Consolidated Financial Statements of

MOUNTAIN VALLEY MD HOLDINGS INC.

(formerly Meadow Bay Gold Corporation)

As at March 31, 2020 and 2019

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Mountain Valley MD Holdings Inc. (formerly Meadow Bay Gold Corporation):

Opinion

We have audited the consolidated financial statements of Mountain Valley MD Holdings Inc. (formerly "Meadow Bay Gold Corporation") and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year 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 consolidated financial position of the Company as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a loss of $18,844,614 during the year ended March 31, 2020 and as at March 31, 2020, the Company had an accumulated deficit of $19,741,646. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Company from October 26, 2018 (date of incorporation) to March 31, 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements on August 20, 2019.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

MNP LLP

Ottawa, Ontario
September 29, 2020

Chartered Professional Accountants
Licensed Public Accountants

MOUNTAIN VALLEY MD HOLDINGS INC.

(formerly Meadow Bay Gold Corporation)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	March 31, 2020	2019
TOTAL ASSETS			
CURRENT			
Cash and cash equivalents		**$ 1,741,563**	$ 9,086,662
Commodity taxes recoverable		**123,992**	21,012
Prepaid expenses and deposits	5	**290,239**	73,035
Deposit - acquisition	9	**-**	100,000
Note receivable	11	**102,027**	817,574
Due from shareholder	17	**98,492**	-
Right to use asset		**7,208**	-
		2,363,521	10,098,283
NON-CURRENT			
Intellectual property	8	**4,993,323**	-
Licences	6	**300,000**	-
Equity investments	10	**2,870,224**	-
Investment in associates	9	**280,001**	-
Land and building	13	**1,426,815**	1,390,000
		9,870,363	1,390,000
		$ 12,233,884	$ 11,488,283
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT			
Accounts payable and accrued liabilities	14	**$ 611,865**	$ 224,337
Lease liability		**6,563**	-
Mortgage payable	15	**320,000**	310,000
		938,428	534,337
NON-CURRENT			
Share redemption liability	10	**2,518,600**	-
Convertible note	12	**226,672**	-
		3,683,700	534,337
SHAREHOLDER'S EQUITY			
Share capital	16	**25,962,332**	10,254,920
Contributed surplus	16	**442,010**	-
Warrants	16	**1,887,488**	1,596,058
Deficit		**(19,741,646)**	(897,032)
		8,550,184	10,953,946
		$ 12,233,884	$ 11,488,283

GOING CONCERN (Note 1)

COMMITMENTS AND CONTINGENT LIABILITES (Note 22)

SUBSEQUENT EVENTS (Note 23)

Approved on behalf of the Board:

/s/ *"Dennis Hancock"* /s/ *"Kevin Puloski"*

MOUNTAIN VALLEY MD HOLDINGS INC.
(formerly Meadow Bay Gold Corporation)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	For the Year Ended March 31, 2020	October 28, 2018 (date of incorporation) to March 31 2019
EXPENSES			
Advertising and promotion		$ **570,829**	$ -
Business development and travel	17	**303,094**	132,280
Consulting fees	17	**977,041**	522,899
Depreciation of intangible assets	8	**46,021**	-
Depreciation of tangible and right-of use assets	13	**29,838**	
Impairment of intangible asset	6	**1,438,750**	-
Materials purchased		**52,159**	-
Office and miscellaneous		**44,312**	15,629
Professional fees		**759,445**	205,925
Rent	22	**22,500**	10,500
Salaries and benefits		**13,825**	-
Stock based compensation	16, 17	**322,084**	-
Transfer agent and filing fees		**8,532**	-
NET LOSS BEFORE OTHER ITEM		**4,588,430**	887,233
OTHER ITEM			
Investment income and other		**(18,628)**	-
Interest earned on convertible note	11	**(2,027)**	-
Accretion and interest on convertible debt	12	**6,690**	
Listing expense	7	**6,178,692**	-
Mortgage interest	15	**30,550**	9,799
Fair value loss on equity investments	9	**135,276**	
Loss from equity accounted associates	10	**83,334**	-
Impairment in associates	9	**7,842,297**	-
		14,256,184	**9,799**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		$ **18,844,614**	$ 897,032
BASIC AND DILUTED LOSS PER SHARE		$ **(0.09)**	$ (0.01)
Weighted average number of shares outstanding		**208,414,518**	93,720,659

MOUNTAIN VALLEY MD HOLDINGS INC.

(formerly Meadow Bay Gold Corporation)

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Note	Class A Number of shares	Class A Share capital	Class B Number of shares	Class B Share capital	Common shares Number of shares	Common shares Share capital	Contributed surplus	Warrants	Deficit	Total
			$		$		$	$	$	$	$
Balance as at October 26, 2018		-	-	-	-			-	-	-	-
Unit issuances in private placement at $0.20	16	70,625,200	737,501	57,861,659	8,137,274	-	-	-	1,596,058	-	10,470,833
Share issuance costs	16	-	-		(156,419)	-	-	-	-	-	(156,419)
Shares issued for consulting services	16	-	-	150,000	30,000	-	-	-	-	-	30,000
Shares issued pursuant to Share Exchange Agreement	4,16	-	-	54,206,148	1,496,564	-	-	-	-	-	1,496,564
Subscriptions received	16	-	-	-	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	9,517,419	-	-	-	1,596,058	(897,032)	10,953,946
Shares issued for investment	8,16	-	-	35,750,000	7,848,750	-	-	-	-	-	7,848,750
Shares issued as finders fees for intellectual property purchase	8	-	-	2,400,000	864,000	-	-	-	-	-	864,000
Share issue costs related to private placement		-	-	-	(8,800)	-	-	-		-	(8,800)
Shares issued for services	16	-	-	3,307,375	871,607	-	-	-	-	-	871,607
Units issued for private placement at $0.20	16	-	-	3,977,500	634,912	-	-	-	150,588	-	785,500
Units issued for private placement at $0.40	16	-	-	1,274,918	405,295	-	-	-	104,672	-	509,967
Equity component of convertible debenture	12	-	-	-	-	-	-	119,926	-	-	119,926
Issuance of stock options	16	-	-	-	-	-	-	322,084	-	-	322,084
Shares issued as finders fees for reverse takeover	16	-	-	6,886,434	2,479,116	-	-	-	-	-	2,479,116
Shares issued to Meadow Bay Gold Corporation shareholders	16	-	-	-	-	7,257,031	2,612,532	-	-	-	2,612,532
Warrants revalued as a result of reverse takeover		-	-	-	-	-	-	-	36,170	-	36,170
Shares exchanged as a result of reverse takeover	7,16	(70,625,200)	(737,501)	(165,814,034)	(22,612,299)	236,434,236	23,349,800	-	-	-	-
Net loss for the period		-	-	-	-	-	-	-	-	(18,844,614)	(18,844,614)
Balance at March 31, 2020		-	-	-	-	243,691,267	25,962,332	442,010	1,887,488	(19,741,646)	8,550,184

MOUNTAIN VALLEY MD HOLDINGS INC.
(formerly Meadow Bay Gold Corporation)
Consolidated Statements of Cash flows
(Expressed in Canadian Dollars)

	Note		For the Year Ended, March 31 2020	October 28, 2018 (date of incorporation) to March 31 2019
Operating activities:				
Net loss and comprehensive loss for the period		$	**(18,844,614)**	(897,032)
Adjustments for:				
Common shares issued for consulting services			**871,607**	30,000
Stock based compensation			**322,084**	-
Amortization of intangible assets			**38,131**	-
Depreciation of tangible and right-of use assets			**38,638**	-
Listing expense, less amounts paid			**5,238,852**	-
Impairment in associate			**7,977,573**	-
Impairment of intangible asset			**1,438,750**	-
Changes in non-cash operating working capital				
GST/HST receivable			**(102,980)**	(1,665)
Prepaid expenses and deposits			**(217,204)**	7,797
Due from shareholder			**(98,492)**	-
Accounts payable			**361,585**	165,337
Net cash used in operating activities:			**(2,976,070)**	(695,563)
Investing activities:				
Cash acquired in acquisiton transaction			**-**	375,385
Cash paid to acquire intellectual property			**(585,454)**	-
Cash paid to acquire cannabis license			**(130,000)**	-
Cash paid for investment in associates			**(4,800,001)**	-
Cash paid to acquire equity investments			**(434,958)**	-
Note receivable			**(102,026)**	(817,574)
Building additions			**(59,855)**	-
Mortgage principal payments			**10,000**	-
Deposit - acquisition	7		**100,000**	(100,000)
Net cash used in investing activities:			**(6,002,294)**	(542,189)
Financing activities:				
Issuance of share capital	13		**1,295,467**	10,480,833
Issuance of convertible note			**346,598**	-
Share issue costs			**(8,800)**	(156,419)
Net cash used in finance activities:			**1,633,265**	10,324,414
Net change in cash			**(7,345,099)**	9,086,662
Cash and cash equivalent - Beginning of period			**9,086,662**	-
Cash and cash equivalent - End of period		$	**1,741,563**	9,086,662

Cash consists of the following:				
Funds held in lawyers trust account			**120,819**	9,086,662
Guaranteed investment certificate			**1,620,286**	-
Cash held in investment account			**458**	-
		$	**1,741,563**	9,086,662

1. NATURE OF OPERATIONS AND GOING CONCERN

Mountain Valley MD Holdings Inc. ("MVMDH" or the "Company"), formerly Meadow Bay Gold Corporation ("Meadow Bay"), was incorporated under the provisions of the British Columbia Business Corporations Act on March 8, 2005. The Company is building a world-class health and wellness organization centred around the implementation of its patented Quicksome™ oral drug formulation and delivery technologies to innovate industry leading products that are sought out globally.

On Feb 21, 2020, the Company completed a reverse takeover transaction (Note 7), pursuant to which it has acquired all of the outstanding securities of the privately held Mountain Valley MD Inc. As part of the Transaction, the Company changed its name to "Mountain Valley MD Holdings Inc." and consolidated the common shares of the Company, on the basis of one (1) post-consolidation common share for every eight (8) pre-consolidation common shares.

The Company's common shares trade on the Canadian Securities Exchange under the new ticker symbol "MVMD."

The address of the Company's registered and records office is 610 – 475 West Georgia Street, Vancouver, BC V6B 4M9 and the principal place of business is 260 Edgeley Boulevard, Unit 4, Vaughan, Ontario, Canada, L4K 3Y4.

Going Concern

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, it incurred a loss of $18,844,614 during the year ended March 31, 2020 (2019: $897,032) and, as of that date, the Company's deficit was $19,741,646 (2019: $897,032). These factors indicate material uncertainties that cast substantial doubt about to the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on achieving profitable operations, commercializing its intellectual property and investments in associates, and obtaining the necessary financing in order to develop these assets further. The outcome of these matters cannot be predicted at this time. The Company will continue to review the prospects of raising additional debt and equity financing to support its operations until such time that its operations become self-sustaining, to fund its research and development activities and to ensure the realization of its assets and discharge of its liabilities. While the Company is expending its best efforts to achieve the above plans, there is no assurance that any such activity will generate sufficient funds for future operations.

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 has cash of $1,741,563 (2019: $9,086,662), at March 31, 2020 to meet current financial obligations of $934,428 (2019: $534,337).

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

…. Note 1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

COVID-19

The outbreak of the novel strain of coronavirus (“COVID-19”) has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Government has reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Company in future periods.

2. BASIS OF PRSENTATION

a) Statement of compliance

These Consolidated Financial Statements, including comparatives, have been prepared 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’s board of directors approved the release of these consolidated financial statements on September 29, 2020.

b) Basis of measurement

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these consolidated financial statements is historical cost or fair value 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 section c).

c) Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

…. Note 2. BASIS OF PREPARATION (Continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Going concern

In order to assess whether it is appropriate for the Company to be reported as a going concern, the Directors apply judgment, having undertaken appropriate inquiries and having considered the business activities and the Company's principal risks. Management estimates future cash flows, including the timing of future capital expenditures and equity funding.

Impairment of non-financial assets

Management is required to use judgment in determining the grouping of assets to identify their cash generating unit ("CGUs") for the purposes of testing for impairment. Judgment is further required to determine appropriate groupings of CGUs for the level at which assets requiring testing for impairment are tested for impairment.

In determining the recoverable amount of a CGU or a group of CGUs, various estimates are used. The Company determines the recoverable amount by using future discounted cash flows, along with a terminal value. The Company also uses comparable market data to determine the fair value. Discount rates are consistent with external industry information reflecting the risk associated with the specific cash flows.

Management assesses property, for any indicators of impairment annually. The assessment for indicators of impairment is dependent upon estimates of recoverable amounts that take in account factors such as economic and market conditions, as well as the useful lives of assets.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably note receivable, unit offering and equity investments are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments.

Fair value of stock options and other share-based payments

Management assesses the fair value of stock options and other share-based payments granted in accordance with the accounting policy stated in Note 3 to the consolidated financial statements. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options are granted. Changes in assumptions concerning volatilities, interest rates, forfeitures and expected life could have significant impact on the fair valuation attributed to the Company's stock options.

…. Note 2. BASIS OF PREPARATION (Continued)

Intangible assets

Definite life intangible assets are carried at historical cost and amortized over their useful life. The amortization period is determined based on the useful life of patents, which management assesses at a point in time when the intellectually property becomes redundant. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the patents, given the necessity of making key economic assumptions about the future.

On acquisition the Company uses a financial liability approach whereby the estimated future amount payable for contingent consideration are recorded on initial recognition of the asset with a corresponding liability or equity if the consideration is in the form of shares.

Business combinations

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. For a business combination, judgement is also made on identifying assets acquired. In determining the allocation of purchase price, the most significant estimates generally relate to the present value of future consideration and fair value of intangible assets. Management exercises judgment in estimating the discount rate to be used to determine the present value of future consideration. Identified intangible assets are fair valued using appropriate valuation techniques. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Fair value of estimated of investments

The Company holds privately held investments which are measured at fair value. Certain investments do not include Level 1 inputs and thus the Company relies on Level 2 and 3 inputs in determining the fair value. For investments in which Level 2 inputs are available, the Company will rely on recently completed equity transactions, or other methods of implied fair value, in determining the fair value of the investment. For investments in which both Level 1 and 2 inputs are not available, the Company uses valuation methods based on readily available models. In instances in which Level 1 inputs exist, the Company will rely on quoted prices for similar assets that are traded in an active market.

Discount rate on compound financial instruments

The Company has issued unsecured convertible debentures that include an option to convert the debt into common share capital at the option of the holder. The valuation and accounting for the instrument requires the application of management estimates and judgments with respect to the determination of appropriate discount rates, certain assumptions applied within such valuation models and the accounting method applied on initial recognition. Management bases its assumptions on observable data when possible, but such information is not always available. In such cases, the best information available is adopted. The discount rate applied in determining the fair value of the liability component of compound financial instruments represents management's estimates of rates currently available for debt of similar terms, risk and maturity consistent with how market participants would price the instrument. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. These estimates are reviewed periodically during the year and in detail as at the date of the financial statements.

…. Note 2. BASIS OF PREPARATION (Continued)

Impairment of investment in associate

The Company follows the guidance of IAS 28, Investments in Associates and Joint Ventures to assess whether there are impairment indicators which may lead to the recognition of an impairment loss with respect to its net investment in an associate. This determination requires significant judgement in evaluating if a decline in fair value is significant or prolonged, which triggers a formal impairment test. In making this judgement, the Company's management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount, the volatility of the investment and the financial health and business outlook for the investee, including factors such as the current and expected status of the investee's projects and changes in discounted future cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

a) Principles of consolidation

MVMDH has one subsidiary, Mountain Valley MD Inc ("MVMD"), a Company incorporated under the laws of the province of BC on October 28, 2018. MVMD. has three wholly owned subsidiaries, Mountain Valley Medicinals Inc. ("MVM"), a company incorporated under the laws of the province of British Columbia on March 7, 2018, Colverde, a corporation incorporated under the laws of Colombia 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"), a company formed 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.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and land

Property is carried at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property include significant components with different useful lives, they are recorded and depreciated separately. Estimated useful lives are reviewed at the end of each reporting period.

The Company recognizes in the carrying amount of an item of property the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the statement of net loss as an expense as incurred. Depreciation is not recorded on property that is not yet available for use.

Depreciation is recognized so as to write off the cost of items of property less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful life of the Company's building is 20 years.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Impairment of non-financial assets

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 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) Intangible assets

Patents are stated at their historical cost and amortized on a straight-line basis over their expected useful lives, which is fifteen (15) years. The Company's cannabis licenses are stated at the fair value less costs to sell. An adjustment is made for any impairment. Intangible items acquired must be recognized as assets separately from goodwill if they meet the definition of an asset, are either separable or arise from contractual or other legal rights, and their fair value can be measured reliably.

f) 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.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Business combinations

Business combinations are accounted for using the acquisition method under IFRS 3, Business Combinations (IFRS 3). The consideration transferred by the Company to obtain control of an entity is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at the acquisition-date fair values. Goodwill is stated after separate recognition of identifiable assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognized amount of any noncontrolling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest that the Company has in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair value of identifiable net assets exceeds the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in net loss immediately.

h) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee, but is not control or joint control over these policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

An equity accounted investment in the associate is reviewed for indication of impairment at each financial position date. Indications includes data of the comparative transactions indicating there is a measurable decrease of the investee's project(s).

When there is objective evidence that an investment is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs of disposal ("FVLCD") and value in use ("VIU"). If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period in which the relevant circumstances are identified. When an impairment loss reverses in a subsequent period, the carrying amount of the investment is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net earnings or loss in the period in which the reversal occurs.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognizes any retained investments at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

i) 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.

j) 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.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Financial instruments

The following table summarizes the classification of the Company's financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

Cash and cash equivalents	Amortized cost
Note receivable	Amortized cost
Due from shareholder	Amortized cost
Equity investments	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost
Share redemption liability	Fair value through profit or loss
Mortgage payable	Amortized cost
Convertible note	Amortized cost

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Valuation techniques based on inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and

Level 3 Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<u>Financial assets</u>

The classification of financial assets is based on the Company's assessment of its business model for holding financial assets and the contractual terms of the cash flows. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income ("FVOCI"): assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss ("FVTPL"): assets that do not meet the criteria for amortized cost or FVOCI.

Financial assets are initially measured a fair value and are subsequently measured at amortized cost using the effective interest method or at FVTPL.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Financial liabilities

The classification of financial liabilities is determined by the Company at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the consolidated statements of loss and comprehensive loss.
- Financial liabilities measured at FVTPL: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the consolidated statement of loss and comprehensive loss.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss and comprehensive loss.

Impairment of financial assets

At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired under the expected credit loss (“ECL”) model. Loss allowances are measured based on (i) ECLs that result from possible default events within the 12 months after the reporting date (“12-month ECL”), or (ii) ECLs that result from all possible default events over the expected life of a financial instrument (“lifetime ECLs”).

The amortized cost of the financial asset is reduced by impairment losses at an amount equal to the lifetime expected credit losses. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the consolidated statements of loss and comprehensive loss.

l) 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.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

m) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or liability. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds of issuance.
Class B common shares of the Company's subsidiary are classified as a liability as there is a contractual obligation to deliver the proceeds from sale of the specific equity investments associated with the Class B common shares of the Company's subsidiary within a specified period of time to the shareholders of the Class B common shares of the Company's subsidiary.

Options or warrants issued at the same time as the issuance of common shares are recorded at fair value based on the residual method. Proceeds are first allocated to the shares according to the fair value of the common shares and any residual of the proceeds is allocated to the options or warrants.

n) Convertible debentures

The liability, equity and other (when applicable) components of convertible debenture are presented separately on the statement of financial position, starting from initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows. The liability component is then increased by accretion of the discounted amounts to reach the nominal value of the convertible notes at maturity which is recorded in the statement of comprehensive loss as accretion expense.

The carrying amount of other components (when applicable), such as warrants, is determined using the Black-Scholes option pricing model. The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability and the carrying amounts of any other components (when applicable) from the amount of the convertible debenture, and is presented in Equity as an equity component of convertible debenture. The equity component is not remeasured subsequent to initial recognition, except on conversion or expiry.

The transaction costs are distributed between liability, equity and other (when applicable) components, on a pro-rata basis according to their carrying amounts.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New and revised standards

The Company has adopted the following new or amended IFRS standards for the year ended March 31, 2020:

IFRS 16 Leases

Effective April 1, 2019, the Company adopted IFRS 16, Leases. Under IFRS 16, the Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the interest rate implicit in the lease. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In applying the modified retrospective approach, the Company has taken advantage of the following practical expedients:

Leases with a remaining term of twelve months or less from the date of application have been accounted for as short-term leases even though the initial term from lease commencement have been more than twelve months.

The Company has maintained the lease assessments made under IAS 17 and IFRIC 4 for existing contracts. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered or changed after April 1, 2019.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historical assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

After considering the above practical expedients, the Company had one long-term lease for office space in Vancouver, British Columbia. All other leases have had the practical expedient for short-term leases applied.

<u>IFRIC 23 Uncertainty over Income Tax Treatments</u>

In June 2017, the IFRS Interpretation Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 Income Taxes are applied where there is uncertainty over income tax treatments. IFRIC 23 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively with early adoption permitted. The Company adopted IFRIC 23 in its consolidated financial statements for the period beginning April 1, 2019. The adoption of this standard did not have material impact on the Company's consolidated financial statements.

<u>IFRS 9 Financial Instruments (Amendments)</u>

In October 2017, the International Accounting Standards Board (IASB) issued amendments to IFRS 9 Financial Instruments, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in November 2017, to address the classification of certain prepayable financial assets. The amendments clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation may be eligible to be measured at either amortized cost or fair value through other comprehensive income. This classification is subject to the assessment of the business model in which the particular financial asset is held, as well as consideration of whether certain eligibility conditions are met. The amendments are effective for annual period beginning on or after January 1, 2019. The adoption of this standard did not have material impact on the Company's consolidated financial statements.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 3 Business Combinations

In October 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If the concentration test is not applied, or the test is failed, then the assessment focuses on the existence of a substantive process. The Company has early adopted this amendment.

p) New and revised standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IAS 1 Presentation of Financial Statements

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2019. The amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The Company does not expect these amendments to have material impact on its consolidated financial statements.

4. SHARE EXCHANGE AGREEMENT

On January 10, 2019, Mountain Valley MD Inc. 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. Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement. MVM is a private company that held title to 34 acres of land and building in Qualicum Beach, British Columbia. The land and building may be used for a future cannabis greenhouse facility (Note 13).

(Expressed in Canadian Dollars)

…. Note 4. SHARE EXCHANGE AGREEMENT (Continued)

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
Land and building	1,390,000
Accounts payable and accrued liabilities	(59,000)
Mortgage payable	(310,000)
	$ 1,496,564

5. PREPAID EXPENSES AND DEPOSITS

	2020	2019
	$	**$**
Prepaid	**254,318**	73,035
Lease deposits	**35,921**	-
	290,239	73,035

6. LICENCES

On November 15, 2019, Mountain Valley MD Inc. entered into a share purchase agreement with a private company in Colombia, Colverde MD SAS, ("Colverde") for the purposes of acquiring its assets.

- MVMD acquired 100% of the shares of Colverde for a purchase price of $1,738,750 paid as follows:
  - $130,000 refundable deposit (paid on July 16, 2019); and
  - $1,608,750 in Class B common shares of MVMD at a fair value equal to $0.165 per share which is , being 9,750,000 shares (issued on Dec 23rd). Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

Colverde is non-operating and its assets are a licences for the cultivation of psychoactive cannabis plants issued on November 23, 2018 by the Ministry of Justice and Law, a licence for the manufacture of cannabis derivatives issued on September 12, 2018 by the Colombian Ministry of Health and Social Protection, and a licence for the cultivation of non-psychoactive cannabis plants issued on December 16, 2019 by the Ministry of Justice and Law , as well as a month to month lease for land located in Tabio, a municipality and town of Colombia in the department of Cundinamarca. Colverde has also made application for registration with the Colombia Agricultural Institute as a producer of certified seed (the “Colverde Application”). All securities issued as payment are subject to escrow until the Colverde Application is approved. All the requirements were met subsequent to year end and escrow shares were released.

(Expressed in Canadian Dollars)

…. Note 6. LICENSES (Continued)

The Company reviewed the guidance provided under IFRS 3, Business Combinations, for definition of business and determined that the above business combinations did not have any processes or outputs and therefore did not meet the definition of a business. Consequently, this business combination is accounted for as an assets acquisition and the entirety of the assets acquired pertains to licenses.

Colverde is an asset not in use and management determined there was indicators of impairment. As a result, management performed a test of impairment. In assessing if an impairment loss was required, the recoverable amount was determined to be equal to its fair value less costs to sell of $300,000. Fair value was determined based on Level 3 fair value hierarchy. The inputs used in determining the fair value of the license were based on similar comparing the suite of license to other similar licenses sold.

A continuity schedule of the licenses is as follows:

Purchase consderation	**2020**	2019
	$	$
Shares issued	**1,608,750**	-
Cash paid	**130,000**	-
Total purchase consideration	**1,738,750**	-
Identified intangible assets		-
License	**1,738,750**	
Impairment	**(1,438,750)**	-
Carrying value	**300,000**	-

7. AMALGAMATION AGREEMENT

On June 28, 2019, Mountain Valley MD Inc. 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 (the “Amalgamation”) to form a new corporation (“Amalco”) in accordance with the provisions of the Business Corporations Act (Ontario) (the “OBCA”) (completed on February 21, 2020). Pursuant to the amalgamation agreement:

- MBGC agreed to consolidate its issued and outstanding common shares on an 8 pre-consolidation common shares for 1 post-consolidation share basis prior to completion of the Amalgamation;
- MVMD agreed to subscribe for 350 MBGC convertible debentures *(subscribed for on July 11, 2019 and $350,000 paid*) subject to the MBGC financing fee of $24,500 (paid).

…. Note 7. AMALGAMATION AGREEMENT (Continued)

On the effective date of the amalgamation:

- Subco and MVMD would 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 would receive one post-consolidation MBGC share;
- every Subco share prior to the amalgamation would receive one Amalco share; and
- the name of Amalco will be Mountain Valley MD Inc., or as otherwise agreed by the parties

On February 21, 2020, the Company completed the reverse takeover transaction (the "Transaction") with MBGC and Subco by way of three-cornered amalgamation. Pursuant to the terms of the Amalgamation Agreement, the Company amalgamated with Subco and MBGC acquired all of the outstanding securities of the Company such that the Company became a wholly owned subsidiary of MBGC. As part of the Transaction and immediately prior to the amalgamation, MBGC changed its name to "Mountain Valley MD Holdings Inc." ("MVMDH") and consolidated the common shares of MVMDH, on the basis of one (1) post-consolidation common share for every eight (8) pre-consolidation common shares. An aggregate of 236,434,236 Shares were issued to the former shareholders of the Company in consideration for the same number of shares of MVMDH.

Although the Transaction resulted in MVMD becoming a wholly-owned subsidiary of MBGC, the Transaction constitutes a reverse acquisition of MBGC by MVMD in-as-much as the former shareholders of MVMD own a substantial majority of the issued and outstanding common shares of the resulting corporation. For accounting purposes, MVMD is considered the accounting acquirer and MBGC the accounting acquiree. The reverse acquisition has been accounted for in accordance with the guidance provided in IFRS 3, "Business Combinations". As MBGC did not meet the definition of a business under the guidance from IFRS 3, the reverse acquisition does not constitute a business combination and accordingly, the reverse acquisition has been accounted for in accordance with guidance provided in IFRS 2, "Share-Based Payment". The net asset purchase price was determined as an equity settled share-based payment, under IFRS 2, , at the fair value of the equity instruments issued by the Company, based on the market value of the Company's common shares on the date of closing the RTO. The market value has been determined based on Level 2 inputs under IFRS 13 fair value hierarchy basis of a recent private placement of units on January 24, 2020.

The transaction costs relating to the RTO plus the aggregate of the fair value of the consideration paid and the net liabilities acquired has been recognized as listing expenses, in the consolidated statement of loss and comprehensive loss. There are no costs pertaining to the former operations of MBGC after the date of the RTO and there are no prior operating expenses, of MBGC, included in these consolidated financial statements.

(Expressed in Canadian Dollars)

…. Note 7. AMALGAMATION AGREEMENT (Continued)

The purchase price allocation for the assets were determined as follows:

Purchase consideration:	**$**
Common shares issued	5,091,647
Option, warrants issued	156,097
Bridge financing provided	350,000
Termination fee	126,000
Professional fees incurred	138,411
Total purchase consideration	**5,862,155**
Assets acquired and liabilities assumed:	
Cash	418
Commodity taxes receivable	31,525
Prepaid expenses and deposits	9,580
Investment	2,398,750
Share redemption liability	(2,398,750)
Right of use assets	14,007
Accounts payable and accrued liabilities	(137,341)
Lease liability	(14,743)
Convertibe debenture	(219,983)
	(316,537)
Listing expense	6,178,692
	5,862,155

8. INTELLECTUAL PROPERTY

On December 20, 2019, Mountain Valley MD Inc. entered into an intellectual property asset purchase agreement with a private Delaware corporation ("Delaware Privco"), in the business of developing, manufacturing and licensing desiccated liposomes. The Company, through Mountain Valley MD Inc. acquired a portfolio of patents, and trademarks. Management determined all the value is attributable to the patents.

On the closing date (February 10, 2020), the Privco Assets were sold, transferred and assigned to a subsidiary of MVMD (Mountain Valley MD Inc).

…. Note 8. INTELLECTUAL PROPERTY (Continued)

The consideration comprised of:

- an initial payment of $100,000 (paid on July 11, 2019) related to a specified third party expenses and a deposit;
- an amount equal to $500,000 ($150,000 paid October 16th) less the deposit and 10,000,000 Class B common shares on the closing date (issued and subject to an escrow agreement pending delivery of certain post-closing deliverables). The Fair value of the Class B common shares provided as consideration of $0.36 was based on Level 2 inputs under IFRS 13 fair value hierarchy resulting from the fair value of the Class B common shares issued in the most recent private placement

The Company issued 2,400,000 Class B common shares at $0.36 as finders fees related to the transaction. Fair value of the Class B common shares provided as consideration was based on the fair value of the Class B common shares issued in the most recent private placement.

As part of the acquisition agreement the Company entered into an arrangement where Delaware corporation will provide services for certain post closing deliverables to be delivered at various times within twenty-four (24) months from the closing date. The following are the details on the services and the consideration to be paid:

- $250,000 and 5,000,000 common shares following the completion of a specified milestone and its assignment to MMVD or a subsidiary of MVMD and thereafter upon receipt of combined licensing fees and royalties in connection therewith equal to a minimum value of $USD 200,000;
- $250,000 and 5,000,000 common shares following the completion of a second specified milestone and its assignment to MVMD or a subsidiary of MVMD and thereafter upon receipt of orders equal to a minimum value of $USD 200,000;
- 2,500,000 common shares upon the achievement of production and sales of the specified product resulting in a minimum net profit of $50,000;
- An additional 2,500,000 common shares upon the achievement of production and sales of the specified product resulting in a minimum net profit of $50,000
- 10,000,000 warrants upon receipt by MVMD or a subsidiary of MVMD of a minimum of $USD 2,000,000 in gross revenues arising from the assigned assets.

The above milestone payments have not been accounted for as part of the acquisition as they are contingent on future events which cannot be determined at this time.

(Expressed in Canadian Dollars)

…. Note 8. INTELLECTUAL PROPERTY (Continued)

The Company's intellectual property consists of the following:

	$	
Allocated purchase price		
Shares issued	**3,600,000**	a)
Finders fees: shares issued	**864,000**	b)
Cash paid	**575,344**	
Total purchase consideration	**5,039,344**	
Identified intangible assets		
Patents	**5,039,344**	
Amortization for the year	**(46,021)**	c)
Carrying value	**4,993,323**	

a) The Company issued 10,000,000 Class B common shares at a fair value of $0.36. Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

b) 2,400,000 Class B common shares were issued as finders fee with a fair value of $0.36, in conjunction with this transaction. Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

c) The Company recorded $46,021 of depreciation during the year (2019: $Nil) based on the estimated useful life of the portfolio of patents.

9. INVESTMENT IN ASSOCIATES

	2020	2019
	$	$
Sativa Nativa SAS (a)	**280,000**	-
CCJC Holdings Inc. (b)	**1**	-
	280,001	-

a) <u>Sativa Nativa</u>

On April 4, 2019, Mountain Valley MD Inc. "MVMD or the Company" entered into a subscription and share purchase agreement (the "SSPA") with Sativa Nativa SAS ("Sativa Nativa"). Sativa Nativa is a company incorporated in the Republic of Columbia, is a cultivator of cannabis. Pursuant to the SSPA:

…. Note 9. INVESTMENT IN ASSOCIATES (Continued)

- MVMD subscribed for 17,892,248 common shares (representing 10% post subscription) of Sativa Nativa (*issued to MVMD (Colombia) Inc. on April 11, 2019*) for an aggregate subscription price of $2,800,000 cash (*paid on April 11, 2019)*;
- MVMD agreed to purchase an additional 26,838,372 common shares of Sativa Nativa (representing 15% post subscription) from existing shareholders of Sativa Nativa (*transferred to MVMD (Colombia) Inc. on April 11, 2019*) for an aggregate purchase price of $3,815,000 payable as follows:
    - a cash payment of $2,000,000 (*paid on April 11, 2019*); and
    - $1,815,000 in Class B common shares of the Company at a fair value equal to $0.165 per share (*11,000,000 Class B common shares issued on April 11, 2019*);

  the $100,000 deposit paid by MVMD during March 2019, pursuant to the LOI, which was returned to MVMD on April 4, 2019.; and

Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

The total consideration provided for the 25% interest in Sativa Nativa on April 4, 2019 was $6,615,000.

The Company recorded its share of Sativa Nativa loss for the year ended March 31, 2020 of $135,276.

As at March 31, 2020, the Company performed its annual impairment test on its investment in Sativa Nativa. The recoverable amount of all CGU's was determined based Level 3 inputs under the IFRS 13 fair value hierarchy resulting from a discounted future cash flow model. The key assumptions use in the estimates of the recoverable amounts are described as follows:

- Cash flows: Estimated cash flows were projected based on the Company's business plans, which are based on actual operating results from internal sources as well as industry and market trends. The forecasts were extended to a total of five years (with a terminal year thereafter);
- Terminal value growth rate: The terminal growth rate of 1.5% to 2.5% was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth; and
- Discount rate: The post-tax discount rate was 25%

As of March 31, 2020, management determined impairment charges of $6,199,724. These impairment charges are recognized in impairment in associates.

b) <u>CCJC Holdings Inc.</u>

On June 10, 2019, Mountain Valley MD Inc. "MVMD or the Company" entered into a Subscription Agreement with CCJC Holdings Inc. "CCJC" and acquired 1,333,333 common shares of CCJC, representing 10% of the issued and outstanding shares of CCJC, by way of conversion of a promissory note in the amount of $817,573 (USD$600,000) (Note 11).

(Expressed in Canadian Dollars)

…. Note 9. INVESTMENT IN ASSOCIATES (Continued)

Also on June 10, 2019, MVMD entered into share purchase agreements with CCJC and acquired an additional 1,333,334 common shares of CCJC, representing a second 10% of the issued and outstanding shares of CCJC, by the issuance of 5,000,000 Class B common shares at a fair value of $0.165 for consideration of $825,000. Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement. The terms of an option to acquire an additional 40% equity interest in CCJC was considered in the shares purchase agreement, for an additional payment of USD$2,000,000 plus the issuance of 8,000,000 Class "B" common shares of MVMD. The share purchase agreement required for the option to be negotiated in good faith by MVMD and the shareholders of CCJC, separately from the share purchase agreement. The Company has no plans to proceed with further negotiations to purchase an additional equity interest in CCJC.

The total consideration provided for the 20% interest in CCJC on June 10, 2019 was $1,642,573

As at March 31, 2020, the Company determined the net investment in CCJC had indications of impairment. The net investment in CCJC was determined to be fully impaired based on no registrations granted to date, no active market for applications, and uncertainty as to the application process, therefore MVMD incurred an impairment of $1,642,573.

10. EQUITY INVESTMENTS

The following summarizes the Company's investments at March 31, 2020 and 2019:

	2020	2019
	$	$
Sixth Wave Innovations Inc. (a)	**166,666**	-
Winchester MD (b)	**184,958**	
Palisade Goldcorp Ltd. (c)	**1,118,600**	
1234721 B.C. Ltd (c)	**1,400,000**	-
	2,870,224	-

(Expressed in Canadian Dollars)

…. Note 10. EQUITY INVESTMENTS (Continued)

	March 31, 2019	Additions	Unrealized Gains / (Losses)	March 31, 2020
	$	$	$	$
Sixth Wave Innovations Inc. (a)	-	250,000	(83,334)	**166,666**
				-
Winchester MD (b)	-	184,958	-	**184,958**
				-
Palisade Goldcorp Ltd. (c)	-	998,750	119,850	**1,118,600**
1234721 B.C. Ltd (c)	-	1,400,000	-	**1,400,000**
	-	**2,833,708**	**36,516**	**2,870,224**

a) <u>Sixth Wave Innovations Inc.</u>

On October 1, 2019, Mountain Valley MD Inc. subscribed for 333,333 ordinary shares of Sixth Wave Innovations Inc. (CSE: SIXW) by way of private placement for a subscription price of $250,000.

As at March 31, 2020, management re-valued the investment to $166,666 based on Level 1 input under the IFRS 13 fair value hierarchy using the trading price of Sixth Wave Innovations Inc. as at March 31, 2020.

b) <u>Winchester MD</u>

On May 9, 2019, Mountain Valley MD Inc. subscribed for 700,000 ordinary shares for a subscription price of $184,958 (£105,000), with a company in the United Kingdom, Winchester MD, that is an established, fully integrated European-based medical cannabis company. The Company has reviewed the valuation of this equity investment in light of relevant information available and determined that the valuation as at March 31, 2020 has not changed from the initial subscription price.

c) <u>Exploration Privco shares</u>

On November 18, 2019, the Company disposed of it shares of Desert Hawk Resources Inc. to Casino Gold Corp, Casino Gold Corp. issued 10,000,000 shares to the Company which represents approximately 5.8% of Casino Gold's issued and outstanding shares.

…. Note 10. EQUITY INVESTMENTS (Continued)

In January 2020, Casino Gold Corp completed a plan of arrangement in which the Company was split into two private companies, and the Company now owns the following equity investments:

- 2,000,000 common shares of 1234721 B.C. Ltd.
- 799,000 common shares of Palisade Goldcorp Ltd.

As at March 31, 2020, management re-valued the investments based on Level 2 inputs under the IFRS 13 fair value hierarchy and consists of observable transaction prices using valuation on the private companies' recent private placement raise, and the fair value of the equity investment was increased by $119,850 to $2,518,600.

Prior to the amalgamation (Note 7) shareholders of MBGC received one Class B share of MBGC for every common share of MBGC held. The Company is required to redeem all of the outstanding Class B shares of MBGC for an amount equal to any distribution by Casino Gold to its shareholders received by the Company, proceeds from the disposal of any or all of the Casino Gold shares along with the remainder of the Casino Gold shares not disposed of by the Company or if the Company decides to distribute the Casino Gold shares. As a result, the MBGC Class B shares have been presented as share redemption liability and are fair valued at each reporting date based on the fair value of the underlining Casino Gold shares.

11. NOTE RECEIVABLE

Mountain Valley MD Inc. "MVMD or the Company," advanced $817,573 (USD600,000 as at March 31, 2019) to CCJC Holdings Inc. ("CCJC") in return for a promissory note, contemplating the repayment of the principal balance by way of issuance of common shares of CCJC to MVMD representing the first 10% equity interest (Note 9).

On November 4, 2019, the Company advanced $100,000 to a private company "CAD Privco," and received a 5% note receivable that is convertible into shares at any time during the term of the note, upon any additional capital raise by CAD Privco. The Company will have the right to convert the note into equity at any time prior to the maturity date of November 4, 2022, upon any additional raise of CAD Privco at a 20% discount. The Company accrued $2,207 in interest related to this note receivable.

Upon receiving the note, and after a 60-day due diligence period, the Company would be entitled to an exclusive license to distribute proprietary technology for world use on cannabis and hemp plants. Should the Company not wish to proceed with such a license agreement, the Company will be entitled to demand full repayment of the debenture with interest.

(Expressed in Canadian Dollars)

12. CONVERTIBLE NOTE

On July 11, 2019, the Company issued a convertible note to Nevada King Mining Ltd. (formerly 1234721 B.C. Ltd). in the principal amount of $350,000 ($350,000 paid) including 350,000 warrants pursuant to the amalgamation agreement (43,750 warrants post amalgamation). The convertible note 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 convertible at the option of the holder in $10,000 increments or multiples thereof and is redeemable in certain circumstances by the Company. The convertible note is convertible at $0.05 pre-amalgamation and $0.40 post amalgamation.

For accounting purposes, the convertible note is a hybrid financial instruments and were allocated into corresponding liability, equity (conversion feature) and warrants components at the date of issue. The Company used Level 3 inputs under the IFRS 13 fair value hierarchy which allocated the values based on their fair market value at date of issue. The debt component is subsequently accreted to the face value of the debt portions of the convertible note at the effective interest rate of 25%. Upon issuance of the unsecured note, the fair value of the debt component was $217,575 based on an effective interest rate of 25% and the remaining inputs are consistent with the terms of the debt, the warrants were $12,500 based on the Black-Scholes Model and residual of the difference between the face value of the debt and the sum of the fair value of the debt and the warrants was allocated to the conversion feature for a fair value of $119,926. No transactional costs were incurred.

During the year interest expense was accreted by $9,097 ($6,690 since the RTO in Note 7) and the convertible note had an amortized cost of $226,672 as at March 31, 2020.

Subsequent to year end, the full amount was converted post-amalgamation and the Company issued 875,000 shares.

13. LAND AND BUILDING

	Land	**Building**	**Total**
	$	**$**	$
Cost			
At March 31, 2019	814,000	576,000	1,390,000
			-
Additions	**-**	59,855	59,855
At March 31, 2020	**814,000**	**635,855**	**$1,449,855**
Accumulated amortization			
At March 31, 2019	-	-	-
Depreciation expense	-	23,040	23,040
At March 31, 2020	**-**	**23,040**	**23,040**
Carrying amounts:			
At March 31, 2019	814,000	576,000	1,390,000
At March 31, 2020	**814,000**	**612,815**	**1,426,815**

Land and building consist of a 34-acre property located in Qualicum Beach, British Columbia. See Note 4 and 15.

(Expressed in Canadian Dollars)

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	March 31, 2019
Account payable	**446,957**	128,322
Accrued liabilities	**163,887**	96,015
Payroll liabilities	**1,021**	-
	611,865	224,337

15. MORTGAGE PAYABLE

On January 27, 2015, 0987182 B.C. Ltd., a wholly owned subsidiary of MVM, 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 21, 2020, bears interest at 6.99%, has interest-only monthly payments of $1,864, can be prepaid without penalty and matures on February 21, 2021. An assignment of rents was given to CMIC by way of additional and collateral security.

16. SHARE CAPITAL

a) Share Capital

Authorized

The Company has authorized share capital of:
- Unlimited Common Shares without par value.

Issued and outstanding

The Company has issued share capital of 243,691,267 Common Shares.

<u>*Share issuance from October 26, 2018 to March 31, 2019*</u>

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

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

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

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

On January 10, 2019, MVMD issued 54,206,148 Class B common shares pursuant to the SEA with MVM. These shares were ascribed a fair value of $1,496,564. The fair value of the shares was determined based on the fair value of the net assets acquired as the Company determined that the fair value of the net assets to be more reliably measured (Note 4).

…. Note 16. SHARE CAPITAL (Continued)

On February 28, 2019, MVMD 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. Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

In February and March 2019, MVMD completed three tranches of a private placement offering of $0.20 per unit each unit consisting of one Class “B” common share and one share purchase warrant, each warrant exercisable at $0.35 per Class B common share for 2 years from the issuance date, subject to acceleration provisions. MVMD issued 45,601,659 Class B common shares and 45,601,659 Class B common share purchase warrants for gross proceeds of $9,120,332. In connection with these share issuances, MVMD paid cash share issue costs of $156,419. The fair value of the warrants issued in the unit offering was determined to be $0.035 using a barrier option pricing model. Inputs into the model included: (a) strike price of $0.35; (b) expected term of 2 years; (c) risk free rate of 1.89%; (d) volatility of 100%; (e) barrier price of $0.50; and (f) rebate of $0.15. The class B common shares were ascribed a value of $0.165.

As at March 31, 2019, MVMD had received $10,000 related to an offering of Class B common shares at $0.20 per share.

Share issuance from April 1, 2019 to March 31, 2020

On April 11, 2019, MVMD paid $2,000,000 cash and issued 11,000,000 Class B common shares at $0.165 pursuant to the SSPA with Colombian Privco (Note 9). Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

On June 5, 2019, MVMD completed a fourth tranche of a private placement offering of $0.20 per unit each unit consisting of one Class “B” common share and one half of one share purchase warrant, each warrant exercisable at $0.35 per Class B common share for 2 years from the issuance date, subject to acceleration provisions. MVMD issued 3,977,500 Class B common shares and 3,977,500 Class B common share purchase warrants for gross proceeds of $785,500. MVMD also settled shares for debt by issuance of 325,000 Class B common shares and 325,000 Class B common share purchase warrants. The fair value of the warrants issued in the unit offering was determined to be $0.035 based on Level 2 inputs under IFRS 13 fair value hierarchy using a barrier option pricing model. Inputs into the model included: (a) strike price of $0.35; (b) expected term of 2 years; (c) risk free rate of 1.89%; (d) volatility of 100%; (e) barrier price of $0.50; and (f) rebate of $0.15. The class B common shares were ascribed a value of $0.165.

On June 10, 2019, MVMD entered into share purchase agreements with 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 at $0.165, on June 14, 2019 (Note 9). Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

…. Note 16. SHARE CAPITAL (Continued)

On July 3, 2019, MVMD issued 773,000 Class B common shares at $0.165 pursuant to shares-for-services agreements for a value of $127,545. Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

On September 27, 2019, MVMD issued 87,500 Class B common shares at $0.165 per share to various individuals for accounts payable. Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

On September 27, 2019, MVMD issued 775,000 Class B common shares pursuant to shares-for-services agreements for a value of $127,875. Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

On January 24, 2020 MVMD completed a private placement 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. MVMD issued 1,269,919 Class B common shares and 634,959 Class B common share purchase warrants for gross proceeds of $509,967. The fair value of the warrants issued in the unit offering was determined to be $0.04 based on Level 2 inputs under IFRS 13 fair value hierarchy using a barrier option pricing model. Inputs into the model included: (a) strike price of $0.60; (b) expected term of 2 years; (c) risk free rate of 1.65%; (d) volatility of 100%; (e) barrier price of $0.90; and (f) rebate of $0.30. The Class B common shares were ascribed a value of $0.365.

On January 24, 2020, MVMD issued 1,346,875 Class B units at $0.40 pursuant to shares-for-services agreements for a value of $538,750. 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 The fair value of the warrants issued in the unit offering was determined to be $0.04 based on Level 2 inputs under IFRS 13 fair value hierarchy using a barrier option pricing model. Inputs into the model included: (a) strike price of $0.60; (b) expected term of 2 years; (c) risk free rate of 1.65%; (d) volatility of 100%; (e) barrier price of $0.90; and (f) rebate of $0.30. The class B common shares were ascribed a value of $0.365.

On February 10, 2020, MVMD issued 2,400,000 shares at a fair value per share price of $0.365 to a Canadian corporation as a finder’s fee in connection with the asset purchase from Delaware Privco (Note 8). Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

On February 21, 2020, MVMD issued 7,257,031 shares at $0.36 to former Meadow Bay Gold Corporation shareholder in relation to the reverse takeover transaction (Note 7). Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

(Expressed in Canadian Dollars)

…. Note 16. SHARE CAPITAL (Continued)

On February 21, 2020, MVMD issued 6,886,434 shares at $0.365 as finders fees on the reverse takeover (Note 7). Fair value of the Class B common shares provided as consideration was based on Level 2 inputs under IFRS 13 fair value hierarchy and is based on the fair value of the Class B common shares issued in the most recent private placement.

On February 21, 2020, MVMD cancelled its Class A and Class B common shares and issued 236,434,236 common shares of MVMDH in relation to the reverse takeover transaction (Note 7). The shares described above issued on February 21, 2020 were included in the total common share issuance.

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. The Company recognized $290,351 in stock-based compensation expense in relation to this grant as at March 31, 2020.

On March 13, 2020, the Company granted 4,800,000 stock options to officers, directors and consultants of the Company to purchase 4,800,000 common shares of the Company at an exercise price of $0.07. The options vest in stages over a period of two years. The options expire five years following the vesting date. The Company recognized $31,733 in stock-based compensation expense in relation to this grant as at March 31, 2020.

The table below summarizes assumptions used by the Company in calculating the value of stock options based on the Black-Scholes Model:

	March 31, 2020	March 31, 2019
Share price	**$0.07**	**$0.05**
Expected dividend yield	**$nil**	**$nil**
Volatility	**90%**	**90%**
Expected life (years)	**5**	**5**
Forfeiture rate	**0%**	**0%**
Risk-free rate	**1.93%**	**1.89%**

Volatility was estimated using the average comparable companies in the industry that have trading history and volatility history.

(Expressed in Canadian Dollars)

…. Note 16. SHARE CAPITAL (Continued)

The continuity of the Company's stock options is as follows:

	Outstanding Options	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
			$
October 26, 2018	-	-	-
Issued	8,288,500	5.14	0.05
March 31, 2019	8,288,500	5.14	0.05
Issued	5,249,219	5.54	0.19
Expired	(38,281)	-	6.08
March 31, 2020	13,499,438	4.92	0.11

The following table summarizes the stock options outstanding at March 31, 2020:

Expiry Date	Number	Weighted Average Exercise Price	Options exercisable
May 3, 2025	8,288,500	0.05	8,288,500
March 13, 2025	4,800,000	0.07	960,000
May 21, 2020	410,938	1.64	410,938
	13,499,438	0.11	9,659,438

c) Warrants

The continuity of the Company's share purchase warrants is as follows:

	Outstanding Warrants	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
			$
October 26, 2018	-	-	-
Issued	45,601,659	0.92	0.35
March 31, 2019	45,601,659	0.92	0.35
Issued	6,255,260	1.21	0.39
March 31, 2020	**51,856,919**		**0.38**

(Expressed in Canadian Dollars)

…. Note 16. SHARE CAPITAL (Continued)

The following table summarizes the share purchase warrants outstanding at March 31, 2020:

Expiry Date	Number	Weighted Average Exercise Price
May 21, 2020	600,613	2.01
February 21, 2021	38,388,910	0.35
March 8, 2021	4,114,537	0.35
March 8, 2021	3,098,212	0.35
June 5, 2021	4,302,500	0.35
January 4, 2022	1,308,397	0.60
July 11, 2023	43,750	0.48
	51,856,919	0.38

17. 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 for the year ended March 31, 2020 and 2019:

Year ended March 31,	**2020**	2019
	$	$
Short-term benefits (1)	**733,643**	163,670
Business development(1)	**59,200**	-
Share issue costs (2)	**-**	44,750
	792,843	208,420

(1) $733,643 in consulting fees paid as follows: $6,893 (2019: $157,520) paid to a former director of MVM, $100,000 paid to a Company controlled by a common director, $120,000 (2019: $5,650) to a Company controlled by the former CFO and director, and $506,750 (2019: $22,000) to a Company controlled by the CEO by way of issuance of 1,686,750 shares (2019: 110,000 shares).

$59,200 (2019: $Nil), in business development fees paid as follows: $10,000 to the former CFO and $49,200 to a former director.

(2) $Nil (2019: $44,750) paid to a Company controlled by the president of MVM.

Included in accounts payable and accrued liabilities as at March 31, 2020, was $174,095 (2019: $82,938) owing to related parties, of which $161,095 is owing to the former CFO and CEO of Meadow Bay Gold Corporation. The payment terms are similar to the payment terms of non-related party trade payables.

The Company is owed $98,492 from the former CFO as at March 31, 2020 (2019: $Nil), the amount was received subsequent to year end.

…. Note 17. RELATED PARTY TRANSACTIONS (Continued)

On June 10, 2019, MVMD entered into a consulting agreement for President and CEO services with a company controlled by the CEO for his consulting services. Pursuant to the agreement:

- the consultant received the following compensation:
  - in and for any part of the period from June 10, 2019 and concluding on August 30, 2019 (the "initial term"), MVMD will pay the consultant $40,000 for the period from June 10, 2019 to June 30, 2019 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.

Effective October 15, 2019, the Company agreed to an amendment to the consulting agreement with the President and CEO of the Company to extend the initial term of the agreement until February 28, 2020, or such earlier or later date as agreed by the parties, for the same monthly compensation, payable by the issuance of Class B Common shares of MVMD at a fair value price of $0.40 per share. Attached to each Class B Common share is a half warrant, each warrant exercisable at $0.60 per Class B common share for 2 years from the issuance date, subject to acceleration provisions

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

The Company did not have any transfers between levels during the year.
As at March 31, 2020, the Company did not have any financial assets and liabilities which are measured at fair value, other than Equity Investments. There were no transfers between Level 1, 2 or 3 during the year ended March 31, 2020.

(Expressed in Canadian Dollars)

…. Note 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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. The amount of credit risk related to cash and cash equivalents is considered insignificant as the Company's funds are held with a Schedule I bank.

The credit risk for both the cash and cash equivalent and note receivable is monitored quarterly, and any change is reflected as an adjustment through expected credit loss.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is 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, 2020, the Company had cash and cash equivalents of $1,741,563 to meet current financial liabilities of $938,428.

As at March 31, 2020, the Company's financial liabilities have contractual maturities as summarized below:

	Due within		
	0-12 months	**1-2 years**	**2-3 years**
	$	**$**	**$**
Accounts payable and accrued liabilities	611,865	-	-
Lease liability	6,563	-	-
Mortgage payable	320,000	-	-
Convertible debt	-	-	350,000
Total	938,428	-	350,000

As at March 31, 2019, the Company liabilities of $534,337 are all due within twelve (12) months.

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.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company does not expect any material movements in the underlying market risk variables over a one-year period. However, a 10% change in the equity investments will translate to a $287,022 gain or loss from equity investments.

(Expressed in Canadian Dollars)

19. SEGMENT INFORMATION

All of the Company's fixed assets are located in Canada. The Company has investments in associates (Note 9) and licenses (Note 6) that are located in Colombia.

20. CAPITAL MANAGEMENT

The Company manages its cash, common shares, warrants and share purchase options as capital. 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.

21. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory tax rate of 27% (2019: 26.5%) to the effective tax rate is as follows:

As at March 31, 2020, the Company has unused non-capital loss carry forwards of approximately $3,118,847 (2019: $928,000) that expire between 2039 and 2040, available for deduction against future years taxable income. As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized.

	March 31, 2020	March 31, 2019
Deferred tax assets	**$**	$
Net loss before recovery of income taxes	**18,844,614**	897,032
Expected income tax (recovery) expense	**(5,088,046)**	(237,713)
Non-deductible expenditures for tax	**2,271,232**	-
Non-deductible portion of capital items	**1,118,484**	(296)
Share issuance costs	**(2,376)**	(41,451)
Change in tax benefits not recognized	**1,700,706**	279,460
Income tax expense	**-**	-

(Expressed in Canadian Dollars)

…. Note 21. INCOME TAXES (Continued)

The significant components of the Company's net deferred tax assets and liabilities are as follows:

	2020	2019
	$	$
Land and building	**23,040**	
Intellectual property	**46,021**	-
Equity investments	**83,334**	-
Investment in associates	**7,977,573**	-
Non capital losses carried forward	**3,118,847**	246,300
Financing costs and other	**125,842**	33,161
	11,374,657	279,461

22. COMMITMENTS AND CONTINGENT LIABILITIES

a) Effective October 8, 2019, MVM extended the sublease agreement as the subtenant for office premises in Toronto, Ontario for a period of one year commencing on November 1, 2019 and terminating on October 31, 2020, 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 is payable in monthly instalments of $5,000 plus H.S.T.

   On March 31, 2020, MVMD renegotiated the monthly lease payment to $1,250 per month and did not be renew the lease.

b) On December 20, 2019, MVMD entered into a consulting agreement for $15,000 per month with an individual who will lead all scientific, technical research and development for the Company's portfolio of health and wellness products.

c) On March 4, 2020, MVMD signed a three (3) year lease agreement for office premises in Vaughan, Ontario. The rental term begins June 1 and payments consist of $3,611 per month in year one (1) increasing to $3,750 per month in year three (3).

   The Company paid a deposit of $19,057 in relation to the lease agreement.

d) On March 16, 2020, MVMD entered into a consulting agreement for $10,000 per month with an individual who will provide product development services for a duration of twelve (12) months.

e) On May 1, 2020, MVMD signed a consulting agreement with an officer of the Company for monthly services. MVMD will pay the consultant $7,500 per month for a period of twenty-four (24) months.

…. Note 22. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

f) On May 1, 2020, MVMD signed a consulting agreement with an officer of the Company for monthly services. MVMD will pay the consultant $20,000 per month for a period of thirty-six (36) months deemed to be incurring as at February 1, 2020.

23. SUBSEQUENT EVENTS

a) On May 1, 2020, the Company issued 912,500 common shares to settle accounts payable in the amount of $73,000 related to general consulting services.

b) On May 4, 2020, the Company issued 250,000 stock options at $0.075 to an officer of the Company. The options are exercisable for a period of five (5) years from the date of grant. The options vest over a one (1) year period.

c) On May 7, 2020, the Company issued 1,740,000 common shares at a fair value share price of $0.05 and made cash payments totaling $74,095 to the former CFO and CEO of Meadow Bay Gold Corporation regarding a termination fee. As at March 31, 2020, the Company accrued these fees in accounts payable.

d) On May 28, 2020, the Company issued 1,500,000 shares in regard to the exercise of stock options at $0.05. The Company received $75,000 in gross proceeds.

e) On July 17, 2020, the Company issued 875,000 common shares with the conversion of the outstanding convertible debenture referred to in Note 12.

f) On July 28, 2020, the Company issued 300,000 shares in regard to the exercise of stock options at $0.05. The Company received $15,000 in gross proceeds

g) On August 4, 2020, the Company issued 200,000 shares in regard to the exercise of stock options at $0.05. The Company received $10,000 in gross proceeds

h) On August 4, 2020, the Company issued 100,000 shares in regard to the exercise of stock options at $0.07. The Company received $7,000 in gross proceeds

i) On August 10, 2020, the Company issued 250,000 shares at $0.0165 in regard to finder's fees related to a supply and license agreement. The fair value was determined based on the Company's recent trading price.

j) On August 31, 2020, the Company issued 100,000 stock options at $0.22 to an advisor. The options are exercisable for a period of five (5) years from the date of grant. The options vest over a one (1) year period. On the same date, the Company also signed a month to month advisory agreement for $835 per month with the same individual.