



**Unaudited Interim Condensed Consolidated Financial Statements of**

**MOUNTAIN VALLEY MD HOLDINGS INC.**

**For the three months ended June 30, 2024 and 2023**

**(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	June 30, 2024 \$	March 31, 2024 \$
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents		4,249	5,915
Loan receivable	4	272	-
HST recoverable		86	60
Inventory	5	1,218	1,218
Purchase consideration receivable	6	50	60
Prepays, deposits and other	7	1,306	152
		<b>7,181</b>	<b>7,405</b>
<b>Non-current assets:</b>			
Intangible assets	8	1,233	110
Investments in equity instruments	9	611	929
Capital assets	10	495	522
		<b>2,339</b>	<b>1,561</b>
<b>Total assets</b>		<b>9,520</b>	<b>8,966</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities		231	178
Deferred revenue	11	52	80
		<b>283</b>	<b>258</b>
<b>Total liabilities</b>		<b>283</b>	<b>258</b>
<b>Equity</b>			
Share capital	12	53,338	52,203
Contributed surplus	12	8,369	8,294
Deficit		(52,470)	(51,789)
		<b>9,237</b>	<b>8,708</b>
<b>Total liabilities and equity</b>		<b>9,520</b>	<b>8,966</b>

Subsequent event – Note 5

Approved on behalf of the Board:

“Dennis Hancock”  
Director

“Nancy Richardson”  
Director

**MOUNTAIN VALLEY MD HOLDINGS INC.**

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three months ended June 30, 2024 and 2023

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

(Unaudited)

	<b>Note</b>	<b>2024</b> <b>\$</b>	<b>2023</b> <b>\$</b>
<b>Revenue</b>		<b>28</b>	<b>-</b>
<b>Expenses:</b>			
Amortization of intangible assets	8	12	87
Depreciation of capital assets and right-of-use assets		31	18
General and administrative		1,042	533
Research and development		12	37
Stock-based compensation	12	75	71
<b>Loss before other items</b>		<b>1,144</b>	<b>746</b>
<b>Other items</b>			
Gain on investments in equity instruments	9	(419)	-
Interest income		(44)	(51)
<b>Net loss and comprehensive loss for the period</b>		<b>681</b>	<b>695</b>
<b>Basic and diluted loss per share</b>		<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>336,638,513</b>	<b>329,653,424</b>

**MOUNTAIN VALLEY MD HOLDINGS INC.**

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

	Common Shares Number of Shares	Common Shares Share Capital \$	Contributed surplus \$	Warrants \$	Deficit \$	Total Shareholders ' Equity \$
<b>Balance at March 31, 2023</b>	<b>329,653,424</b>	<b>52,203</b>	<b>4,942</b>	<b>3,152</b>	<b>(44,119)</b>	<b>16,178</b>
Issuance of stock options	-	-	71	-	-	71
Net loss for the period	-	-	-	-	(695)	(695)
<b>Balance at June 30, 2023</b>	<b>329,653,424</b>	<b>52,203</b>	<b>5,013</b>	<b>3,152</b>	<b>(44,814)</b>	<b>15,554</b>
Issuance of stock options	-	-	129	-	-	129
Warrants expiry	-	-	3,152	(3,152)	-	-
Net loss for the period	-	-	-	-	(6,975)	(6,975)
<b>Balance at March 31, 2024</b>	<b>329,653,424</b>	<b>52,203</b>	<b>8,294</b>	<b>-</b>	<b>(51,789)</b>	<b>8,708</b>
Shares issued per license agreement	22,701,538	1,135	-	-	-	1,135
Issuance of stock options	-	-	75	-	-	75
Net loss for the period	-	-	-	-	(681)	(681)
<b>Balance at June 30, 2024</b>	<b>352,354,962</b>	<b>53,338</b>	<b>8,369</b>	<b>-</b>	<b>(52,470)</b>	<b>9,237</b>

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**MOUNTAIN VALLEY MD HOLDINGS INC.**

Interim Condensed Consolidated Statements of Cash Flows

For the three months ended June 30, 2024 and 2023

(Expressed in thousands of Canadian Dollars)

(Unaudited)

	2024	2023
	\$	\$
<b>Cash (used in) provided by:</b>		
<b>Operating activities:</b>		
Net loss for the period	(681)	(695)
Adjustments for:		
Amortization of intangible assets	12	87
Depreciation of capital asset and right-of-use assets	31	18
Stock-based compensation	75	71
Gain from investments in equity instruments	(419)	-
	(982)	(519)
Changes in non-cash working capital:		
HST recoverable	(26)	50
Purchase consideration receivable	10	-
Prepays, deposits and other	(417)	38
Accounts payable and accrued liabilities	53	(166)
Deferred revenue	(28)	-
<b>Cash used in operating activities</b>	<b>(1,390)</b>	<b>(597)</b>
<b>Investing activities:</b>		
Purchase of intangible assets	-	(6)
Purchase of capital assets	(4)	(490)
Loan receivable	(272)	-
<b>Cash used in investing activities</b>	<b>(276)</b>	<b>(496)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(1,666)</b>	<b>(1,093)</b>
<b>Cash and cash equivalents, beginning</b>	<b>5,915</b>	<b>9,714</b>
<b>Cash and cash equivalents, ending</b>	<b>4,249</b>	<b>8,621</b>

Non-cash transactions – Note 17

# **MOUNTAIN VALLEY MD HOLDINGS INC.**

Notes to the Interim Condensed Consolidated Financial Statements  
For the three months ended June 30, 2024 and 2023  
(Expressed in thousands of Canadian Dollars)  
(Unaudited)

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## **1. NATURE OF OPERATIONS**

Mountain Valley MD Holdings Inc. ("MVMDH" or the "Company"), was incorporated under the provisions of the British Columbia Business Corporations Act on March 8, 2005. The Company is a 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"). Therefore, these interim condensed consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2024, which have been prepared in accordance with IFRS.

The Company's board of directors approved the release of these interim condensed consolidated financial statements on August 27, 2024.

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

In preparing the 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 consolidated financial statements. Information about assumptions and other sources of estimation uncertainty as at June 30, 2024 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 significant judgment and estimation uncertainty**

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, 2024.

## **3. MATERIAL ACCOUNTING POLICIES**

These interim condensed consolidated financial statements have been prepared on a basis consistent with the significant accounting policies disclosed in the annual financial statements for the year ended March 31, 2024. Accordingly, they should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2024.

### **a) New and revised standards adopted by the Company**

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing April 1, 2024:

- Definition of Accounting Estimates – Amendments to IAS 8;

# MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended June 30, 2024 and 2023

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- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

## b) New and revised standards issued but not yet effective

In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* that will replace IAS 1 – *Presentation of Financial Statements*. The new standard aims to improve the quality of financial reporting by: (i) requiring defined subtotals in the statement of profit or loss; (ii) requiring disclosure about management defined performance measures; and (iii) adding new principles for aggregation and disaggregation of information. The new standard will be effective for annual periods beginning on or after January 1, 2027. Early adoption is permitted. The Company is in the process of assessing the impact of the standard on the consolidated financial statements.

## 4. LOAN RECEIVABLE

On March 28, 2024, the Company entered into an amended Technology License Agreement with a privately held Ontario corporation (the "Licensee") whereby the Licensee will pay the Company royalties starting at 30% and lowering to 15% after achieving a net sales threshold, based on sales of Soluvec™1% products in Bangladesh that use the Quicksol™ technologies. The tiered royalties are structured in contemplation of the Company having provided investment support to the Licensee for investment in manufacturing set-up, business development, and marketing support that the Licensee is responsible to coordinate inside of Bangladesh, in addition to the Licensor's previous R&D investments. As part of the agreement, the Company provided a loan of US\$200 (\$272) to the Licensee on April 19, 2024 in addition to previous R&D investments of US\$110, making the total repayable loan balance US\$310. The investment balance will be reduced by 20% of the royalties received by the Licensee each quarter. The Company has the right to demand payment of the loan in full if the Licensee is unable to generate royalties. The US\$110 of loan balance was previously expensed during the year ended March 31, 2024, therefore the balance of the loan on the statement of financial position is US\$200 (\$272) while the repayable loan balance is US\$310 (\$422).

## 5. INVENTORY

Inventory as at June 30, 2024 consists of finished goods purchased from a third party for US\$1,200 (\$1,624).

	June 30, 2024	March 31, 2024
	\$	\$
Finished product	1,218	1,218
	1,218	1,218

Inventory recognized as an expense during the three months ended June 30, 2024 amounted to \$nil (2023 - \$nil).

Subsequent to June 30, 2024, the Company received 40,000 additional units of inventory of the product for no consideration under the terms of the April 2024 Agreement with Agrarius Corp. (Note 8).

## 6. PURCHASE CONSIDERATION RECEIVABLE

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.

On May 31, 2022, the Company signed a share purchase agreement to dispose of its shareholdings in Sativa Nativa for \$426. The Company received \$366 on July 5, 2022 and \$10 on April 29, 2024. The remaining receivable of \$50 is recorded as purchase consideration receivable.

## MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements  
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### 7. PREPAID, DEPOSITS AND OTHERS

	June 30, 2024	March 31, 2024
	\$	\$
Prepaid insurance, listing fees and other	174	133
Inventory deposit <sup>(1)</sup>	1,113	-
Lease deposits	19	19
	<b>1,306</b>	<b>152</b>

<sup>(1)</sup> Paid US\$275 (\$376) for prepaid inventory of the product under the terms of the April 2024 Agreement with Agrarius Corp. (Note 8) and sold equity investments for inventory of US\$540 (\$737) (Note 9).

### 8. INTANGIBLE ASSETS

On December 20, 2019, the Company 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.

On April 24, 2024, the Company entered into an Amended and Restated Supply and License Agreement (the "April 2024 Agreement") with Agrarius Corp. ("Agrarius"), a private US corporation, whereby it will, among other things, acquire an exclusive license to sell the product from Agrarius' agricultural plant signaling technology (the "Technology") in North America, Mexico, South America, Central America and the Caribbean, while retaining its global non-exclusive rights outside of the exclusive territories. The April 2024 Agreement also implements a performance guarantee program ("PGP") for farm operations in the United States, whereby the prospective client will be required to pay for the Agrarius' product only after it has achieved a minimum agreed performance enhancement on the targeted crop. Under the terms of the April 2024 Agreement, the Company:

- Issued 22,701,538 common shares at the fair value of \$1,135 for the exclusive license in certain territories;
- Paid US\$240 (\$328) for the rights in the PGP;
- Paid US\$275 (\$376) for prepaid inventory of the product (Note 7); and,
- Received 40,000 additional units of inventory of the product for no consideration (Note 5).
- Agreed to invest a minimum of US\$1,000 per calendar year in furtherance of the April 2024 Agreement, including but not limited to labour, inventory and logistics.



## MOUNTAIN VALLEY MD HOLDINGS INC.

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The Company's intellectual property and technology-based intangible assets consist of the following:

	Intellectual Property	Agrarius License	Total
	\$	\$	\$
<b>Cost:</b>			
As at March 31, 2023	5,267	-	5,267
Additions	7	-	7
Impairment	(3,818)	-	(3,818)
As at March 31, 2024	1,456	-	1,456
Additions	-	1,135	1,135
As at June 30, 2024	1,456	1,135	2,591
<b>Accumulated amortization:</b>			
As at March 31, 2023	1,082	-	1,082
Depreciation	264	-	264
As at March 31, 2024	1,346	-	1,346
Depreciation	3	9	12
As at June 30, 2024	1,349	2	1,358
<b>Carrying amounts:</b>			
As at March 31, 2024	110	-	110
As at June 30, 2024	107	1,126	1,233

- a) During the three months ended June 30, 2024 and 2023, the Company recorded additions of \$1,135 (2023 - \$nil) related to the Amended and Restated Supply and License Agreement with Agrarius Corp, and additions of \$nil (2023 - \$6) related to direct costs to acquire new patents.
- b) During the three months ended June 30, 2024 and 2023, the Company recorded \$9 (2023 - \$nil) of depreciation based on the estimated useful life of the exclusive license and \$3 (2023 - \$87) of depreciation based on the estimated useful life of the portfolio of patents.

### 9. INVESTMENTS IN EQUITY INSTRUMENTS

The following summarizes the Company's investments at June 30, 2024 and for the three months ended June 30, 2024:

	March 31, 2024	Additions	Change in fair value	Disposals	June 30, 2024
	\$	\$	\$	\$	\$
Circadian Wellness Corp. (b)	611	-	-	-	611
Agrarius Corp. (c)	203	-	329	(532)	-
Agroresults Inc. (d)	115	-	90	(205)	-
	929	-	419	(737)	611

## MOUNTAIN VALLEY MD HOLDINGS INC.

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For the three months ended June 30, 2024 and 2023

(Expressed in thousands of Canadian Dollars)

(Unaudited)

The following summarizes the Company's investments at March 31, 2024 and during the year ended March 31, 2024:

	March 31, 2023 \$	Additions \$	Change in fair value \$	Disposals \$	March 31, 2024 \$
Sixth Wave Innovations Inc. (a)	5	-	(5)	-	-
Circadian Wellness Corp. (b)	1,222	-	(611)	-	611
Agrarius Corp. (c)	203	-	-	-	203
Agroresults Inc. (d)	115	-	-	-	115
	1,545	-	(616)	-	929

### a) Sixth Wave Innovations Inc.

During the year ended March 31, 2024, Sixth Wave had entered into an agreement with a secured lender pursuant to which such secured lender would exercise its right to foreclose on Sixth Wave's assets. Accordingly, the Company wrote-down the fair value of this investment to be \$nil.

### 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 March 31, 2024, management fair valued Circadian Wellness Corp. using Level 3 inputs under the IFRS 13 fair value hierarchy. During the year ended March 31, 2024, the Company recorded a change in value of investment of \$611 based on the most recent private financing in progress by Circadian Wellness Corp. Management has identified 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 March 31, 2024, 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.

On May 21, 2024, the Company entered into a Share Redemption Agreement with Agrarius Corp. to sell the equity investments held by the Company in exchange for inventory of US\$390 (\$532) (Note 5). The sale resulted in a gain on investment in equity instruments of \$329.

### d) Agroresults Inc.

On November 4, 2022, the Company converted a note receivable of \$115 into 1,072 common shares of Agroresults Inc., a private Canadian company, and majority owner of Agrarius Corp., representing 1% ownership of Agroresults Inc. at the time of issuance.

As at March 31, 2024, 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.

On May 21, 2024, the Company entered into a Share Redemption Agreement with Agroresults Inc. to sell the equity investments held by the Company in exchange for inventory of US\$150 (\$205) (Note 5). The sale resulted in gain on investment in equity instruments of \$90.

## MOUNTAIN VALLEY MD HOLDINGS INC.

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(Unaudited)

### 10. CAPITAL ASSETS

	Office and Lab Equipment \$	Leasehold Improvements \$	Total \$
<b>Cost:</b>			
At March 31, 2023	221	109	330
Additions	496	-	496
At March 31, 2024	717	109	826
Additions	-	4	4
<b>At June 30, 2024</b>	<b>717</b>	<b>113</b>	<b>830</b>
<b>Accumulated amortization:</b>			
At March 31, 2023	93	66	159
Depreciation	123	22	145
At March 31, 2024	216	88	304
Depreciation	25	6	31
At June 30, 2024	241	94	335
<b>Carrying amounts:</b>			
At March 31, 2024	501	21	522
<b>At June 30, 2024</b>	<b>476</b>	<b>19</b>	<b>495</b>

### 11. 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 three months ended June 30, 2024, the Company applied \$28 (2023 - \$nil) of formulation work to revenue.

### 12. 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 352,354,962 Common Shares at June 30, 2024 (March 31, 2024 - 329,653,424).

##### *Share issuances*

The Company issued 22,701,538 common shares at the fair value of \$1,135 for the Agrarius exclusive license (Note 7).

During the year ended March 31, 2024, no shares were issued.

## MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

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(Expressed in thousands of Canadian Dollars)

(Unaudited)

### 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  $\frac{1}{4}$  vesting during any three-month period. Vesting provisions for other options are determined by the Company's Board of Directors.

On September 11, 2023, the Company granted 500,000 stock options at \$0.05 to a former CFO 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 15, 2023, the Company granted 500,000 stock options at \$0.05 to a former CFO 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 April 4, 2024, the Company granted 3,000,000 stock options at \$0.06 to directors, officers, employees and consultants at an exercise price of \$0.06. 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:

	June 30, 2024	March 31, 2024
Average share price	\$0.06	\$0.04
Expected dividend yield	\$nil	\$nil
Volatility	141%	96% <sup>(1)</sup>
Expected life (years)	5	5
Forfeiture rate	10%	10%
Risk-free rate	3.63%	3.67%

<sup>(1)</sup> Volatility was estimated using the average comparable companies in the industry that have trading history and volatility history.

The activity of the stock options during the three months ended June 30, 2024 and the year ended March 31, 2024 is as follows:

	Stock Options #	Weighted Average Exercise price \$
Outstanding, March 31, 2023	19,643,500	0.15
Granted	1,000,000	0.05
Forfeited	(2,875,000)	0.17
Outstanding, March 31, 2024	17,768,500	0.14
Granted	3,000,000	0.06
<b>Outstanding, June 30, 2024</b>	<b>20,768,500</b>	<b>0.13</b>
<b>Exercisable, June 30, 2024</b>	<b>18,118,500</b>	<b>0.13</b>

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The summary of the Company's stock options outstanding and exercisable as at June 30, 2024, is as follows:

Expiry date	Stock Options Outstanding #	Stock Options Exercisable #	Exercise price \$	Remaining contractual life (Years)
March 13, 2025	3,785,000	3,785,000	1.07	0.70
May 3, 2025	4,288,500	4,288,500	0.05	0.84
December 1, 2025	135,000	135,000	0.01	1.42
December 14, 2025	1,000,000	1,000,000	0.29	1.46
July 14, 2026	2,390,000	2,390,000	0.27	2.04
August 1, 2026	1,000,000	1,000,000	0.40	2.09
January 25, 2027	2,150,000	2,150,000	0.22	2.57
April 7, 2027	50,000	50,000	0.13	2.77
March 31, 2028	2,470,000	2,470,000	0.05	3.68
September 11, 2028	500,000	250,000	0.05	4.20
April 4, 2029	3,000,000	600,000	0.06	4.76
	<b>20,768,500</b>	<b>18,118,500</b>	<b>0.13</b>	<b>2.22</b>

### c) Warrants

The activity of the share purchase warrants during the three months ended June 30, 2024 and the year ended March 31, 2024 is as follows:

	Warrants #	Weighted Average Exercise price \$
Outstanding, March 31, 2023	875,000	0.48
Expired	(875,000)	0.48
<b>Outstanding and exercisable, March 31, 2024 and June 30, 2024</b>	<b>-</b>	<b>-</b>

## 13. RELATED PARTY TRANSACTIONS

### a) Key management compensation

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. During the three months ended June 30, 2024 and 2023, the following transactions were incurred with key management:

	2024 \$	2023 \$
Consulting fees		
CEO	44	41
CFO	30	38
Director fees	24	24
Stock-based compensation		
CEO	25	24
CFO	8	12
Directors	6	6
	<b>137</b>	<b>145</b>

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### b) Transactions with other related parties

The following transactions occurred with related parties:

	2024	2023
	\$	\$
Consulting fees		
Son of CEO*	25	20
Daughter of CEO*	4	4
Stock-based compensation		
Son of CEO*	2	2
	<b>31</b>	<b>26</b>

Included in accounts payable and accrued liabilities at June 30, 2024 is an amount of \$24 (March 31, 2024 - \$11) due to related parties. These amounts are non-interest bearing and have no specific terms of repayment.

	June 30, 2024	March 31, 2024
	\$	\$
Key management personnel		
CEO	5	9
Other related parties		
Son of CEO*	19	2
	<b>24</b>	<b>11</b>

\*Certain comparative information for the three months ended June 30, 2023 has been restated to include consulting fees and share-based compensation relating to the son and daughter of the CEO.

## 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, loan receivable, purchase consideration receivable, accounts payable and 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 June 30, 2024, 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 months ended June 30, 2024.

### 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, loan receivable and purchase consideration 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.

## MOUNTAIN VALLEY MD HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended June 30, 2024 and 2023

(Expressed in thousands of Canadian Dollars)

(Unaudited)

The credit risk for the cash and cash equivalent, loan receivable and purchase consideration 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, 2024, the Company has cash and cash equivalents of \$4,249 (March 31, 2024 - \$5,915) and working capital of \$6,898 (March 31, 2024 - \$7,147). For the three months ended June 30, 2024, the Company incurred a net loss of \$681 (2023 - \$695) and used cash in operating activities of \$1,390 (2023 - \$597).

Management projects that the Company will be able to meet its obligations as they come due for at least twelve months from June 30, 2024.

As at June 30, 2024, the Company's financial liabilities have contractual maturities as summarized below:

	0-12 months \$	Due within 1-2 years \$	2-3 years \$
Accounts payable and accrued liabilities	231	-	-

### 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 months ended June 30, 2024. As a result, a 10% change in the equity investments will translate to a \$61 (March 31, 2024 - \$93) gain or loss from equity investments.

## 15. SEGMENT INFORMATION

### a) Description of segments

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.

The Company's revenue during the three months ended June 30, 2024 was derived from Canada.

### b) Entity-wide disclosure

The total non-current assets other than financial instruments, broken down by location of the assets, is shown below:

	June 30, 2024 \$	March 31, 2024 \$
Canada	137	142
United States	1,591	490
	<b>1,728</b>	<b>632</b>

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

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### **16. 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.

### **17. NON-CASH TRANSACTIONS**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the condensed interim consolidated statements of cash flows. During the three months ended June 30, 2024, the following transactions were excluded from the condensed interim statement of cash flows:

- a) Issuance of 22,701,538 common shares at the fair value of \$1,135 April 24, 2024 Purchase Agreement with Agrarius (Note 8); and
- b) Equity investments exchanged for \$737 of prepaid inventory (Note 7).

During the three months ended June 30, 2023, there were no investing and financing transactions excluded from the condensed interim consolidated statement of cash flows.