



**Unaudited Interim Condensed Consolidated Financial Statements of**

**MOUNTAIN VALLEY MD HOLDINGS INC.**

**For the six months period ended September 30, 2021 and 2020**

**MOUNTAIN VALLEY MD HOLDINGS INC.**Interim Condensed Consolidated Statements of Financial Position  
(Unaudited, in thousands of Canadian Dollars)

	Note	September 30, 2021	March 31, 2021
<b>Current Assets</b>			
Cash and cash equivalents		\$ 16,646	\$ 19,510
HST recoverable		307	236
Prepays, deposits and other	3	780	1,138
Note receivable		110	107
Right of use asset		66	86
		<u>17,909</u>	<u>21,077</u>
<b>Long-term Assets</b>			
Intangible assets	4	4,640	4,769
Equity investments	5	4,931	5,384
Investment in associate		47	89
Capital assets		258	289
		<u>9,876</u>	<u>10,531</u>
		<u>\$ 27,785</u>	<u>\$ 31,608</u>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 365	\$ 776
Deferred revenue		250	250
Lease liability		28	40
		<u>643</u>	<u>1,066</u>
<b>Long-term Liabilities</b>			
Lease liability		36	44
		<u>679</u>	<u>1,110</u>
<b>Shareholders' Equity</b>			
Share capital	6	52,158	51,706
Class B shares	6	2,399	2,399
Contributed surplus	6	2,216	1,006
Warrants	6	3,152	3,152
Deficit		(32,819)	(27,765)
		<u>27,106</u>	<u>30,498</u>
		<u>\$ 27,785</u>	<u>\$ 31,608</u>

Approved on behalf of the Board:

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

**MOUNTAIN VALLEY MD HOLDINGS INC.**

## Interim Condensed Consolidated Statements of Loss

(Unaudited, in thousands of Canadian Dollars, except for per share amounts)

		For the three month period ended,		For the six month period ended,	
	<b>Note</b>	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Expenses					
General and administrative	7	1,122	556	2,171	1,043
Research and development		120	-	959	-
Stock based compensation	7	1,169	17	1,233	28
Amortization of intangible assets	4	87	83	173	167
Depreciation of capital assets and right-of use assets		25	20	51	36
		<u>2,523</u>	<u>676</u>	<u>4,587</u>	<u>1,274</u>
Net loss before other items		<u>2,523</u>	<u>676</u>	<u>4,587</u>	<u>1,274</u>
Other items					
Loss from equity accounted associates		20	133	42	265
Fair value loss on equity investments	5	410	43	453	77
Accretion and interest on convertible debt		-	11	-	20
Investment income and other		(25)	-	(25)	(4)
Interest earned on note receivable		(2)	(1)	(3)	(3)
		<u>403</u>	<u>186</u>	<u>467</u>	<u>355</u>
Net loss for the period		<u>2,926</u>	<u>862</u>	<u>5,054</u>	<u>1,629</u>
Basic and diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding		329,285,924	249,117,933	328,979,094	247,567,173

**MOUNTAIN VALLEY MD HOLDINGS INC.**

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited, in thousands of Canadian Dollars, except for per share amounts)

	<b>Class B</b> <b>Non-voting</b> <b>Number of Shares</b>	<b>Class B</b> <b>Non-voting</b> <b>Share Capital</b> <b>\$</b>	<b>Common Shares</b> <b>Number of shares</b>	<b>Common Shares</b> <b>Share capital</b> <b>\$</b>	<b>Contributed</b> <b>surplus</b> <b>\$</b>	<b>Warrants</b> <b>\$</b>	<b>Deficit</b> <b>\$</b>	<b>Total Shareholders'</b> <b>Equity</b> <b>\$</b>
<b>Balance at March 31, 2020 (restated)</b>	50,056,229	2,399	243,691,267	25,962	442	1,887	(19,622)	11,068
Shares issued for debt	-	-	1,740,000	87	-	-	-	87
Exercise of stock options	-	-	2,100,000	107	-	-	-	107
Issuance of stock options	-	-	-	-	28	-	-	28
Conversion of convertible note	-	-	875,000	350	(120)	-	-	230
Shares issued for finder's fees	-	-	250,000	41	-	-	-	41
Shares for services	-	-	912,500	73	-	-	-	73
Net loss for the period	-	-	-	-	-	-	(1,629)	(1,629)
<b>Balance at September 30, 2020 (restated)</b>	<b>50,056,229</b>	<b>2,399</b>	<b>249,568,767</b>	<b>26,620</b>	<b>350</b>	<b>1,887</b>	<b>(21,251)</b>	<b>10,005</b>
<b>Balance at March 31, 2021</b>	<b>50,056,229</b>	<b>2,399</b>	<b>327,837,591</b>	<b>51,706</b>	<b>1,006</b>	<b>3,152</b>	<b>(27,765)</b>	<b>30,498</b>
Exercise of stock options	-	-	600,000	68	(23)	-	-	45
Issuance of stock options	-	-	-	-	1,233	-	-	1,233
Shares for services	-	-	89,458	34	-	-	-	34
Exercise of warrants	-	-	885,000	350	-	-	-	350
Net loss for the period	-	-	-	-	-	-	(5,054)	(5,054)
<b>Balance at September 30, 2021</b>	<b>50,056,229</b>	<b>2,399</b>	<b>329,412,049</b>	<b>52,158</b>	<b>2,216</b>	<b>3,152</b>	<b>(32,819)</b>	<b>27,106</b>

**MOUNTAIN VALLEY MD HOLDINGS INC.**Interim Condensed Consolidated Statements of Cash flows  
(Unaudited, in thousands of Canadian Dollars)

		<b>For the six month period ended,</b>	
		<b>September 30,</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (5,054)	\$ (1,629)
Adjustments for:			
Common shares issued for consulting services		34	25
Accretion on convertible debt		-	3
Fair value loss on equity investments	5	453	77
Loss from equity accounted associates		42	133
Stock based compensation	7	1,233	28
Amortization of intangible assets	4	173	167
Depreciation of capital assets and right-of use assets		51	36
Interest earned on convertible note		(3)	(3)
		<b>(3,071)</b>	<b>-</b>
Changes in non-cash operating working capital			<b>(1,163)</b>
HST receivable		(72)	(60)
Prepaid expenses and deposits		358	128
Due from shareholder		-	98
Accounts payable		(430)	(286)
Net cash used in operating activities:		<b>(3,215)</b>	<b>(1,283)</b>
<b>INVESTING ACTIVITIES</b>			
Cash paid to acquire intellectual property	4	(44)	(17)
Capital asset additions		-	(131)
Net cash used in investing activities:		<b>(44)</b>	<b>(148)</b>
<b>FINANCING ACTIVITIES</b>			
Exercise of stock options	6	45	107
Exercise of warrants	6	350	-
Net cash received from financing activities:		<b>395</b>	<b>107</b>
Net change in cash		<b>(2,864)</b>	<b>(1,324)</b>
Cash and cash equivalents - Beginning of period		<b>19,510</b>	<b>1,742</b>
Cash and cash equivalents - End of period		<b>\$ 16,646</b>	<b>\$ 418</b>

## **MOUNTAIN VALLEY MD HOLDINGS INC.**

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2021 and September 30, 2020

(Unaudited, in thousands of Canadian dollars, except for per share amounts)

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### **1. NATURE OF OPERATIONS**

Mountain Valley MD Holdings Inc. (“MVMDH” or the “Company”), was incorporated under the provisions of the British Columbia Business Corporations Act on March 8, 2005. The Company is a publicly traded health and wellness company engaged, through its wholly owned subsidiary Mountain Valley MD Inc, in building a world-class organization centered around the implementation and licensing of its key technologies to global pharmaceutical, vaccine and nutraceutical third parties.

The Company’s common shares trade on the Canadian Securities Exchange under the new ticker symbol “MVMD” and on the OTCQB under the ticker symbol “MVMDF”.

The address of the Company’s registered and records office and principal place of business is 260 Edgeley Boulevard, Unit 4, Concord, Ontario, Canada, L4K 3Y4.

### **2. BASIS OF PRESENTATION**

#### **a) Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

The Company’s board of directors approved the release of these interim condensed consolidated financial statements on November 29, 2021.

#### **b) Basis of measurement**

In preparing its interim condensed consolidated financial statements, the Company makes judgments in applying its accounting policies. The judgments that have the most significant effect on the amounts recognized in the consolidated financial statements are outlined below in section c). In addition, the preparation of consolidated financial statements in conformity with IFRS requires the use of estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These estimates are based on management’s best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the interim condensed consolidated financial statements. Information about assumptions and other sources of estimation uncertainty as at September 30, 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are outlined below in section c).

#### **c) Areas of judgment and estimation uncertainty**

The preparation of the consolidated financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management’s best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements.

In preparation of the interim condensed consolidated financial statements, the significant estimates and judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended March 31, 2021.

## MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2021 and September 30, 2020

(Unaudited, in thousands of Canadian dollars, except for per share amounts)

### 3. PREPAID EXPENSES AND DEPOSITS

	September 30, 2021	March 31, 2021
	\$	\$
Prepaid	484	296
Research and development trials	-	780
Supplies inventory	243	45
Formulation inventory	40	-
Lease deposits	13	17
	<u>780</u>	<u>1,138</u>

### 4. INTANGIBLE ASSETS

The Company's intellectual property consists of the following:

	\$
<b>Cost</b>	
As at March 31, 2021	5,159
<u>Additions</u>	<u>44</u>
As at September 30, 2021	5,203
<b>Accumulated amortization</b>	
As at March 31, 2021	390
<u>Depreciation expense</u>	<u>173</u>
As at September 30, 2021	563
<b>Carrying amounts:</b>	
<u>As at September 30, 2021</u>	<u>4,640</u>
As at March 31, 2021	4,769

- a) The Company recorded additions of \$44 during the six-month period ended September 30, 2021 related to direct costs to acquire new patents.
- b) The Company recorded \$173 of depreciation expense during the six-month period ended September 30, 2021 based on the estimated useful life of the portfolio of patents.

## MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2021 and September 30, 2020

(Unaudited, in thousands of Canadian dollars, except for per share amounts)

### 5. EQUITY INVESTMENTS

The following summarizes the Company's investments at September 30, 2021:

	March 31, 2021	Unrealized Gains / (Losses)	September 30, 2021
	\$	\$	\$
Sixth Wave Innovations Inc. (a)	137	(40)	97
Palisade Goldcorp Ltd. (b)	3,196	-	3,196
Nevada King Gold Corp. (b)	1,721	(413)	1,308
Circadian Wellness Corp. (c)	330	-	330
	5,384	(453)	4,931

#### a) Sixth Wave Innovations Inc.

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.

As at September 30, 2021, management re-valued the investment to \$97 (March 31, 2021: \$137) based on Level 1 input under the IFRS 13 fair value hierarchy using the trading price of Sixth Wave Innovations Inc. as at September 30, 2021.

#### b) Nevada King Gold Corp. and Palisade Goldcorp Ltd.

On November 18, 2019, the Company disposed of its 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.

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

- 3,442,600 common shares of Nevada King Gold Corp. (formerly Nevada King Mining Ltd, and formerly 1234721 B.C. Ltd.)
- 799,000 common shares of Palisade Goldcorp Ltd.

As at September 30, 2021, management fair valued Palisade Goldcorp Ltd. using Level 2 inputs under the IFRS 13 fair value hierarchy. The fair value was based on the most recent private placement by Palisade Goldcorp Ltd.

As at September 30, 2021, management fair valued Nevada King Gold Corp. based on Level 1 input under the IFRS 13 fair value hierarchy (September 30, 2020, Level 2 inputs). The fair value was determined using the trading price of Nevada King Gold Corp. as at September 30, 2021.

Prior to the amalgamation (Note 6), shareholders of the Company (formerly, MBGC) received one additional Class B share of the Company for each common share held.

The special rights and restrictions of the Class B shares provide that if:

- the Company decides, by way of a directors resolution to distribute the Casino Gold shares (now Palisade Goldcorp Ltd. and Nevada King Gold Corp.); or
  - the Company completes the sale of all or any portion of the Casino Gold shares,
- the Company will redeem all of the outstanding Class B shares for an amount equal to the redemption price.

Since the Company has discretion over any distribution or disposal that would require a redemption of the Class B shares, the above special rights and restrictions do not result in a liability classification. The Class B shares have therefore been presented as equity.



## MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2021 and September 30, 2020

(Unaudited, in thousands of Canadian dollars, except for per share amounts)

### .... Note 5. EQUITY INVESTMENTS (Continued)

#### c) Circadian Wellness Corp.

The Company owns 1,222,222 shares (post 3:1 share split on May 27, 2021) of Circadian Wellness Corp. a private Ontario corporation focusing on mushroom farming, extraction, clinical research and development, and end-user consumer health and wellness products and retreats.

The Company has reviewed the fair value of this equity investment in light of relevant information available and determined that the valuation as at September 30, 2021 has not changed from the initial subscription price.

## 6. SHARE CAPITAL

### a) Share Capital

#### *Authorized*

The Company has authorized share capital of:

- Unlimited Common Shares without par value.
- 50,056,229 Class B Non-Voting shares (Note 5(b))

#### *Issued and outstanding*

The Company has issued share capital of 329,412,049 Common Shares and 50,056,229 Non-Voting Class B shares.

#### Share issuances during the six months ended September 30, 2021

The Company issued 600,000 shares in regard to the exercise of stock options. The Company received \$45 in gross proceeds.

The Company issued 885,000 shares in regard to the exercise of warrants. The Company received \$350 in gross proceeds.

The Company issued 89,458 shares with a fair value of \$34 for consulting services.

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

	Outstanding Options	Weighted Average Exercise Price
March 31, 2020	13,499,438	0.11
Issued	4,210,000	1.360
Forfeited	(400,000)	0.07
Expired	(410,938)	2.02
Excercised	(4,100,000)	0.05
Balance at March 31, 2021	12,798,500	0.49
Issued	4,690,000	0.29
Exercised	(600,000)	0.07
Balance at September 30, 2021	<b>16,888,500</b>	<b>0.45</b>

**MOUNTAIN VALLEY MD HOLDINGS INC.**

Notes to the Interim Condensed Consolidated Financial Statements

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(Unaudited, in thousands of Canadian dollars, except for per share amounts)

**.... Note 6. SHARE CAPITAL (Continued)**

The following table summarizes the stock options outstanding at September 30, 2021:

Expiry Date	Number	Weighted Average Exercise Price	Options exercisable
March 13, 2025	3,800,000	0.07	3,800,000
May 1, 2025	250,000	0.075	250,000
May 3, 2025	4,288,500	0.05	4,288,500
August 20, 2025	100,000	0.22	100,000
December 1, 2025	135,000	0.095	67,500
December 14, 2025	1,000,000	0.29	500,000
February 12, 2026	2,625,000	2.04	1,312,500
July 14, 2026	3,690,000	0.27	738,000
August 1, 2026	1,000,000	0.365	200,000
	<b>16,888,500</b>	<b>0.45</b>	<b>11,256,500</b>

## b) Warrants

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

	Outstanding Warrants	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
			\$
March 31, 2020	51,875,028	1.37	0.38
Issued	14,562,763	1.76	0.38
Exercised	(48,879,052)		0.35
Expired	(1,047,861)		0.55
March 31, 2021	16,510,878	1.56	0.44
Exercised	(885,000)	-	0.35
Expired	(458,437)	-	1.66
Balance at September 30, 2021	<b>15,167,441</b>	<b>1.13</b>	<b>0.40</b>

The following table summarizes the share purchase warrants outstanding at September 30, 2021:

Expiry Date	Number	Weighted Average Exercise Price
Dec 16, 2021	137,531	1.92
January 4, 2022	902,147	0.60
July 11, 2023	875,000	0.48
December 18, 2022	3,273,593	0.13
December 21, 2022	9,979,170	0.45
	<b>15,167,441</b>	<b>0.40</b>

## MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2021 and September 30, 2020

(Unaudited, in thousands of Canadian dollars, except for per share amounts)

### 7. RELATED PARTY TRANSACTIONS

Key management includes personnel having the authority and responsibility for planning, directing and controlling the Company and includes the directors and executive officers.

Expenses incurred to key management are:

	Six months ended September 30, 2021	Six months ended September 30, 2020
	\$	\$
Short-term benefits	245	228
Stock based compensation	706	38
	951	266

There are \$Nil amounts included in accounts payable and accrued liabilities as at September 30, 2021 and March 31, 2021 owing to key management.

### 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, note receivable, equity investments, accounts payable and accrued liabilities, and lease liability. The carrying amounts of these financial instruments are a reasonable estimate of their fair values based on their current nature and current market rates for similar financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of inputs used to estimate the fair values. The three levels of the fair value hierarchy are

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at September 30, 2021, 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 six-month period ended September 30, 2021.

#### 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 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 large Canadian bank. The Company obtains financial information from the creditor to determine the carrying amount of the note receivable.

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 its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities.

As at September 30, 2021, the Company's financial liabilities have contractual maturities as summarized below:

## MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2021 and September 30, 2020

(Unaudited, in thousands of Canadian dollars, except for per share amounts)

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### .... Note 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

	Due within		
	0-12 months	1-2 years	2-3 years
	\$	\$	\$
Accounts payable and accrued liabilities	365	-	-
Lease liability	28	36	-
Total	393	36	-

#### 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

The Company has completed a sensitivity analysis to estimate the impact on comprehensive earnings which a change in the market price of equity investments would have on the Company during the six-month period ended September 30, 2021. As a result, a 10% change in the equity investments will translate to a \$460 gain or loss from equity investments.

## 9. SEGMENT INFORMATION

Management has determined that the Company has one reportable operating segment, being research and development of its delivery, solubility, and adjuvant technologies. This segment accounts for all of the Company's operating expenses. Determination of the operating segment was based on the level of financial reporting to the Company's chief decision makers.

All of the Company's fixed assets are located in Canada. The Company has investments in associates (Note 5) and cannabis licenses that are located in Colombia. These licenses have been fully written down in prior periods.

## 10. 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.