
CITY VIEW GREEN HOLDINGS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE AND SIX MONTHS ENDED
JUNE 30, 2022
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of City View Green Holdings Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

City View Green Holdings Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at June 30, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,446	\$ 42,655
Amounts receivable (note 5)	146,583	88,155
Prepaid rent and deposit	51,253	78,202
Promissory note receivable (note 6)	375,790	364,333
Due from related party	50,000	-
Total current assets	633,072	573,345
Non-current assets		
Plant and equipment (note 7)	1,890,768	2,026,721
Right-of-use assets (note 8)	2,331,652	2,496,310
Total assets	\$ 4,855,492	\$ 5,096,376
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 1,839,221	\$ 1,530,856
Promissory notes payable (note 10)	347,491	236,246
Loans payable (note 11)	243,202	233,720
Current portion of lease liabilities (note 12)	166,824	156,378
Due to related parties (note 16)	20,000	20,000
Total current liabilities	2,616,738	2,177,200
Non-current liabilities		
Promissory note payable (note 10)	200,000	-
Loans payable (note 11)	40,000	40,000
Lease liabilities (note 12)	2,715,502	2,801,611
Total liabilities	5,572,240	5,018,811
Equity		
Share capital (note 13)	30,634,057	30,298,577
Shares to be issued	207,223	351,789
Contributed surplus (note 14)	8,905,093	8,665,993
Deficit	(40,463,121)	(39,238,794)
Total equity	(716,748)	77,565
Total equity and liabilities	\$ 4,855,492	\$ 5,096,376

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

City View Green Holdings Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenue	\$ 51,480	\$ -	\$ 112,200	\$ -
Expenses				
Consulting (note 16)	141,660	119,741	349,158	240,560
Professional fees	74,016	31,223	123,341	53,534
Rent	6,400	18,713	(6,932)	30,092
General and administration	60,099	102,173	113,332	136,647
Share-based compensation (note 14)	19,300	-	37,800	66,000
Supplies	105,643	-	128,875	-
Depreciation and amortization (notes 7 and 8)	213,903	233,375	422,982	350,756
Advertising and promotion	-	-	-	1,866
Interest on loans and promissory notes payable (notes 10 and 11)	10,390	6,580	20,728	16,731
Interest on lease liabilities (note 12)	94,511	99,174	190,245	199,423
Total expenses	725,922	610,979	1,379,529	1,095,609
Net loss before interest and undernoted items	(674,442)	(610,979)	(1,267,329)	(1,095,609)
Interest income (note 6)	5,882	5,572	11,457	12,222
Gain (loss) on debt settlement (note 13)	-	(68,897)	31,545	(95,952)
Share of loss in associate	-	-	-	(16,396)
Net loss and comprehensive loss for the period	\$ (668,560)	\$ (674,304)	\$ (1,224,327)	\$ (1,195,735)
Basic and diluted net comprehensive loss per share (note 17)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	294,274,054	266,278,424	289,713,305	262,485,018

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

City View Green Holdings Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Operating activities		
Net loss for the period	\$ (1,224,327)	\$ (1,195,735)
Adjustments for:		
Depreciation and amortization	422,982	350,756
Share-based compensation	37,800	66,000
Accrued interest	9,271	4,509
Interest expense on lease liabilities	190,245	199,423
(Gain) loss on debt settlement	(31,545)	95,952
Share of loss in associate	-	16,396
Changes in non-cash working capital items:		
Amounts receivable	(58,428)	(612)
Prepaid rent and deposit	26,949	176,400
Accounts payable and accrued liabilities	396,687	223,082
Net cash used in operating activities	(230,366)	(63,829)
Investing activities		
Purchase of plant and equipment	(122,369)	(847,885)
Repayment of lease liabilities	(265,908)	(265,908)
Repayment of promissory note receivable	-	157,057
Net cash used in investing activities	(388,277)	(956,736)
Financing activities		
Proceeds from issuance of units, net of share issue costs	205,000	776,400
Proceeds from warrants exercised	-	5,000
Proceeds from promissory note payable	300,000	-
Advances (to) from related parties	(50,000)	87,943
Shares to be issued	130,434	-
Net cash provided by financing activities	585,434	869,343
Net change in cash and cash equivalents	(33,209)	(151,222)
Cash and cash equivalents, beginning of period	42,655	152,577
Cash and cash equivalents, end of period	\$ 9,446	\$ 1,355

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City View Green Holdings Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

Unaudited

	Share capital					
	Number of shares	Amount	Shares to be issued	Contributed surplus	Deficit	Total
Balance, December 31, 2020	247,461,530	\$ 28,500,186	\$ 1,384,053	\$ 7,794,193	\$ (34,615,469)	\$ 3,062,963
Units issued for cash	16,605,000	986,400	(210,000)	-	-	776,400
Fair value of warrants	-	(268,000)	-	268,000	-	-
Common shares issued for debt settlement	3,838,097	408,412	-	-	-	408,412
Issued on exercise of warrants	100,000	7,400	-	(2,400)	-	5,000
Share-based payments	-	-	-	66,000	-	66,000
Net loss for the period	-	-	-	-	(1,195,735)	(1,195,735)
Balance, June 30, 2021	268,004,627	\$ 29,634,398	\$ 1,174,053	\$ 8,125,793	\$ (35,811,204)	\$ 3,123,040
Balance, December 31, 2021	283,412,270	\$ 30,298,577	\$ 351,789	\$ 8,665,993	\$ (39,238,794)	\$ 77,565
Units issued for cash	9,600,000	480,000	(275,000)	-	-	205,000
Fair value of warrants	-	(201,300)	-	201,300	-	-
Common shares issued for debt settlement	1,261,784	56,780	-	-	-	56,780
Shares to be issued	-	-	130,434	-	-	130,434
Share-based payments	-	-	-	37,800	-	37,800
Net loss for the period	-	-	-	-	(1,224,327)	(1,224,327)
Balance, June 30, 2022	294,274,054	\$ 30,634,057	\$ 207,223	\$ 8,905,093	\$ (40,463,121)	\$ (716,748)

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

City View Green Holdings Inc. ("City View" or the "Company") was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008. The Company continued into British Columbia from the jurisdiction of Canada, under the BCBCA, on February 18, 2011. On February 27, 2019, the Company completed a reverse take-over business combination with 2590672 Ontario Inc. ("2590672 Ontario") wherein the Company acquired 100% of the issued and outstanding common shares of 2590672 Ontario and began trading on the Canadian Securities Exchange ("Exchange") under the symbol "CVGR". The Company's registered office is located at 1173 Dundas Street East, Suite 132, Toronto, Ontario, M4M 3P1.

These unaudited condensed interim consolidated financial statements reflect the continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, 2590672 Ontario.

The unaudited condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. As at June 30, 2022, the Company is still in the development stage, has accumulated losses of \$40,463,121 since its inception and expects to incur further losses in the development of its business. These conditions raise material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations. The unaudited condensed interim consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

On April 30, 2021, the Company received the cannabis processing license from Health Canada. The processing license allows the Company to produce cannabis edibles and related products and will allow the Company to conduct development activities, including the formulation of proprietary cannabis infused edibles. On April 21, 2022, the Company also received its cannabis research licence under Health Canada.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

City View Green Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2022
(Expressed in Canadian Dollars)
Unaudited

2. Basis of presentation

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 26, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

3. Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates

Share-based compensation – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

Warrants – management is required to make a number of estimates when measuring the value of warrants including expected life of the instruments.

Plant and equipment and right-of-use assets - management is required to estimate the useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss.

Recoverability of promissory notes receivable – Management's assessment of whether indicator of write off the receivable are present requires judgment based on facts and circumstances at reporting period ends.

City View Green Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2022
(Expressed in Canadian Dollars)
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3. Significant accounting judgments, estimates and assumptions (continued)

Critical judgments in applying accounting policies

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Going concern – the assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

Impairment assessment of investment in associate – Management's assessment as to whether there is any objective evidence that its net investment in the associate is impaired. Management must determine whether there has been a loss event that has an impact of the estimated future cash flows from the net investment that can be reliably estimated. Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity.

Impairment of plant and equipment and right-of-use assets - assessing whether indicators of impairment exist at reporting period ends and, if required, determining recoverable amounts including assumptions and inputs thereto.

Intangible assets – The Company applies judgment to assess whether there are any indications that its intangible assets may be impaired. This assessment requires an assessment of external, internal and other indicators at the end of each reporting period.

4. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and financial markets in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, or adjusting spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital structure to consist of share capital, contributed surplus, and deficit, which at June 30, 2022 totaled deficit of \$716,748 (December 31, 2021 - surplus of \$77,565). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution.

City View Green Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2022
(Expressed in Canadian Dollars)
Unaudited

5. Amounts receivable

	As at June 30, 2022	As at December 31, 2021
Sales tax receivable (i)	\$ 146,583	\$ 88,155
	\$ 146,583	\$ 88,155

(i) Sales tax receivable is not past due.

6. Promissory note receivable

On March 5, 2019, the Company entered into a loan agreement in the amount of \$200,000 with 11103016 Canada Inc. ("11103016 Canada"). The loan is secured by 11103016 Canada's inventory and equipment, and bears interest rate of Prime Bank Rate plus 5% per annum, calculated monthly not in advance. The loan is repayable on or before March 5, 2020. The Company loaned an additional \$100,000 to 11103016 Canada in August 2019. On March 5, 2020, the Company extended the repayment date of the loan to December 31, 2020. In April 2021, the repayment date was extended to December 31, 2021, and in April 2022, the repayment date was further extended to December 31, 2022.

As at June 30, 2022, the Company was owed \$375,790 (December 31, 2021 - \$364,333) including accrued interest.

7. Plant and equipment

Cost	Leasehold improvements	Equipment	Total
Balance, December 31, 2020	\$ 648,553	\$ 133,376	\$ 781,929
Additions	457,728	1,269,447	1,727,175
Balance, December 31, 2021	1,106,281	1,402,823	2,509,104
Additions	89,674	32,697	122,371
Balance, June 30, 2022	\$ 1,195,955	\$ 1,435,520	\$ 2,631,475

Accumulated depreciation	Leasehold improvements	Equipment	Total
Balance, December 31, 2020	\$ 152,762	\$ -	\$ 152,762
Depreciation for the year	186,798	142,823	329,621
Balance, December 31, 2021	339,560	142,823	482,383
Depreciation for the period	116,153	142,171	258,324
Balance, June 30, 2022	\$ 455,713	\$ 284,994	\$ 740,707

Carrying value	Leasehold improvements	Equipment	Total
Balance, December 31, 2021	\$ 766,721	\$ 1,260,000	\$ 2,026,721
Balance, June 30, 2022	\$ 740,242	\$ 1,150,526	\$ 1,890,768

City View Green Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2022
(Expressed in Canadian Dollars)
Unaudited

8. Right-of-use assets

Cost	Brantford facility
Balance, December 31, 2020, December 31, 2021 and June 30, 2022	\$ 3,316,387
Accumulated depreciation	Brantford facility
Balance, December 31, 2020	\$ 490,761
Depreciation for the year	329,316
Balance, December 31, 2021	820,077
Depreciation for the period	164,658
Balance, June 30, 2022	\$ 984,735
Carrying value	Brantford facility
Balance, December 31, 2021	\$ 2,496,310
Balance, June 30, 2022	\$ 2,331,652

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	As at June 30, 2022	As at December 31, 2021
Accounts payable	\$ 1,297,808	\$ 1,142,992
Accrued liabilities	541,413	387,864
Total accounts payable and accrued liabilities	\$ 1,839,221	\$ 1,530,856

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

Unaudited

10. Promissory notes payable

(i) In August 2021, the Company obtained a \$225,000 secured loan from Quinsam Capital Corporation ("Quinsam"). The loan is repayable by December 31, 2021, bears interest at 10% per annum, and is secured by the Company's assets. As at June 30, 2022, the Company owed \$247,491 (December 31, 2021 - \$236,246) including accrued interest.

In connection therewith, the Company issued 750,000 warrants to Quinsam. Each warrant is exercisable for one common share of the Company at a price of \$0.15 per share for a period of 2 years. The 750,000 warrants were valued at \$37,300 as estimated using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 0.47%; dividend yield - 0%; expected stock volatility - 199% and an expected life of 2 years.

In April 2022, the Company extended the repayment date to December 31, 2022. In consideration, the Company agreed to issue 500,000 shares of the Company to Quinsam.

(ii) On May 2, 2022, the Company issued a promissory note in the amount of \$200,000. The note bears interest of 10% per annum and is due on May 2, 2024.

(iii) On June 20, 2022, the Company issued a promissory note in the amount of \$100,000. The note bears interest of 0.005833% per month on the outstanding principal, less any payment towards principal in any given month, and shall accrue and be payable on December 31, 2022.

As a security for the obligations, the Company provided a general security agreement to the lender. Subsequent to June 30, 2022, the Company also issued 750,000 warrants of the Company. Each warrant is exercisable for one common share of the Company at a price of \$0.10 per share for a period of 2 years.

11. Loans payable

(i) On July 7, 2020, the Company entered into a revolving line of credit agreement (the "LOC Agreement") with a third party lender ("Lender"), whereby the Company can obtain \$1,500,000 of revolving line of credit financing facility to be used exclusively for the purchase of the Company's business related equipment, deposits for construction work and tenant's improvement on the Company's Brantford facility, or for security, rental payments, taxes and insurance related thereto. The funds advanced under the LOC bore interest at a rate of 10% per annum. During the year ended December 31, 2021 the LOC Agreement was amended to terminate on April 30, 2022 and bear interest rate at a rate of 7% per annum effective September 8, 2021.

In consideration for lending the funds advanced, the Company is to issue to the Lender one unit of the Company for each full \$1 advanced. Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant shall entitle the Lender to purchase one common share of the Company at the greater of \$0.15 and a 25% premium to the market price of the Company's common shares at the time of issuance and expire in 2 years.

City View Green Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2022
(Expressed in Canadian Dollars)
Unaudited

11. Loans payable (continued)

(i) (continued) In consideration, the Company issued:

- On July 20, 2020, 250,000 units valued at \$48,250, which consisted of 250,000 common shares valued at \$26,250 and 250,000 warrants valued at \$22,000 as estimated using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 0.27%; dividend yield - 0%; expected stock volatility - 208% and an expected life of 2 years; and
- On September 16, 2020, 161,688 units valued at \$32,786, which consisted of 161,688 common shares valued at \$17,786 and 161,688 warrants valued at \$15,000 as estimated using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 0.26%; dividend yield - 0%; expected stock volatility - 204% and an expected life of 2 year.

During the during the year ended December 31, 2021, the Company issued 2,755,900 common shares to settle \$220,472 of the LOC.

As at June 30, 2022, the Company owed \$243,202 (December 31, 2021 - \$233,720) including accrued interest.

(ii) In April 2020, the Company received \$40,000 under the Canada Emergency Business Account (CEBA) program. 25% of the loan is forgivable if repaid by December 31, 2022. The loan accrues no interest until December 31, 2022, and thereafter converts to a 3-year term loan with a 5% annual interest rate. Any portion of the loan is repayable without penalty at any time prior to December 31, 2025.

On January 12, 2022, the Government of Canada announced that the repayment deadline for CEBA loans to qualify for partial loan forgiveness is being extended from December 31, 2022 to December 31, 2023 for all eligible borrowers in good standing. Repayment on or before the new deadline of December 31, 2023 will result in loan forgiveness of up to a third of the value of the loans (ie. up to \$20,000 with respect to the CEBA Loans). Conversely, if any such loans are not repaid in full by December 31, 2023, they will automatically renew with a maturity date of December 31, 2025, subject to interest at 5% per annum, commencing on January 1, 2024.

12. Lease liabilities

	Brantford facility
Balance, December 31, 2020	\$ 3,095,400
Interest expense	394,405
Lease payments	(531,816)
Balance, December 31, 2021	2,957,989
Interest expense	190,245
Lease payments	(265,908)
	2,882,326
Less: current portion	(166,824)
Balance, June 30, 2022	\$ 2,715,502

City View Green Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2022
(Expressed in Canadian Dollars)
Unaudited

13. Share capital

(a) Authorized share capital

Unlimited number of common shares, with no par value.

(b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2020	247,461,530	\$ 28,500,186
Units issued for cash (i)(iii)	16,605,000	986,400
Fair value of warrants (i)(iii)	-	(268,000)
Common shares issued for debt settlement (ii)(iv)	3,838,097	408,412
Issued on exercise of warrants	100,000	7,400
Balance, June 30, 2021	268,004,627	\$ 29,634,398
Balance, December 31, 2021	283,412,270	\$ 30,298,577
Units issued for cash (v)	9,600,000	480,000
Fair value of warrants (v)	-	(201,300)
Common shares issued for debt settlement (vi)	1,261,784	56,780
Balance, June 30, 2022	294,274,054	\$ 30,634,057

- (i) On January 8, 2021, the Company completed the second and final tranche of its non-brokered private placement, pursuant to which it issued an aggregate of 11,400,000 units for aggregate gross proceeds of \$570,000. Each unit is composed of one common share of the Company and one half share purchase warrant. Each warrant entitles the holder to purchase one share at a price of \$0.05 per warrant for a period of 2 years from the date of issuance, subject to an acceleration provision whereby, after four months and one day from their date of issuance, if the closing price of the shares on the CSE is equal to or exceeds \$0.15 for a period of 10 consecutive trading days, then the Company may, at its option, accelerate the expiry date of the warrants to the date which is 30 days following the date upon which notice of the accelerated expiry date is provided by the Company to the holders of the warrants. The Company did not incur any share issuance costs.

The 5,700,000 warrants issued were assigned a value of \$155,000 using the Black-Scholes valuation model using the following assumptions: weighted average unit price of \$0.05, risk-free rate of return of 0.19%, expected volatility of 200% based on historical trends, dividend yield of 0%, and expected life of 2 years.

- (ii) On January 29, 2021, the Company issued 1,082,197 common shares to certain creditors of the Company to settle an aggregate debt of \$91,987. The common shares issued had a deemed price of \$0.11 based on the fair value and as a result, the Company recognized a loss on settlement of debt of \$27,055.

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

Unaudited

13. Share capital (continued)

(b) Common shares issued (continued)

- (iii) In April 2021, the Company completed a non-brokered private placement, pursuant to which it issued an aggregate of 5,205,000 units for aggregate gross proceeds of \$416,400. Each unit is composed of one common share of the Company and one half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share for a period of 2 years from the closing date, subject to acceleration from and after the date that is fourth months and one day after the closing date, if the closing price of the Company's common shares on the CSE is equal to or exceeds \$0.20 for 10 consecutive trading days, at which time the Company may accelerate the expiry date of the warrants to the date that is 30 following the date on which the Company issues notice to all the warrant holders of the new expiry date.

The 2,602,500 warrants issued were assigned a value of \$113,000 using the Black-Scholes valuation model using the following assumptions: unit price of \$0.08, weighted average risk-free rate of return of 0.26%, expected volatility of 196% based on historical trends, dividend yield of 0%, and expected life of 2 years.

- (iv) On April 30, 2021, the Company issued 2,755,900 common shares to settle \$220,472 of the LOC (note 11(i)). The common shares issued had a deemed price of \$0.105 based on the fair value and as a result, the Company recognized a loss on settlement of debt of \$68,897.

- (v) On March 17, 2022, the Company closed a non-brokered private placement, pursuant to which it issued an aggregate of 9,600,000 units for aggregate gross proceeds of \$480,000. Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common shares of the Company at a price of \$0.10 per share for a period of 2 years from the closing date, subject to acceleration from and after the date that is fourth months and one day after the closing date, if the closing price of the Company's common shares on the CSE is equal to or exceeds \$0.11 for 5 consecutive trading days, at which time the Company may accelerate the expiry date of the warrants to the date that is 30 following the date on which the Company issues notice to all the warrant holders of the new expiry date.

The 9,600,000 warrants issued were assigned a value of \$201,300 using the Black-Scholes valuation model using the following assumptions: unit price of \$0.05, weighted average risk-free rate of return of 1.89%, expected volatility of 198% based on historical trends, dividend yield of 0%, and expected life of 2 years.

- (vi) On March 17, 2022, the Company also issued 1,261,784 common shares to certain creditors of the Company to settle an aggregate debt of \$88,325. The common shares issued had a deemed price of \$0.045 based on the fair value and as a result, the Company recognized a gain on settlement of debt of \$31,545.

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14. Stock options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 15% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of ten years with vesting requirements at the discretion of the Board of Directors.

Company records a charge to the statement of loss and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

	Number of stock options	Weighted average exercise price
Balance, December 31, 2020	29,789,732	\$ 0.23
Granted (i)	600,000	0.12
Balance, June 30, 2021	30,389,732	\$ 0.22
Balance, December 31, 2021	34,289,732	\$ 0.21
Granted (ii)	500,000	0.10
Cancelled	(1,100,000)	0.10
Balance, June 30, 2022	33,689,732	\$ 0.21

- (i) On February 18, 2021, the Company granted 600,000 stock options to consultants of the Company exercisable at \$0.12 per common share. The options vest immediately and expire in 3 years. The grant date fair value of \$66,000 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$0.12, expected dividend yield of 0%, expected volatility of 200%, risk-free rate of return of 0.27% and an expected maturity of 3 years. For the three and six months ended June 30, 2022, \$nil (three and six months ended June 30, 2021 - \$nil and \$66,000, respectively) was expensed to share-based compensation.
- (ii) On March 16, 2022, the Company granted 500,000 stock options to a consultant of the Company exercisable at \$0.10 per common share. The options vest immediately and expire in 3 years. The grant date fair value of \$18,500 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$0.045, expected dividend yield of 0%, expected volatility of 177%, risk-free rate of return of 1.90% and an expected maturity of 3 years. For the three and six months ended June 30, 2022, \$nil and \$18,500, respectively (three and six months ended June 30, 2021 - \$nil) was expensed to share-based compensation.

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2022

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14. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2022:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
January 9, 2023	0.375	0.53	1,646,400	1,646,400
February 18, 2024	0.12	1.64	600,000	600,000
February 28, 2024	0.75	1.67	600,000	600,000
February 28, 2024	0.25	1.67	4,560,000	4,560,000
February 28, 2024	0.75	1.67	3,013,332	3,013,332
June 3, 2024	0.15	1.93	1,850,000	1,850,000
July 24, 2024	0.18	2.07	300,000	300,000
October 4, 2024	0.15	2.27	3,300,000	3,300,000
December 22, 2024	0.10	2.48	3,500,000	3,500,000
March 16, 2025	0.10	2.71	500,000	500,000
September 14, 2025	0.10	3.21	13,620,000	13,620,000
October 7, 2025	0.10	3.27	200,000	200,000
	0.21	2.42	33,689,732	33,689,732

15. Warrants

	Number of warrants	Weighted average exercise price
Balance, December 31, 2020	39,888,021	\$ 0.10
Issued (i)	8,302,500	0.12
Expired	(1,000,000)	0.15
Exercised	(100,000)	0.05
Balance, June 30, 2021	47,090,521	\$ 0.10
Balance, December 31, 2021	59,385,377	\$ 0.11
Issued (i)(ii)	12,850,000	0.10
Expired	(6,700,000)	0.15
Balance, June 30, 2022	65,535,377	\$ 0.11

(i) During the six months ended June 30, 2022, the Company issued an aggregate of 9,600,000 warrants (six months ended June 30, 2021 - 8,302,500 warrants) as a part of its non-brokered private placements. See note 13.

City View Green Holdings Inc.

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15. Warrants (continued)

(ii) On May 2, 2022, the Company issued 3,250,000 share purchase warrants to a consultant in partial consideration for consulting advisory services. The warrants expire on December 31, 2022 and are each exercisable for one common share of the Company at a price of \$0.10 per share. The fair value of \$19,300 was assigned to the warrants and has been estimated using the Black-Scholes model for pricing warrants under the following assumptions: risk free interest rate - 2.66%; dividend yield - 0%; expected stock volatility - 139% and an expected life of 8 months. For the three and six months ended June 30, 2022, \$19,300 (three and six months ended June 30, 2021 - \$nil) was expensed to share-based compensation.

The following table reflects the warrants issued and outstanding as of June 30, 2022:

Expiry date	Exercise price (\$)	Warrants outstanding
July 20, 2022	0.15	250,000
September 17, 2022	0.15	161,688
November 15, 2022 (iii)	0.30	2,001,333
November 30, 2022 (iii)	0.20	500,000
December 13, 2022 (iii)	0.20	2,400,000
December 23, 2022 (iii)	0.20	125,000
December 24, 2022 (iii)	0.10	2,100,000
December 31, 2022	0.10	3,250,000
January 8, 2023 (iii)	0.10	5,700,000
April 30, 2023	0.05	9,600,000
May 22, 2023	0.05	6,000,000
June 17, 2023	0.05	7,400,000
November 3, 2023	0.10	550,000
July 30, 2024	0.18	1,000,000
April 9, 2023 (iii)	0.15	1,946,250
April 30, 2023 (iii)	0.15	656,250
August 11, 2023 (iii)	0.15	9,044,142
August 11, 2023	0.15	750,000
October 8, 2023 (iii)	0.15	2,500,714
March 17, 2024 (iii)	0.10	9,600,000
	0.11	65,535,377

(iii) Subsequent to June 30, 2022, the Company commenced a warrant exercise incentive program, pursuant to which the Company is offering an inducement to each holder of the warrants such that they may exercise their warrants for a reduced price of \$0.015 per common share, in lieu of their original exercise prices, from August 4, 2022 to September 2, 2022.

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

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16. Related party balances and transactions

Related parties include key management being the Company's executive officers, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The following related party transactions were conducted in the normal course of operations and were made on an arm's length basis:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Consulting	\$ 61,250	\$ 75,000	\$ 132,500	\$ 112,500
Professional fees	10,789	16,986	22,259	28,047
	\$ 72,039	\$ 91,986	\$ 154,759	\$ 140,547

As at June 30, 2022, \$407,485 (December 31, 2021 - \$269,469) included in accounts payable and accrued liabilities was payable to key management personnel.

As at June 30, 2022, the Company owes a director of the Company \$20,000 (December 31, 2021 - \$20,000). The advance is non-interest bearing and repayable on demand.

During the six months ended June 30, 2022, the directors of the Company subscribed for an aggregate of 2,000,000 units for gross proceeds of \$100,000 (six months ended June 30, 2021 - an aggregate of 2,712,500 units for gross proceeds of \$181,000).

17. Loss per share

For the three and six months ended June 30, 2022, basic and diluted loss per share has been calculated based on the loss attributable to common shares of \$668,560 and \$1,224,327, respectively (three and six months ended June 30, 2021 - \$674,304 and \$1,195,735, respectively) and weighted average number of common shares outstanding of 294,274,054 and 289,713,305, respectively (three and six months ended June 30, 2021 - 266,278,424 and 262,485,018, respectively). Diluted loss per share did not include the effect of stock options as they are anti-dilutive.