



**Unaudited Interim Condensed Consolidated Financial Statements of
MOUNTAIN VALLEY MD HOLDINGS INC.**

For the three and six months periods ended September 30, 2023 and 2022

(Expressed in thousands of Canadian Dollars)

MOUNTAIN VALLEY MD HOLDINGS INC.

Interim Condensed Consolidated Statements of Financial Position

(Expressed in thousands of Canadian Dollars)

(Unaudited)

	Note	September 30, 2023	March 31, 2023
Current Assets			
Cash and cash equivalents		\$ 7 725	9 714
HST recoverable		41	95
Purchase consideration receivable	3	74	74
Prepays, deposits and other	4	1 315	978
Right of use asset		-	7
		<u>9 155</u>	<u>10 868</u>
Long-term Assets			
Intangible assets	5	4 017	4 185
Equity investments	6	1 545	1 545
Capital assets		638	171
		<u>6 200</u>	<u>5 901</u>
		<u>\$ 15 355</u>	<u>\$ 16 769</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 160	336
Deferred revenue		140	140
Corporate taxes payable		17	109
Lease liability		-	6
		<u>317</u>	<u>591</u>
Shareholders' Equity			
Share capital	7	52 203	52 203
Contributed surplus	7	8 239	4 942
Warrants	7	-	3 152
Deficit		(45 404)	(44 119)
		<u>15 038</u>	<u>16 178</u>
		<u>\$ 15 355</u>	<u>\$ 16 769</u>

Approved on behalf of the Board:

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

See accompanying notes to the interim condensed consolidated financial statements.

MOUNTAIN VALLEY MD HOLDINGS INC.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
 (Expressed in thousands of Canadian Dollars, except for per share amounts)
 (Unaudited)

	Note	For the three month period ended,		For the six month period ended,	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		\$	\$	\$	\$
Expenses					
General and administrative	8	579	1 163	1 112	1 768
Research and development		4	453	41	698
Stock based compensation	8	74	63	145	237
Amortization of intangible assets	5	88	87	175	174
Depreciation of capital assets and right-of use assets		12	24	30	48
Net loss before other items		757	1 790	1 503	2 925
Other items					
Fair value loss on equity investments	6	-	1 249	-	1 990
Investment income and other		(75)	(57)	(126)	(80)
Interest earned on note receivable		-	(2)	-	(3)
		(75)	1 190	(126)	1 907
Net loss and comprehensive loss for the period before income tax recovery		682	2 980	1 377	4 832
Income tax recovery		(92)	-	(92)	-
Net Loss for the period		590	2 980	1 285	4 832
Basic and diluted loss per share		(0.00)	(0.01)	(0.0)	(0.01)
Weighted average number of shares outstanding		329 653 424	329 653 424	329 653 424	329 650 675

See accompanying notes to the interim condensed consolidated financial statements.

MOUNTAIN VALLEY MD HOLDINGS INC.

Interim Condensed Consolidated Statements of Changes in Equity
 (Expressed in thousands of Canadian Dollars, except for per share amounts)
 (Unaudited)

	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, 2022	50,056,229	2,399	329,581,549	52,174	4,597	3,152	(37,474)	24,848
Issuance of stock options	-	-	-	-	237	-	-	237,000
Shares issued for services	-	-	71,875	29	-	-	-	29,000
Net loss for the period	-	-	-	-	-	-	(4,832)	(4,832)
Balance at September 30, 2022	50,056,229	2,399	329,653,424	52,203	4,834	3,152	(42,306)	20,282
Balance at March 31, 2023	-	-	329,653,424	52,203	4,942	3,152	(44,119)	16,178
Issuance of stock options	-	-	-	-	145	-	-	145
Warrants expiry	-	-	-	-	3,152	(3,152)	-	-
Shares issued for services	-	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(1,285)	(1,285)
Balance at September 30, 2023	-	-	329,653,424	52,203	8,239	-	(45,404)	15,038

See accompanying notes to the interim condensed consolidated financial statements.

MOUNTAIN VALLEY MD HOLDINGS INC.

Interim Condensed Consolidated Statements of Cash flows
(Expressed in thousands of Canadian Dollars)
(Unaudited)

	Note	For the six month period ended, September 30,	
		2023	2022
OPERATING ACTIVITIES			
Net loss for the period		\$ (1 285)	\$ (4 832)
Adjustments for:			
Common shares issued for consulting services		-	29
Fair value loss on equity investments	6	-	1 990
Stock based compensation	8	145	237
Amortization of intangible assets	5	175	174
Depreciation of capital assets and right-of use		30	48
Interest earned on convertible note		-	(3)
		(935)	(2 357)
Changes in non-cash operating working capital			
HST receivable		54	(6)
Prepaid expenses and deposits		(337)	125
Income tax recovery		(92)	-
Accounts payable		(182)	301
Net cash used in operating activities:		(1 492)	(1 937)
INVESTING ACTIVITIES			
Cash received from sale of investment in associate		-	352
Cash paid to acquire tangible assets		(7)	-
Cash paid to acquire intellectual property		-	(13)
Cash paid to acquire manufacturing equipment	7	(490)	-
Net cash used in investing activities:		(497)	339
Net change in cash		(1 989)	(1 598)
Cash and cash equivalents - Beginning of period		9 714	14 221
Cash and cash equivalents - End of period		\$ 7 725	\$ 12 623

and

See accompanying notes to the interim condensed consolidated financial statements.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2023 and September 30, 2022

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

(Unaudited)

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 biotech company focused on advancing solutions to optimize human, animal, and plant health.

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

The address of the Company’s registered and records office is 1100 – 1111 Melville Street, Vancouver, BC V6E 3V6 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 November 28, 2023.

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, 2023 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, 2023.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2023 and September 30, 2022

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3. PURCHASE CONSIDERATION RECEIVABLE

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 \$352 and the final payment of \$74 remains outstanding.

4. PREPAID EXPENSES AND DEPOSITS

	September 30, 2023	March 31, 2023
	\$	\$
Prepaid	480	143
Inventory deposit	817	817
Lease deposits	18	18
	1 315	978

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, 2023	5 267
Additions	7
As at September 30, 2023	5 274
Accumulated amortization	
As at March 31, 2023	1 082
Depreciation expense	175
As at September 30, 2023	1 257
Carrying amounts:	
As at March 31, 2023	4 185
As at September 30, 2023	4 017

- The Company recorded additions of \$6 and \$1 during the three and six-month period ended September 30, 2023 respectively, related to direct costs to acquire new patents.
- The Company recorded \$87 and \$88 of depreciation during the three and six-month period ended September 30, 2023 respectively, based on the estimated useful life of the portfolio of patents.

No impairment indicators were identified by management as at September 30, 2023

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2023 and September 30, 2022

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(Unaudited)

6. EQUITY INVESTMENTS

The following summarizes the Company's investments at September 30, 2023:

	March 31, 2023	Additions	Disposals	Change in fair value	September 30, 2023
Sixth Wave Innovations Inc. (a)	\$ 5	\$ -	\$ -	\$ -	\$ 5
Circadian Wellness Corp. (b)	1,222	-	-	-	1,222
Agrarius Corp. (c)	203	-	-	-	203
Agroresults Inc. (d)	115	-	-	-	115
	1,545	-	-	-	1,545

a) Sixth Wave Innovations Inc.

As at September 30, 2023, management valued the investment at \$5 (March 31, 2023: \$5) 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, 2023.

b) 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 September 30, 2023, 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. Management has determined no subsequent change in fair value.

c) Agrarius Corp.

On October 4, 2022, the Company made an equity investment of \$203 in Agrarius Corp, a private US corporation.

As at September 30, 2023, management fair valued Agrarius Corp. using Level 3 inputs under the IFRS 13 fair value hierarchy. The fair value was based on the purchase price of the shares in Agrarius Corp., and management has determined no subsequent change in fair value.

d) Agroresults Inc.

On November 4, 2022, the Company converted the note receivable of \$115 into 1072 common shares of Agroresults Inc. a private Canadian company, and majority owner of Agrarius Corp. This represents 1% ownership of Agroresults Inc.

As at September 30, 2023, management fair valued Agroresults Inc. using Level 3 inputs under the IFRS 13 fair value hierarchy. The fair value was based on the conversion price of the shares. Management has determined no subsequent change in fair value.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2023 and September 30, 2022

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(Unaudited)

7. CAPITAL ASSETS

	Office, lab and manufacturing equipment	Equipment improvements	Leasehold improvements	Total
Cost				
As at March 31, 2023	221	109		330
Additions	490	0		490
As at September 30, 2023	711	109		820
Accumulated amortization				
As at March 31, 2023	93	66		159
Depreciation expense	12	11		23
As at September 30, 2023	105	77		182
Carrying amounts:				
As at March 31, 2023	128	43	-	171
As at September 30, 2023	606	32	-	638

8. SHARE CAPITAL

a) Share Capital

Authorized

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value.

Issued and outstanding

The Company has issued share capital of 329,653,424 Common Shares.

Share issuances

The Company issued 71,875 shares for consulting services at a deemed price of \$0.40 for a value of \$29. during the three and six months ended September 30, 2022. No shares were issued during the three and six months ended September 30, 2023.

b) Stock Options

The Company has a stock 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 or the date preceding the date of grant, whichever is higher. The options can be granted for a maximum term of ten years, as determined by the Company's Board of Directors. Options granted to investor relations consultants are subject to vesting provisions, 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.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2023 and September 30, 2022

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(Unaudited)

.... Note 8. SHARE CAPITAL (Continued)

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

	Outstanding Options	Weighted Average Exercise Price
		\$
Balance at March 31, 2022	16 703 500	0.16
Issued	3 020 000	0.05
Forfeited	(80 000)	0.14
Balance at March 31, 2023	19 643 500	0.14
Issued	500 000	0.05
Balance at September 30, 2023	20 143 500	0.14

The following table summarizes the stock options outstanding at September 30, 2023:

Expiry Date	Stock based compensation		Options exercisable
	Options	Weighted Average Exercise Price	
March 13, 2025	3 785 000	0.07	3 785 000
May 1, 2025	250 000	0.08	250 000
May 3, 2025	4 288 500	0.05	4 288 500
December 1, 2025	135 000	0.01	135 000
December 14, 2025	1 000 000	0.29	1 000 000
July 14, 2026	3 640 000	0.27	3 640 000
August 1, 2026	1 000 000	0.40	1 000 000
January 25, 2027	2 525 000	0.22	1 262 500
April 7, 2027	50 000	0.13	10 000
March 31, 2028	2 970 000	0.05	1 485 000
September 11, 2028	500 000	0.05	100 000
	20 143 500	0.14	15 371 000

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, 2022	14,127,763		0.44
Expired	(13,252,763)		0.37
Balance at March 31, 2023	875,000	0.28	0.48
Expired	(875,000)		0.48
Balance as at September 30, 2023	-	-	-

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2023 and September 30, 2022

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9. RELATED PARTY TRANSACTIONS

Key management consists of personnel having the authority and responsibility for planning, directing and controlling the activities of the Company, which are the directors and executive officers of the Company:

	Six months ended September 30, 2023	Six months ended September 30, 2022
	\$	\$
Consulting fees	193	332
Director fees	47	-
Stock based compensation	83	143
	<u>323</u>	<u>475</u>

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, HST recoverable, purchase consideration receivable, accounts payable, accrued liabilities and corporate taxes payable. 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, 2023, 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 months ended September 30, 2023.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2023 and September 30, 2022

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(Unaudited)

.... Note 10. 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 cash equivalents. 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 credit risk for the cash and cash equivalent 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, 2023, the Company's financial liabilities have contractual maturities as summarized below:

	Due within		
	0-12 months	1-2 years	2-3 years
	\$	\$	\$
Corporate taxes payable	17		
Accounts payable and accrued liabilities	160	-	-
Total	177	-	-

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 six months ended September 30, 2023. As a result, a 10% change in the equity investments will translate to a \$150 (six months ended September 30, 2022, \$181) gain or loss from equity investments.

11. SEGMENT INFORMATION

Management has determined that the Company has one reportable operating segment, research and development of its delivery, solubility, and adjuvant technologies and agriculture.

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.

MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended September 30, 2023 and September 30, 2022

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

12. 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.