



Unaudited Interim Condensed Consolidated Financial Statements of

MOUNTAIN VALLEY MD HOLDINGS INC.

For the three months period ended June 30, 2022 and 2021

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

	Note	June 30, 2022	March 31, 2022
Current Assets			
Cash and cash equivalents		\$ 13,526	\$ 14,221
HST recoverable		63	87
Prepays, deposits and other	3	550	605
Note receivable		113	112
Right of use asset		36	46
		<u>14,288</u>	<u>15,071</u>
Long-term Assets			
Intangible assets	4	4,442	4,518
Equity investments	5	4,287	5,028
Investment in associate		426	426
Capital assets		213	227
		<u>9,368</u>	<u>10,199</u>
		<u>\$ 23,656</u>	<u>\$ 25,270</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 282	\$ 238
Deferred revenue		140	140
Lease liability		29	38
		<u>451</u>	<u>416</u>
Long-term Liabilities			
Lease liability		6	6
		<u>457</u>	<u>422</u>
Shareholders' Equity			
Share capital	6	52,203	52,174
Class B shares	6	2,399	2,399
Contributed surplus	6	4,771	4,597
Warrants	6	3,152	3,152
Deficit		(39,326)	(37,474)
		<u>23,199</u>	<u>24,848</u>
		<u>\$ 23,656</u>	<u>\$ 25,270</u>

Approved on behalf of the Board:

/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,	
	Note	June 30, 2022	June 30, 2021
EXPENSES			
General and administrative	7	\$ 605	\$ 985
Research and development		245	903
Stock based compensation	7	174	64
Amortization of intangible assets	4	87	86
Depreciation of capital assets and right-of use assets		24	26
		<hr/>	<hr/>
NET LOSS BEFORE OTHER ITEMS		1,135	2,064
OTHER ITEMS			
Loss from equity accounted associates		-	22
Fair value loss on equity investments	5	741	43
Investment income and other		(23)	-
Interest earned on note receivable		(1)	(1)
		<hr/>	<hr/>
		717	64
NET LOSS FOR THE PERIOD		<hr/> 1,852	<hr/> 2,128
BASIC AND DILUTED LOSS PER SHARE			
		<hr/> \$ (0.01)	<hr/> \$ (0.01)
Weighted average number of shares outstanding		329,647,895	328,670,283

MOUNTAIN VALLEY MD HOLDINGS INC.

Interim Condensed Consolidated Statements of Changes in Equity

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

	Class B	Class B	Common Shares	Common Shares	Contributed			Total Shareholders'
	Non-voting	Non-voting	Common Shares	Common Shares	Contributed	Warrants	Deficit	Equity
	Number of Shares	Share Capital	Number of shares	Share capital	surplus	\$	\$	\$
		\$		\$	\$			
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	-	-	500,000	52	(17)	-	-	35
Issuance of stock options	-	-	-	-	64	-	-	64
Exercise of warrants	-	-	885,000	350	-	-	-	350
Net loss for the period	-	-	-	-	-	-	(2,128)	(2,128)
Balance at June 30, 2021	50,056,229	2,399	329,222,591	52,108	1,053	3,152	(29,893)	28,819
Balance at March 31, 2022	50,056,229	2,399	329,581,549	52,174	4,597	3,152	(37,474)	24,848
Issuance of stock options	-	-	-	-	174	-	-	174
Shares issued for services	-	-	71,875	29	-	-	-	29
Net loss for the period	-	-	-	-	-	-	(1,852)	(1,852)
Balance at June 30, 2022	50,056,229	2,399	329,653,424	52,203	4,771	3,152	(39,326)	23,199

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

		For the three month period ended,	
		June 30,	
	Note	2022	2021
OPERATING ACTIVITIES			
Net loss for the period		\$ (1,852)	\$ (2,128)
Adjustments for:			
Common shares issued for consulting services		29	-
Fair value loss on equity investments	5	742	43
Loss from equity accounted associates		-	22
Stock based compensation	7	174	64
Amortization of intangible assets	4	87	86
Depreciation of capital assets and right-of use assets		24	26
Interest earned on convertible note		(1)	(1)
		(797)	(1,888)
Changes in non-cash operating working capital			
HST receivable		24	45
Prepaid expenses and deposits		55	452
Accounts payable		34	(255)
Net cash used in operating activities:		(684)	(1,646)
INVESTING ACTIVITIES			
Cash paid to acquire intellectual property	4	(11)	(15)
Net cash used in investing activities:		(11)	(15)
FINANCING ACTIVITIES			
Exercise of stock options	6	-	35
Exercise of warrants	6	-	350
Net cash received from financing activities:		-	385
Net change in cash		(695)	(1,276)
Cash and cash equivalents - Beginning of period		14,221	19,510
Cash and cash equivalents - End of period		\$ 13,526	\$ 18,234

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Three months ended June 30, 2022 and June 30, 2021

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

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 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 August 22, 2022.

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 June 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, 2022.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Three months ended June 30, 2022 and June 30, 2021

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

3. PREPAID EXPENSES AND DEPOSITS

	June 30, 2022	March 31, 2022
	\$	\$
Prepaid	532	587
Lease deposits	18	18
	550	605

4. 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, 2022	5,257
Additions	11
As at June 30, 2022	5,268
Accumulated amortization	
As at March 31, 2022	739
Depreciation expense	87
As at June 30, 2022	826
Carrying amounts:	
As at June 30, 2022	4,442
As at March 31, 2022	4,518

- a) The Company recorded additions of \$11 during the three-month period ended June 30, 2022 related to direct costs to acquire new patents.
- b) The Company recorded \$87 of depreciation expense during the three-month period ended June 30, 2022 based on the estimated useful life of the portfolio of patents.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Three months ended June 30, 2022 and June 30, 2021

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

5. EQUITY INVESTMENTS

The following summarizes the Company's investments at June 30, 2022:

	March 31, 2022	Unrealized Gains / (Losses)	June 30, 2022
	\$	\$	\$
Sixth Wave Innovations Inc. (a)	55	(37)	18
Palisade Goldcorp Ltd. (b)	1,806	-	1,806
Nevada King Gold Corp. (b)	1,841	(655)	1,186
Mexican Gold Mining Corp. (b)	18	(7)	11
Radio Fuels Energy Corp. (b)	86	(42)	44
Circadian Wellness Corp. (c)	1,222	-	1,222
	5,028	(741)	4,287

a) Sixth Wave Innovations Inc.

As at June 30, 2022, management re-valued the investment to \$18 (June 30, 2021: \$94) based on Level 1 input under the IFRS 13 fair value hierarchy using the trading price of Sixth Wave Innovations Inc. as at June 30, 2022.

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 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 June 30, 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 June 30, 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. The fair value was determined using the market trading price as at June 30, 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.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Three months ended June 30, 2022 and June 30, 2021

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

.... Note 5. 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 June 30, 2022, management fair valued Circadian Wellness Corp. using Level 3 inputs under the IFRS 13 fair value hierarchy. The fair value was based on the most recent private financing done by Circadian Wellness Corp.

6. SHARE CAPITAL

a) Share Capital

Authorized

The Company has authorized share capital of:

- Unlimited Common Shares without par value.
- 50,065,229 Class B Non-Voting shares (Note 5(c))

Issued and outstanding

The Company has issued share capital of 329,653,424 Common Shares and 50,065,229 Non-Voting Class B shares.

Share issuances during the three months ended June 30, 2022

The Company issued 71,875 shares for consulting services at a deemed price of \$0.40 for a value of \$29.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Three months ended June 30, 2022 and June 30, 2021

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

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

b) Stock Options

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

	Outstanding Options	Weighted Average Exercise Price
		\$
Balance at March 31, 2021	12,798,500	0.49
Issued	7,295,000	0.29
Forfeited	(200,000)	1.45
Cancelled	(2,590,000)	2.04
Exercised	(600,000)	0.07
Balance at March 31, 2022	16,703,500	0.49
Issued	50,000	0.05
Balance at June 30, 2022	16,753,500	0.16

The following table summarizes the stock options outstanding at June 30, 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	40,000
January 25, 2027	2,525,000	0.22	505,000
April 7, 2022	50,000	0.13	10,000
	16,753,500	0.16	12,323,500

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, 2021	16,510,878		0.44
Exercised	(885,000)		0.35
Expired	(1,498,115)		1.05
Balance at June 30, 2022 and March 31, 2022	14,127,763	0.51	0.38

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Three months ended June 30, 2022 and June 30, 2021

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

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

The following table summarizes the share purchase warrants outstanding at June 30, 2022:

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

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 June 30, 2022, there were 875,000 RSUs outstanding (June 30, 2021 – nil). During the period ended June 30, 2022, the Company recorded \$Nil (June 30, 2021 - \$Nil) as stock-based compensation for the fair value of the RSUs issued.

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.

	<u>Three months ended June 30, 2022</u>	<u>Three months ended June 30, 2021</u>
	<u>\$</u>	<u>\$</u>
Short-term benefits	<u>180</u>	<u>83</u>
Stock based compensation	<u>104</u>	<u>425</u>
	<u>284</u>	<u>508</u>

There are \$Nil amounts included in accounts payable and accrued liabilities as at June 30, 2022 and March 31, 2022 owing to Key Management.

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)

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 June 30, 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 three-month period ended June 30, 2022.

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 June 30, 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	282	-	-
Lease liability	29	6	-
Total	311	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 three-month period ended June 30, 2022. As a result, a 10% change in the equity investments will translate to a \$429 (June 30, 2021, \$501) gain or loss from equity investments.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Three months ended June 30, 2022 and June 30, 2021

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

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 11) which have been sold subsequent to period end, and licenses that are located in Colombia. The licenses have been written down to \$nil as management determined them to be impaired. The Company's revenue is derived from Canada.

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.

11. SUBSEQUENT EVENT

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