 and reflects the common share issuances as if they had taken place at April 1, 2018.

7. Income Taxes

The pro forma effective tax rate applicable to the consolidated operations will be 27%.

Meadow Bay has non-capital loss carry forwards of approximately \$9,198,204 as at March 31, 2019. Mountain Valley has non-capital loss carry forwards of approximately \$928,000 as at March 31, 2019.

Given uncertainty on how and when these taxes can be utilized, no adjustment has been made to these unaudited pro forma consolidated financial statements.

APPENDIX E

DIVISION 2 OF PART 8 OF THE BCBCA

DIVISION 2- DISSENT PROCEEDINGS

237. Definitions and application -

(1) In this Division:

“dissenter” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“notice shares” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“payout value” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291(2)(c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable..

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238(1)(g), the court orders otherwise or the resolution provides otherwise.

238. Right to dissent -

(1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
 - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or

- (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;;
 - (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
 - (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
 - (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
 - (e) under section 301(5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
 - (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
 - (g) in respect of any other resolution, if dissent is authorized by the resolution;
 - (h) in respect of any court order that permits dissent.
- (2) A shareholder wishing to dissent must
- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
 - (b) identify in each notice of dissent, in accordance with section 242(4), the person on whose behalf dissent is being exercised in that notice of dissent, and
 - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
 - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

239. Waiver of right to dissent -

- (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
 - (a) provide to the company a separate waiver for
 - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
 - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
 - (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
 - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

240. Notice of resolution -

- (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
 - (a) a copy of the proposed resolution, and
 - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,
 - (a) a copy of the proposed resolution, and

- (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
- (a) a copy of the resolution,
 - (b) a statement advising of the right to send a notice of dissent, and
 - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

241. Notice of court orders -

If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

242. Notice of dissent -

- (1) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(a), (b), (c), (d), (e) or (f) must,
- (a) if the company has complied with section 240(1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
 - (b) if the company has complied with section 240(3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
 - (c) if the company has not complied with section 240(1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.
- (2) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240(2)(b) or (3)(b) as the last date by which notice of dissent must be sent, or
 - (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.
- (3) A shareholder intending to dissent under section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company
- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
 - (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:
- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
 - (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
 - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
 - (i) the name and address of the beneficial owner, and
 - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

243. Notice of intention to proceed -

- (1) A company that receives a notice of dissent under section 242 from a dissenter must,
 - (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
 - (i) the date on which the company forms the intention to proceed, and
 - (ii) the date on which the notice of dissent was received, or
 - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1)(a) or (b) of this section must
 - (a) be dated not earlier than the date on which the notice is sent,
 - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
 - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

244. Completion of dissent -

- (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
 - (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
 - (b) the certificates, if any, representing the notice shares, and
 - (c) if section 242(4)(c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1)(c) must
 - (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
 - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) that dissent is being exercised in respect of all of those other shares.

- (3) After the dissenter has complied with subsection (1),
 - (a) the dissenter is deemed to have sold to the company the notice shares, and
 - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

245. Payment for notice shares -

- (1) A company and a dissenter who has complied with section 244(1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
 - (a) promptly pay that amount to the dissenter, or
 - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares,
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
 - (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
 - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244(1), and
 - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)(a) of this section, the company must
 - (a) pay to each dissenter who has complied with section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company

under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1)(b) or (3)(b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
 - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the company is insolvent, or
 - (b) the payment would render the company insolvent.

246. Loss of right to dissent -

The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

247. Shareholders entitled to return of shares and rights -

If under section 244(4) or (5), 245(4)(a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244(1)(b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.