Consolidated Financial Statements of

MOUNTAIN VALLEY MD HOLDINGS INC.

As at March 31, 2022 and 2021

(Expressed in Canadian Dollars)

Independent auditor's report

To the Shareholders of Mountain Valley MD Holdings Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mountain Valley MD Holdings Inc. and its subsidiaries (together, the Company) as at March 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at March 31, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Eric Talbot.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
July 12, 2022

MOUNTAIN VALLEY MD HOLDINGS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	March 31, 2022	March 31, 2021
Current Assets			
Cash and cash equivalents		**$ 14,221**	$ 19,510
HST recoverable		**87**	235
Prepaids, deposits and other	4	**605**	1,139
Note receivable	8	**112**	107
Right of use asset	14	**46**	86
		15,071	21,077
Long-term Assets			
Intangible assets	5	**4,518**	4,769
Equity investments	7	**5,028**	5,384
Investment in associate	6	**426**	89
Capital assets		**227**	289
		10,199	10,531
		$ 25,270	$ 31,608
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 238**	$ 776
Deferred revenue	9	**140**	250
Lease liability	14	**38**	40
		416	1,066
Long-term Liabilities			
Lease liability	14	**6**	44
		422	1,110
Shareholders' Equity			
Share capital	12	**52,174**	51,706
Class B shares	7,12	**2,399**	2,399
Contributed surplus	12	**4,597**	1,006
Warrants	12	**3,152**	3,152
Deficit		**(37,474)**	(27,765)
		24,848	30,498
		$ 25,270	$ 31,608

Approved on behalf of the Board:

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

MOUNTAIN VALLEY MD HOLDINGS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	For the years ended, March 31, 2022	2021
Revenue	9	**110**	-
Cost of sales	9	**40**	-
Gross margin		**70**	-
Expenses			
General and administrative	13	**3,537**	2,530
Research and development		**2,209**	1,362
Stock based compensation	13	**3,615**	840
Amortization of intangible assets	5	**349**	344
Depreciation of capital assets and right-of use assets	10	**102**	86
		9,812	5,162
Net loss before other items		**9,742**	5,162
Other items			
Impairment of intangible assets		**-**	300
Loss from sale of assets	11	**-**	494
(Gain)/loss from equity accounted associates	6	**(336)**	125
Fair value loss (gain) on equity investments	7	**355**	(2,184)
Impairment in associates		**-**	198
Loss from debt settlement	12	**-**	4,037
Accretion and interest on convertible debt		**-**	20
Investment income and other		**(47)**	(4)
Interest earned on note receivable	8	**(5)**	(5)
		(33)	2,981
Net loss for the year		**9,709**	8,143
Basic and diluted loss per share		**$ (0.03)**	$ (0.03)
Weighted average number of shares outstanding		**329,236,773**	263,510,981

MOUNTAIN VALLEY MD HOLDINGS INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Class B Non-voting Number of Shares	Class B Non-voting Share Capital $	Common Shares Number of shares	Common Shares Share capital $	Contributed surplus $	Warrants $	Deficit $	Total Shareholders' Equity $
Balance at March 31, 2020 (restated)	50,056,229	2,399	243,691,267	25,962	442	1,888	(19,622)	11,069
Shares issued for debt	-	-	8,357,185	3,329	-	1,264	-	4,593
Exercise of stock options	-	-	4,100,000	364	(157)	-	-	207
Issuance of stock options	-	-	-	-	841	-	-	841
Conversion of convertible note	-	-	875,000	350	(120)	-	-	230
Shares issued for finder's fees	-	-	250,000	41	-	-	-	41
Shares for services	-	-	926,743	90	-	-	-	90
Shares issued for private placement	-	-	19,650,908	4,323	-	-	-	4,323
Shares issued as finders fees for private placement	-	-	1,107,436	244	-	-	-	244
Share issue costs	-	-	-	(254)	-	-	-	(254)
Exercise of warrants	-	-	48,879,052	17,257	-	-	-	17,257
Net loss for the period	-	-	-	-	-	-	(8,143)	(8,143)
Balance at March 31, 2021	50,056,229	2,399	327,837,591	51,706	1,006	3,152	(27,765)	30,498
Exercise of stock options	-	-	600,000	68	(24)	-	-	44
Issuance of stock options	-	-	-	-	3,615	-	-	3,615
Shares for services	-	-	258,958	50	-	-	-	50
Exercise of warrants	-	-	885,000	350	-	-	-	350
Net loss for the period	-	-	-	-	-	-	(9,709)	(9,709)
Balance at March 31, 2022	50,056,229	2,399	329,581,549	52,174	4,597	3,152	(37,474)	24,848

MOUNTAIN VALLEY MD HOLDINGS INC.
Consolidated Statements of Cash flows
(Expressed in Canadian Dollars)

	Note	For the years ended, March 31, 2022	2021
OPERATING ACTIVITIES			
Net loss for the period		$ (9,709)	$ (8,143)
Adjustments for:			
Common shares issued for consulting services	12	50	90
Accretion and interest on note receivable		-	(5)
Fair value loss (gain) on equity investments	7	355	(2,184)
Impairment in associate		-	330
Impairment of intangible asset		-	300
Gain from equity accounted associates	6	(336)	-
Stock based compensation	12	3,615	840
Shares issued for agricultural license		-	41
Amortization of intangible assets	5	349	344
Depreciation of capital assets and right-of use assets		102	86
Loss from debt settlement		-	4,037
Loss from sale of assets		-	494
Interest earned on convertible note	8	(5)	-
		(5,579)	(3,770)
Changes in non-cash operating working capital			
HST receivable		148	(111)
Prepaid expenses and deposits		533	(848)
Deferred revenue		(110)	200
Due from shareholder		-	98
Lease liability		(40)	(38)
Accounts payable		(538)	609
Net cash used in operating activities:		(5,587)	(3,860)
INVESTING ACTIVITIES			
Cash acquired in sale of subsidiary		-	436
Cash paid to acquire intellectual property	5	(98)	(120)
Cash paid for investment in associates		-	(132)
Capital asset additions		-	(333)
Net cash used in investing activities:		(98)	(149)
FINANCING ACTIVITIES			
Issuance of share capital	12	-	4,324
Exercise of stock options	12	45	207
Exercise of warrants	12	350	17,257
Share issue costs	12	-	(11)
Net cash received from financing activities:		395	21,777
Net change in cash		(5,289)	17,768
Cash and cash equivalents - Beginning of year		19,510	1,742
Cash and cash equivalents - End of year		$ 14,221	$ 19,510

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 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.

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.

2. BASIS OF PRESENTATION

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 July 12, 2022.

b) Basis of measurement

In preparing its 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 consolidated financial statements. Information about assumptions and other sources of estimation uncertainty as at March 31, 2022 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

Intangible assets

Definite life intangible assets are carried at historical cost and amortized over their useful life. Judgment is required in assessing whether certain factors would be considered an indicator of impairment. The Company considers both internal and external information to determine whether there is an indicator of impairment present and, accordingly, whether impairment testing is required. The information the Company considers in assessing whether there is an indicator of impairment includes, but is not limited to, market and economic conditions, results of research and development activities and its market capitalization.

…. Note 2. BASIS OF PREPARATION (Continued)

As part of its assessment at March 31, 2022, the Company noted no impairment indicators related to its intellectual property.

Fair value of privately held equity investments

The Company holds privately held investments which are measured at fair value. To determine the fair value of privately held equity investments 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 privately held investments where recent equity transactions are not available, the Company uses valuation methods based on recently completed equity issuances.

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 or impairment reversal with respect to its net investment in an associate. This determination requires significant judgement in evaluating if a decline or increase 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

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 two wholly owned subsidiaries, 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.

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

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

b) Foreign currencies

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

The functional currency of MVMDH, 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.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

c) Cash and cash equivalents

Cash and cash equivalents consist of cash deposits with banks and highly liquid investments that are readily convertible to cash with maturities of three months or less when purchased.

d) Inventory

Inventory consists of supplies and is valued at the lower of weighted average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

e) Deferred revenue

Amounts received in advance of the performance of services are classified as deferred revenue.

f) Capital assets

Property is carried at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes the acquisition 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 includes 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 property is 20 years.

The property and land were sold in the prior year.

Lab equipment and leasehold improvements are stated at cost, less accumulated depreciation. Depreciation is provided for leasehold improvements using the straight-line method over 5 years, and lab equipment is depreciated on a 20% declining balance.

g) Intangible assets

Patents are stated at their historical cost and amortized on a straight-line basis over their expected useful lives, which is fifteen years. The Company's cannabis licenses are stated at amortized cost less impairment.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) 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.

i) 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.

j) Investment in associates

An associate is an entity over which the Company 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 associates 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 loss and comprehensive loss and represents the Company's share of profit or loss after tax in the associate.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

k) 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.

l) Revenue recognition

The Company earns revenue through formulation work performed for customers. Revenue from contracts with customers, is based upon the principle that revenue is recognized when control of a good or service is transferred to a customer. The Company considers that control has passed when there is a present obligation to pay, physical possession, and when legal title and the risks and rewards of ownership have passed to the customer. This is typically achieved when a customer is satisfied and accepts the formulation work performed.

m) 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.

n) 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
Equity investments	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

Financial assets

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.

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.

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. As at March 31, 2022, there are no ECLs recorded in the financial statements.

o) Income taxes

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

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

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

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

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.

p) 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.

(Expressed in Canadian Dollars)

…. Note 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) New and revised standards

None of the new and revised standards and interpretations which have been issued had a significant effect on the consolidated financial statements of the Company.

r) New and revised standards issued but not yet effective

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

On May 7, 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrow the scope of the initial recognition exemption so that is does not apply to the transactions that give rise to equal and offsetting temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company has not yet assessed its impact on the consolidated financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

On May 14, 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37). This amendment clarifies which costs are included as a cost of fulfilling a contract when determining whether a contract is onerous. The amendments are effective for annual periods beginning on or after January 1, 2022 and apply to contracts existing at the date when the amendments are first applied. Early adoption is permitted. The Company has not yet assessed its impact on the consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021 the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company has not yet assessed its impact on the consolidated financial statements.

4. PREPAID EXPENSES AND DEPOSITS

	2022	2021
	$	$
Prepaid	**587**	296
Research and development trials	**-**	780
Supplies inventory	**-**	45
Lease deposits	**18**	17
	605	1,138

(Expressed in Canadian Dollars)

5. INTANGIBLE ASSETS

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

The Company's intellectual property consists of the following:

	$
Cost	
As at March 31, 2021	**5,159**
Additions	**98**
As at March 31, 2022	**5,257**
Accumulated amortization	
As at March 31, 2021	**390**
Depreciation expense	**349**
As at March 31, 2022	**739**
Carrying amounts:	
As at March 31, 2022	**4,518**
As at March 31, 2021	4,769

a) The Company recorded additions $98 (2021: $120) related to direct costs to acquire new patents.

b) The Company recorded $349 of depreciation during the year (2021: $344) based on the estimated useful life of the portfolio of patents.

In fiscal year 2021, the Company made the decision not to pursue and develop its cannabis assets. As a result, management performed a test of impairment. The recoverable amount was determined to be equal to its fair value less costs to sell of $Nil and as a result an impairment of $300,000 was recorded.

6. INVESTMENT IN ASSOCIATES

On April 4, 2019, the Company entered into a subscription and share purchase agreement with Sativa Nativa SAS ("Sativa Nativa"). Sativa Nativa is a company incorporated in the Republic of Columbia and is a cultivator of cannabis.

The Company recorded its share of Sativa Nativa loss for the year ended March 31, 2022, of $89 (2021: $265).

As at March 31, 2022, the Company performed an impairment reversal assessment on its investment in Sativa Nativa. The recoverable amount of the investment was determined based on the sale value of Sativa Nativa subsequent to year end, see Note 19.

As of March 31, 2022, management determined a net impairment reversal of $426 (2021: $Nil). These impairment reversal charges are recognized in gain from equity accounted associates.

(Expressed in Canadian Dollars)

7. EQUITY INVESTMENTS

The following summarizes the Company's investments at March 31, 2022 and 2021:

	March 31, 2021	Additions	Unrealized Gains / (Losses)	March 31, 2022
	$	$	$	$
Sixth Wave Innovations Inc. (a)	137	-	(82)	**55**
Palisade Goldcorp Ltd. (b)	3,196	-	(1,390)	**1,806**
Nevada King Gold Corp. (b)	1,721	223	(103)	**1,841**
Mexican Gold Mining Corp. (b)	-	22	(4)	**18**
Radio Fuels Energy Corp. (b)	-	143	(57)	**86**
Circadian Wellness Corp. (c)	330	-	892	**1,222**
	5,384	388	(744)	**5,028**

a) Sixth Wave Innovations Inc.

As at March 31, 2022, management re-valued the investment to $55 (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 March 31, 2022.

b) Nevada King Gold Corp., Palisade Goldcorp Ltd., Mexican Gold Mining Corp., and Radio Fuels Energy Corp. the ("Class B Investments")

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 represented 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. On October 14, 2021, Palisades Goldcorp Ltd. completed a plan of arrangement to distribute equity shares to shareholders of Palisades Goldcorp Ltd. The Company now owns the following equity investments:

- 4,091,325 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.
- 443,147 common shares of Mexican Gold Mining Corp.
- 326,339 common shares of Radio Fuels Energy Corp.

As at March 31, 2022, management fair valued Palisade Goldcorp Ltd. using Level 3 inputs under the IFRS 13 fair value hierarchy. The fair value was based on the most recent private sale by Palisade Goldcorp Ltd. The fair value of the investment in Palisade Goldcorp has been reduced by the fair value of the distributed equity shares noted in the above paragraph.

As at March 31, 2022, management fair valued Nevada King Gold Corp., Mexican Gold Mining Corp., and Radio Fuels Energy Corp., based on Level 1 inputs under the IFRS 13 fair value hierarchy (December 31, 2020, Level 2 inputs). The fair value was determined using the market trading price as at March 31, 2022.

Prior to the amalgamation, shareholders of the Company (formerly, Meadow Bay Gold Corporation) received one additional Class B share of the Company for each common share held.

…. Note 7. EQUITY INVESTMENTS (Continued)

The special rights and restrictions of the Class B shares provide that if the following occurs, the Company will redeem all of the outstanding Class B shares for an amount equal to the redemption price:

- the Company decides, by way of a director's resolution to distribute the Class B Investments (now Palisade Goldcorp Ltd., Nevada King Gold Corp., Mexican Gold Mining Corp., and Radio Fuels Energy Corp.); or
- the Company completes the sale of all or any portion of the Class B Investments,

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.

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.

As at March 31, 2022, management fair valued Circadian Wellness Corp. using Level 2 inputs under the IFRS 13 fair value hierarchy. The fair value was based on the most recent private financing done by Circadian Wellness Corp.

8. NOTE RECEIVABLE

On November 4, 2019, the Company advanced $100 to Agroresults Inc, ("AG") a private company 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 AG. 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 AG at a 20% discount. The Company accrued $5 (2021: $5) in interest related to this note receivable.

9. DEFERRED REVENUE

On February 25, 2021, the Company entered into a commercial license agreement with Circadian Wellness Corp. (a privately held Ontario Corporation). The license agreement is based on applying the Company's Quicksome™ technology to mushroom nutraceutical products in consideration of ongoing product royalties and an initial advance payment in the amount of $250, made up of $200 cash and $50 of equity shares of the privately held corporation.

During the year, the Company applied $110 (2021: $nil) of formulation work to revenue. The Company also recognized $40 (2020: $nil) of labor and expenses associated with this revenue charged to cost of sales.

(Expressed in Canadian Dollars)

10. CAPITAL ASSETS

	Land	Building	Lab Equipment	Leasehold Improvements	Total
	$	**$**	**$**	**$**	**$**
Cost					
At March 31, 2020	814	636	-	-	1,450
					-
Additions	**-**	-	224	109	333
Disposals	(814)	(636)	-	-	(1,450)
At March 31, 2021 and 2022	**-**	**-**	**224**	**109**	**333**
Accumulated amortization					
At March 31, 2020	-	23	-	-	23
Depreciation expense	**-**	**-**	**22**	**22**	**44**
Disposals	**-**	**(23)**	**-**	**-**	**(23)**
At March 31, 2021	**-**	**-**	**22**	**22**	**44**
Depreciation expense	-	-	40	22	62
At March 31, 2022	**-**	**-**	**62**	**44**	**106**
Carrying amounts:					
At March 31, 2020	814	613	-	-	1,427
At March 31, 2021	-	-	202	87	289
At March 31, 2022	**-**	**-**	**162**	**65**	**227**

Land and building consisted of a 34-acre property located in Qualicum Beach, British Columbia.

On November 24, 2020, the Company sold the land and building as part of the share purchase and exchange agreement (Note 11).

11. SALE OF ASSETS

On November 24, 2020, the Company entered into a share purchase and exchange agreement (the “SPA”) with Circadian Wellness Corp. (“CW”), a private Ontario corporation, for the sale of the Company’s subsidiaries (Mountain Valley Medicinals Inc. “MVM”, and 0987182 BC Ltd.) and their respective assets, including the property in Qualicum Beach, British Columbia (Note 13), for a purchase price of $400,000 cash plus additional consideration for prepaid assets, 1,037,037 common shares of CW at $0.27 per share (representing an approximate 9.17% equity interest in CW) with a value of $280,000, and the assumption of the mortgage on the property in the amount of $320.

The Company recorded a loss of $493 on the sale of these non-core business assets.

12. 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 7(b))

Issued and outstanding

The Company has issued share capital of 329,581,549 Common Shares and 50,056,229 Non-Voting Class B shares.

Share issuance from April 1, 2020 to March 31, 2021

On May 1, 2020, the Company issued 912,500 common shares to settle accounts payable in the amount of $48 and $25 related to general consulting services.

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 to the former CFO and CEO of Meadow Bay Gold Corporation regarding a termination fee.

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 in gross proceeds.

On July 17, 2020, the Company issued 875,000 common shares with the conversion of the outstanding convertible debenture.

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 in gross proceeds.

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 in gross proceeds

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 in gross proceeds.

On August 10, 2020, the Company issued 250,000 shares at $0.165 in regard to finder's fees related to a supply and license agreement. The fair value was determined based on the Company's share price at the time of the transaction.

On December 14, 2020, the Company entered into a debt settlement agreement and issued 6,617,185 units to various individuals for accounts payable to settle indebtedness of $470. The fair value of the shares issued in the unit offering was determined to be $0.49 based on the closing trading price. The loss on debt settlement attributed to the common share was $2,773. Each unit consists of one common share and one half of one share purchase warrant, each warrant is exercisable at $0.13 for 2 years from the issuance date. The fair value of the warrants issued was determined to be $1,264. The Company recorded a loss on debt settlement in the amount of $4,037 related to this transaction.

On December 22, 2020, the Company completed a non-brokered private placement offering at $0.22 per unit for gross proceeds of $4,323 issuing 19,650,908 units. Each unit consisting of one common share and one half of one share purchase warrant, each warrant exercisable at $0.45 for 2 years from the issuance date. The fair value of the warrants issued was determined to be $Nil using the residual value approach.

In conjunction with the offering, the Company paid finders fees by issuance of 1,106,945 units at $0.22 per unit. Each unit consisting of one common share and one half of one share purchase warrant, each warrant exercisable at $0.45 for 2 years from the issuance date. The Company also paid cash of $11.

…. Note 12. SHARE CAPITAL (Continued)

On February 25, 2021, the Company issued 1,000,000 shares in regard to the exercise of stock options at $0.05. The Company received $50 in gross proceeds.

On March 31, 2021, the Company issued 1,000,000 shares in regard to the exercise of stock options at $0.05. The Company received $50 in gross proceeds.

On March 31, 2021, the Company issued 16,950 shares for investor relations services in the amount of $15.

From December 31, 2020, to March 31, 2021, the Company issued 48,879,052 warrants at $0.35 and $0.60 for gross proceeds of $17,256.

Share issuance from April 1, 2021 to March 31, 2022

The Company issued 600,000 shares in regard to the exercise of stock options. The Company received $44 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 258,958 shares with a fair value of $50 for consulting services.

b) Stock Options

The Company has a share option plan, under which the Board of Directors is authorized to grant options to employees, directors, officers and consultants, enabling them to acquire up to 10% of the issued and outstanding share capital of the Company. The exercise price of each option is based on the market price of the Company's share as calculated on the date of grant. The options can be granted for a maximum term of five years. Options granted to investor relations consultants are subject to vesting provisions, as established by regulatory authorities, over a twelve-month period, with no more than ¼ vesting during any three-month period. Vesting provisions for other options are determined by the Company's Board of Directors.

On May 4, 2020, the Company granted 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.

On August 31, 2020, the Company granted 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.

On December 1, 2020, the Company granted 235,000 stock options at $0.22 to consultants. 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 February 16, 2021, the Company granted 2,625,000 stock options to officers, directors and consultants of the Company at an exercise price of $2.04. The options vest in stages over a period of one year and expire in five years.

On July 14, 2021, the Company granted 3,690,000 stock options at $0.27 to officers, directors and consultants 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.

On August 1, 2021, the Company granted 1,000,000 stock options at $0.365 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.

On December 13, 2021, the Company granted 80,000 stock options at $0.135 to a consultant 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.

(Expressed in Canadian Dollars)

…. Note 12. SHARE CAPITAL (Continued)

On January 25, 2022, the Company granted 2,525,000 stock options at $0.22 to officers, directors and consultants 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.

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

	March 31, 2022	March 31, 2021
Average share price	**$0.26**	$1.36
Expected dividend yield	**$nil**	$nil
Volatility	**96%**	90%
Expected life (years)	**5**	5
Forfeiture rate	**10%**	10%
Risk-free rate	**0.76%**	0.25%

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

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	7,295,000	0.29
Exercised	(600,000)	0.07
Cancelled	(2,590,000)	2.04
Forfeited	(200,000)	1.45
Balance at March 31, 2022	**16,703,500**	**0.16**

The following table summarizes the stock options outstanding at March 31, 2022:

Expiry Date	Number	Weighted Average Exercise Price	Options exercisable
March 13, 2025	3,785,000	0.07	3,785,000
May 1, 2025	250,000	0.075	250,000
May 3, 2025	4,288,500	0.05	4,288,500
December 1, 2025	135,000	0.095	135,000
December 14, 2025	1,000,000	0.29	1,000,000
July 14, 2026	3,640,000	0.27	1,820,000
August 1, 2026	1,000,000	0.365	500,000
December 13, 2026	80,000	0.135	16,000
January 25, 2027	2,525,000	0.22	505,000
	16,703,500	**0.16**	**12,299,500**

(Expressed in Canadian Dollars)

…. Note 12. SHARE CAPITAL (Continued)

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
			$
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	(1,498,115)	-	1.05
Balance at March 31, 2022	**14,127,763**	**0.76**	**0.38**

The following table summarizes the share purchase warrants outstanding at March 31, 2022:

Expiry Date	Number	Weighted Average Exercise Price
July 11, 2023	875,000	0.48
December 18, 2022	3,273,593	0.13
December 21, 2022	9,979,170	0.45
	14,127,763	**0.38**

d) Restricted Share Units

Pursuant to the Company's Restricted Share Unit ("RSU") Incentive Plan approved by the board of directors of the Company on January 20, 2022, restricted stock units to acquire common shares of the Company may be granted to specified service providers of the Company in accordance with the terms and conditions of the plan. Upon vesting, each RSU entitles the participant to receive one common share, provided that the participant is continuously employed with or providing services to the Company. RSUs track the value of the underlying common shares, but do not entitle the recipient to the underlying common shares until such RSUs vest, nor do they entitle a holder to exercise voting rights or any other rights attached to ownership or control of the common shares, until the RSU vests and the RSU participant receives common shares.

On January 25, 2022, the Company issued 875,000 RSU's to directors, officers, and consultants of the Company that vest over 1 year. At March 31, 2022, there were 875,000 RSUs outstanding (March 31, 2021 – nil). During the year ended March 31, 2022, the Company recorded $Nil (March 31, 2021 - $Nil) as stock-based compensation for the fair value of the RSUs issued.

(Expressed in Canadian Dollars)

13. 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, 2022 and 2021:

Year ended March 31,	**2022**	2021
	$	$
Fees and benefits	**553**	440
Stock based compensation	**2,227**	435
	2,780	875

<u>2022 transactions:</u>
$553 in consulting fees paid as follows: $135 paid to a Company controlled by the Chief Financial Officer, $178 paid to a Company controlled by the Chief Medical Officer, and $240 paid to a Company controlled by the Chief Executive Officer.

<u>2021 transactions</u>:
$440 in consulting fees paid as follows: $90 paid to a Company controlled by the CFO, $10 paid to a Company controlled by the former CFO, $240 paid to a Company controlled by the CEO, and $100 paid to a Company controlled by the Vice President of Product Development.

14. RIGHT OF USE ASSET AND LEASE LIABILITY

On March 4, 2020, MVMD signed a three (3) year lease agreement for office premises in Vaughan, Ontario. The rental term begins June 1, 2020, 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.

On the adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 – Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rate as of June 1, 2020.

The associated right-of-use assets for the leases were measured at the amount equal to the lease liability.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company’s financial instruments include cash and cash equivalents, note receivable, 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 March 31, 2022, 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, 2021, other than the investment in Nevada King Mining, which transferred from Level 2 to Level 1 as a result of becoming publicly listed.

(Expressed in Canadian Dollars)

…. Note 15. 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 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 March 31, 2022, 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	238	-	-
Lease liability	38	6	-
Total	276	6	-

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 equity investments would have on the Company during the year ended March 31, 2022. As a result, a 10% change in the equity investments will translate to a $381 (March 31, 2021, $505) gain or loss from equity investments.

16. 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 8) and licenses that are located in Colombia. The licenses and investment in associate have been written down to $nil as management determined them to be impaired. The Company's revenue is derived from Canada.

(Expressed in Canadian Dollars)

17. 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.

18. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory tax rate of 27% (2021: 27%) to the effective tax rate is as follows:

As at March 31, 2022, the Company has unused non-capital loss carry forwards of approximately $10,643 (2021: $6,464) that expire between 2037 and 2042, available for deduction against future years taxable income. As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized.

	2022	2021
Deferred tax assets	**$**	$
Net loss before recovery of income taxes	**9,709**	8,143
Expected income tax (recovery) expense	**(2,632)**	(2,199)
Non-deductible expenditures for tax	**987**	1,256
Non-deductible portion of capital items and rate differences	**69**	(148)
Share issuance costs	**-**	68
Change in tax benefits not recognized	**1,576**	1,023
Income tax expense	**-**	-

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

	2022	2021
	$	$
Capital assets	**106**	44
Intellectual property	**739**	390
Equity investments	**(512)**	298
Investment in associates	**8,300**	8,300
Non capital losses carried forward	**10,643**	6,464
Financing costs and other	**2,841**	779
	22,117	16,275

19. SUBSEQUENT EVENT

On May 31, 2022, the Company signed a share purchase agreement to dispose of its shareholdings in Sativa Nativa SAS for $426. The Company received $366 on July 5, 2022.