

**CAPTOR CAPITAL CORP.  
CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
THREE MONTHS ENDED JUNE 30, 2018  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

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**Notice To Reader**

The accompanying unaudited condensed interim consolidated financial statements of 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.

# CAPTOR CAPITAL CORP.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at June 30, 2018	As at March 31, 2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 13,208,812	\$ 21,296,842
Amounts receivable and prepaid expenses (Note 3)	915,359	455,056
Loan receivable (Note 4)	19,897,849	1,344,602
Other investments (Note 6)	1,053,795	2,936,757
Investment in MedMen Enterprises Inc. (Note 7)	23,410,404	37,081,734
Prepaid deposit (Note 15)	205,425	214,290
	<b>58,691,644</b>	63,329,281
Investment in I-5 Holdings Ltd. (Note 8)	47,182,930	7,500,000
Investment in URU Metals Limited (Note 9)	1,131,347	1,223,083
Equipment (Note 5)	36,188	38,136
	<b>\$107,042,109</b>	\$ 72,090,500
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 18)	\$ 1,234,754	\$ 1,426,375
	<b>1,234,754</b>	1,426,375
<b>Shareholders' Equity</b>		
Share capital (Note 10)	105,418,006	65,735,076
Warrants reserve	16,379,014	16,379,014
Contributed surplus	8,130,710	8,130,710
Deficit	(24,120,375)	(19,580,675)
	<b>105,807,355</b>	70,664,125
	<b>\$107,042,109</b>	\$ 72,090,500

NATURE OF OPERATIONS (Note 1)

SUBSEQUENT EVENTS (Note 20)

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

# CAPTOR CAPITAL CORP.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars) Unaudited

	Three Months Ended June 30,	
	2018	2017
<b>Investment income (loss)</b>		
Unrealized loss in other investments	\$ (1,882,962)	\$ (56,509)
Unrealized loss in investment in URU Metals Limited	(91,736)	(3,616,521)
Unrealized loss in investment in MedMen Enterprise Inc.	(2,866,344)	-
Realized gain in investment in MedMen Enterprise Inc.	4,204,092	-
<b>Total investment loss</b>	<b>(636,950)</b>	<b>(3,673,030)</b>
<b>Expenses</b>		
General and administrative expenses (Note 14)	(4,191,390)	(155,236)
<b>Total expenses</b>	<b>(4,191,390)</b>	<b>(155,236)</b>
<b>Net loss for the period before foreign exchange:</b>	<b>(4,828,340)</b>	<b>(3,828,266)</b>
Foreign exchange gain	288,640	2,806
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (4,539,700)</b>	<b>\$ (3,825,460)</b>
Loss per share - basic (Note 13)	\$ (0.01)	\$ (0.03)
Loss per share - diluted (Note 13)	\$ (0.01)	\$ (0.03)

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

# CAPTOR CAPITAL CORP.

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended June 30,	
	2018	2017
<b>Cash (used in) provided by:</b>		
<b>Operating Activities</b>		
Net loss for the period	\$ (4,539,700)	\$ (3,825,460)
Unrealized loss in other investments	1,882,962	56,509
Unrealized loss in investments in URU Metals Limited	91,736	3,616,521
Unrealized loss in investment in MedMen Enterprise Inc.	2,866,344	-
Realized (gain) in investment in MedMen Enterprise Inc.	(4,204,092)	-
Depreciation	1,948	2,457
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(460,303)	3,439
Loan receivable	(14,025,331)	-
Accounts payable and accrued liabilities	(191,621)	170,866
Prepaid deposit	8,865	(2,509)
	<b>(18,569,192)</b>	<b>21,823</b>
<b>Investing Activity</b>		
Proceeds from sale of investment in MedMen Enterprises Inc.	10,481,162	-
	<b>10,481,162</b>	<b>-</b>
<b>Change in cash</b>	<b>(8,088,030)</b>	<b>21,823</b>
<b>Cash, beginning of period</b>	<b>21,296,842</b>	<b>26,034</b>
<b>Cash, end of period</b>	<b>\$ 13,208,812</b>	<b>\$ 47,857</b>

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

**CAPTOR CAPITAL CORP.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)****Unaudited**

	<b>Share Capital</b>	<b>Warrant Reserve</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, March 31, 2017</b>	<b>\$ 21,618,953</b>	<b>\$ -</b>	<b>\$ 7,955,990</b>	<b>\$ (23,361,680)</b>	<b>\$ 6,213,263</b>
Net loss for the period	-	-	-	(3,825,460)	(3,825,460)
<b>Balance, June 30, 2017</b>	<b>\$ 21,618,953</b>	<b>\$ -</b>	<b>\$ 7,955,990</b>	<b>\$ (27,187,140)</b>	<b>\$ 2,387,803</b>
<b>Balance, March 31, 2018</b>	<b>\$ 65,735,076</b>	<b>\$ 16,379,014</b>	<b>\$ 8,130,710</b>	<b>\$ (19,580,675)</b>	<b>\$ 70,664,125</b>
Common shares issued for the acquisition of I-5 Holding Ltd.	39,682,930	-	-	-	39,682,930
Net loss for the period	-	-	-	(4,539,700)	(4,539,700)
<b>Balance, June 30, 2018</b>	<b>\$105,418,006</b>	<b>\$ 16,379,014</b>	<b>\$ 8,130,710</b>	<b>\$ (24,120,375)</b>	<b>\$105,807,355</b>

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

# **CAPTOR CAPITAL CORP.**

## **Notes to Condensed Interim Consolidated Financial Statements**

**Three Months Ended June 30, 2018**

**(Expressed in Canadian Dollars, unless otherwise indicated)**

**(Unaudited)**

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### **1. NATURE OF OPERATIONS**

Captor Capital Corp. (the "Company" or "Captor") was incorporated under the laws of the Province of Ontario, Canada by Articles of Incorporation dated September 26, 2003. On June 2, 2017, the Company changed its name from NWT Uranium Corp. to Captor Capital Corp. The Company also delisted its common shares from the TSX Venture Exchange (the "Exchange") on June 1, 2017. The delisting of the Company's shares from the Exchange was done pursuant to a resolution approved by shareholders that was passed on December 16, 2016. On October 30, 2017, the common shares of Captor commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "CPTR".

The Company holds strategic investments in other companies. The primary office is located at 4 King Street West, Suite 401, Toronto, Ontario, M5H 1B6, Canada.

The Company is a cannabis focused investment company. The objective of the Company is to provide its shareholders with long-term capital growth by investing in a portfolio of cannabis focused companies.

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on August 29, 2018.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS 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 29, 2018, 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 consolidated financial statements for the year ended March 31, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

#### *Changes in accounting policies*

##### *(i) IFRS 9, Financial Instruments*

Effective January 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact on the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

# CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three Months Ended June 30, 2018  
(Expressed in Canadian Dollars, unless otherwise indicated)  
(Unaudited)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Changes in accounting policies (continued)

#### (i) IFRS 9, Financial Instruments (continued)

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash	Loans and receivables (amortized cost)	Amortized cost
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Investments	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's March 31, 2018 consolidated financial statements has been updated as follows:

#### **Financial assets**

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. Other investments and investments in I-5 Holdings Ltd., URU Metals Limited and MedMen Enterprises Inc. are designated as FVTPL.

- Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's cash and receivables are classified as financial assets and measured at amortized cost.

#### **Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Changes in accounting policies (continued)

#### (i) IFRS 9, Financial Instruments (continued)

##### **Transaction costs**

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

##### **Subsequent measurement**

Instruments classified at FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified at amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income. When an instrument at FVTOCI is sold, the accumulated gains or losses are reclassified from accumulated other comprehensive income (loss) directly to deficit.

##### **Derecognition**

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

##### **Expected Credit Loss Impairment Model**

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.



# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for future accounting periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following recent accounting pronouncement has not yet been adopted.

#### *Leases ("IFRS 16")*

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

### 3. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	As at June 30, 2018	As at March 31, 2018
Sales tax receivable - Canada	\$ 218,682	\$ 201,706
Other receivable	202,093	202,093
Prepaid expenses	494,584	51,257
	<b>\$ 915,359</b>	<b>\$ 455,056</b>

### 4. LOAN RECEIVABLE

On March 5, 2018, the Company loaned I-5 Holdings Ltd. US\$1,042,812 (\$1,344,602). The loan bears no interest and is to be repaid on March 5, 2019. During the three months ended June 30, 2018, the Company loaned an additional US\$14,067,947 to I-5 Holdings Ltd. with the same terms as the original loan. As at June 30, 2018, Captor was owed a total of \$19,897,849 from I-5 Holdings Ltd.

# CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
 Three Months Ended June 30, 2018  
 (Expressed in Canadian Dollars, unless otherwise indicated)  
 (Unaudited)

## 5. EQUIPMENT

Cost	Computer equipment	Furniture and fixtures	Field equipment	Total
<b>Balance, March 31, 2017, March 31, 2018 and June 30, 2018</b>	<b>\$ 44,906</b>	<b>\$ 95,924</b>	<b>\$ 57,365</b>	<b>\$ 198,195</b>
<b>Accumulated Depreciation</b>	<b>Computer equipment</b>	<b>Furniture and fixtures</b>	<b>Field equipment</b>	<b>Total</b>
Balance, March 31, 2017	\$ 42,544	\$ 66,753	\$ 40,933	\$ 150,230
Depreciation during the year	709	5,834	3,286	9,829
Balance, March 31, 2018	43,253	72,587	44,219	160,059
Depreciation during the period	124	1,167	657	1,948
<b>Balance, June 30, 2018</b>	<b>\$ 43,377</b>	<b>\$ 73,754</b>	<b>\$ 44,876</b>	<b>\$ 162,007</b>
<b>Net Carrying Value</b>	<b>Computer equipment</b>	<b>Furniture and fixtures</b>	<b>Field equipment</b>	<b>Total</b>
Balance, <b>March 31, 2018</b>	\$ 1,653	\$ 23,337	\$ 13,146	\$ 38,136
<b>Balance, June 30, 2018</b>	<b>\$ 1,529</b>	<b>\$ 22,170</b>	<b>\$ 12,489</b>	<b>\$ 36,188</b>

## 6. OTHER INVESTMENTS

Other investments consists of shares held in publicly listed companies. The fair market value as at June 30, 2018, was \$1,053,795 (March 31, 2018 - \$2,936,757).

The following table represents a continuity of other investments:

Balance, March 31, 2017	\$ 863,760
Additions	2,250,000
Revaluation to fair market value	(177,003)
<b>Balance, March 31, 2018</b>	<b>2,936,757</b>
Revaluation to fair market value	(1,882,962)
<b>Balance, June 30, 2018</b>	<b>\$ 1,053,795</b>

Investments	Number of shares held	Original cost as of	
		June 30, 2018	March 31, 2018
Handa Copper Corp. (HEC)	849,700	\$ 338,675	\$ 338,675
Canuc Resources Corporation (CDA)	500,000	1,000,000	1,000,000
Azimut Exploration Inc. (AZM)	1,800,000	774,000	774,000
Kure Technologies Inc. (KUR)	1,130,533	338,675	338,675
HyperBlock Technologies Corp.	1,000,000	1,750,000	1,750,000
Millennial Esports Corp. (GAME)	714,285	500,000	500,000
Millennial Esports Corp. warrants <sup>(1)</sup>	357,142	-	-
		<b>\$ 4,701,350</b>	<b>\$ 4,701,350</b>

<sup>(1)</sup> Each warrant entitles Captor to acquire one common share of Millennial at an exercise price of \$1.20 per share until January 9, 2020.

## CAPTOR CAPITAL CORP.

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

#### 7. INVESTMENT IN MEDMEN ENTERPRISES INC.

On February 26, 2018, Captor acquired 5,181,785 Class A Units of MM Enterprises USA, LLC ("MM Enterprises") for US\$23,000,000 (\$29,164,000). On May 28, 2018, MM Enterprises completed a business combination with MedMen Enterprises Inc. ("MedMen Enterprises"), a US based medical and adult use cannabis company listed in the CSE.

Captor Acquisition Corp. (the "Acquiror"), a subsidiary of Captor, in connection with the business combination, acquired 7,991,251 Class B Common Shares ("Class B Shares") of MM Can USA, Inc. ("PC Corp"), a subsidiary of MedMen Enterprises, pursuant to a contribution by the Acquiror of the same number of units of the LLC in exchange for such Class B Shares. Pursuant to the articles of incorporation of PC Corp, Captor may, from time to time, exchange its Class B Common Shares for Class B Subordinate Voting Shares of MedMen Enterprises on a one-for-one basis (the "Subordinate Voting Shares").

The Company received 7,991,251 Subordinate Voting Shares of MedMen Enterprises in exchange for the 5,181,785 Class A Units of MM Enterprises.

Balance, March 31, 2017	\$ -
Additions	29,164,000
Disposals	-
Revaluation to fair market value	7,917,734
<b>Balance, March 31, 2018</b>	<b>37,081,734</b>
Additions	-
Disposal	(10,804,986)
Revaluation to fair market value	(2,866,344)
<b>Balance, June 30, 2018</b>	<b>\$ 23,410,404</b>

#### 8. INVESTMENT IN I-5 HOLDINGS LTD.

On December 20, 2017, Captor acquired 12,500,000 common shares of I-5 Holdings Ltd. ("I-5 Holdings") for \$5,000,000, representing approximately 21% of I-5 Holdings' issued and outstanding shares at the date of acquisition.

On February 26, 2018, Captor issued a total of 171,868,364 Captor Shares in escrow to acquire the remaining 79% of the I-5 Holdings securities. The Acquisition was completed on May 30, 2018 pursuant to an amended merger agreement dated February 16, 2018 between Captor and I-5 Holdings whereby the holders of common shares of I-5 ("I-5 Shares") received 2.6 common shares of Captor Capital Corp. ("Captor Share") in exchange for each I-5 Share.

As a result of the Acquisition, certain common share purchase warrants of I-5 Holdings are exercisable into 22,108,031 Captor Shares at an exercise price of \$0.25 per Captor Share and other common share purchase warrants of I-5 Holdings are exercisable into 3,750,890 Captor Shares at an exercise price of \$0.31 per Captor Share.

## CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three Months Ended June 30, 2018  
(Expressed in Canadian Dollars, unless otherwise indicated)  
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### 8. INVESTMENT IN I-5 HOLDINGS LTD. (continued)

The fair value of the consideration to acquire I-5 Holdings is as follows:

Issuance of 171,868,364 common shares	\$ 39,682,930
Cash	5,000,000
<b>Total consideration</b>	<b>44,682,930</b>
Revaluation to fair market value	2,500,000
<b>Balance, June 30, 2018</b>	<b>\$ 47,182,930</b>

### 9. INVESTMENT IN URU METALS LIMITED

As at June 30, 2018, the Company owned 118,511,118 common shares (March 31, 2018 - 118,511,118 common shares) in URU Metals Limited ("URU") which represents approximately 15% (March 31, 2018 - 15%) of URU's shareholding. Changes in fair value of URU are recorded through profit and loss in accordance with the investment entity standards.

Balance, March 31, 2017	\$ 6,314,271
Revaluation to fair market value	(5,091,188)
<b>Balance, March 31, 2018</b>	<b>1,223,083</b>
Revaluation to fair market value	(91,736)
<b>Balance, June 30, 2018</b>	<b>\$ 1,131,347</b>

### 10. SHARE CAPITAL

#### a) Authorized

Unlimited number of common shares with no par value.

#### b) Issued and outstanding

	Number of shares	Amount
<b>Balance, March 31, 2017 and June 30, 2017</b>	<b>132,141,342</b>	<b>\$ 21,618,953</b>
<b>Balance, March 31, 2018</b>	<b>603,429,031</b>	<b>\$ 65,735,076</b>
Common shares issued for acquisition of I-5 Holdings (Note 8)	171,868,364	39,682,930
<b>Balance, June 30, 2018</b>	<b>775,297,395</b>	<b>\$ 105,418,006</b>

# CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three Months Ended June 30, 2018  
(Expressed in Canadian Dollars, unless otherwise indicated)  
(Unaudited)

## 11. WARRANTS

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price
<b>Balance, March 31, 2017 and June 30, 2017</b>	-	\$ -
<b>Balance, March 31, 2018</b>	<b>294,193,844</b>	<b>\$ 0.20</b>
Issued for acquisition of I-5 Holdings	25,858,921	0.25
<b>Balance, June 30, 2018</b>	<b>320,052,765</b>	<b>\$ 0.20</b>

The Company had the following warrants outstanding at June 30, 2018:

Number of Warrants	Exercise Price	Expiry Date
1,943,895	\$0.25	March 7, 2019
4,003,984	\$0.25	May 2, 2019
2,695,974	\$0.25	June 8, 2019
2,066,025	\$0.25	August 2, 2019
4,582,500	\$0.25	September 5, 2019
1,376,375	\$0.25	October 3, 2019
2,955,745	\$0.25	October 18, 2019
2,483,533	\$0.25	November 2, 2019
152,100,000	\$0.10	December 11, 2019
3,750,890	\$0.31	February 5, 2020
142,093,844	\$0.30	February 12, 2020
<b>320,052,765</b>	<b>\$0.20</b>	

## 12. STOCK OPTIONS

The Company has a stock option plan for the purchase of common shares for its directors, officers, employees and other service providers. The aggregate number of common shares reserved for issuance under the stock option plan is 10% of the issued and outstanding common shares of the Company. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting term of the options is fixed by the Board of Directors of the Company at the time of grant and may vary from immediate vesting to up to 24 months.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price
<b>Balance, March 31, 2017 and June 30, 2017</b>	-	\$ -
<b>Balance, March 31, 2018 and June 30, 2018</b>	<b>4,200,000</b>	<b>\$ 0.10</b>

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

### 12. STOCK OPTIONS (Continued)

The Company had the following stock options outstanding at June 30, 2018:

Outstanding options	Exercisable options	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Expiry date
4,200,000	4,200,000	1.42	0.10	November 29, 2019

### 13. LOSS PER SHARE

	Three Months Ended June 30,	
	2018	2017
Net loss for the period	\$ (4,539,700)	\$ (3,825,460)
Net loss per share		
Basic	\$ (0.01)	\$ (0.03)
Diluted	\$ (0.01)	\$ (0.03)
Weighted average number of shares outstanding - basic and diluted	467,650,468	132,141,342

<sup>(i)</sup> Diluted loss per share does not include the effect of warrants and stock options as they are anti-dilutive.

### 14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended June 30,	
	2018	2017
Management and administrative services (Note 18)	\$ 81,999	\$ 81,999
Professional fee	4,025,160	27,619
Office and administration	25,732	26,830
Travel expenses	1,765	1,587
Shareholders information	46,976	375
Regulatory fees	7,810	7,432
Interest and penalty	-	6,937
Depreciation	1,948	2,457
	\$ 4,191,390	\$ 155,236

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

### 15. PREPAID DEPOSITS

The Company entered into a service agreement with a private company that has extensive experience working in Vietnam. The private company will provide due diligence services in regards to acquiring an investment in a mining operation in Vietnam. In fiscal year 2012, the Company paid a retainer of 1,100,000 GBP for the services. As of June 30, 2018, 118,353 GBP (C\$205,425) (March 31, 2018 - 118,353 GBP (C\$214,290)) of the initial deposit remained unused.

The Company is obligated to make another GBP1,100,000 (C\$1,894,750) deposit at the time the drilling phase of the project commences to maintain an interest in the operations.

### 16. CONTINGENCIES

From time to time, the Company is subject to legal proceedings and claims arising in the ordinary course of business. Management is of the opinion, based upon information presently available, that it is unlikely that any such liability, to the extent not provided for by insurance or otherwise, would have a material adverse effect in relation to the Company's financial position, liquidity, or results of operations.

### 17. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The Company's reportable segments are based upon the geographic region for the Company's operations or tradable financial instruments, and include Canada, South Africa, Vietnam and Cyprus.

As at June 30, 2018, cash of \$13,208,812 (March 31, 2018 - \$21,296,842) was held in Canadian chartered banks. Total assets were held as follows:

<b>As at June 30, 2018</b>	<b>Canada</b>	<b>Vietnam</b>	<b>South Africa</b>	<b>United States</b>	<b>Total</b>
Current assets	\$ 21,404,485	\$ 205,425	\$ -	\$ 37,081,734	\$ 58,691,644
Equipment	36,188	-	-	-	36,188
Other assets	-	-	1,131,347	47,182,930	48,314,277
<b>Total assets</b>	<b>\$ 21,440,673</b>	<b>\$ 205,425</b>	<b>\$ 1,131,347</b>	<b>\$ 84,264,664</b>	<b>\$ 107,042,109</b>
<b>As at March 31, 2018</b>	<b>Canada</b>	<b>Vietnam</b>	<b>South Africa</b>	<b>United States</b>	<b>Total</b>
Current assets	\$ 26,033,257	\$ 214,290	\$ -	\$ 37,081,734	\$ 63,329,281
Equipment	38,136	-	-	-	38,136
Other assets	-	-	1,223,083	7,500,000	8,723,083
<b>Total assets</b>	<b>\$ 26,071,393</b>	<b>\$ 214,290</b>	<b>\$ 1,223,083</b>	<b>\$ 44,581,734</b>	<b>\$ 72,090,500</b>
<b>Three Months Ended June 30, 2018</b>	<b>Canada</b>	<b>Vietnam</b>	<b>South Africa</b>	<b>United States</b>	<b>Total</b>
Net loss allocation for the period	\$(2,974,910)	\$(9,404)	\$(144,488)	\$(1,410,898)	\$(4,539,700)
<b>Three Months Ended June 30, 2017</b>	<b>Canada</b>	<b>Vietnam</b>	<b>South Africa</b>	<b>Cyprus</b>	<b>Total</b>
Net loss allocation for the period	\$(97,266)	\$(4,708)	\$(3,723,486)	\$ -	\$(3,825,460)

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

### 18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Remuneration of directors and key management of the Company was as follows:

	Three Months Ended June 30,	
	2018	2017
Directors fees (i)	\$ 6,000	\$ 6,000
Alegana Enterprises Ltd. ("Alegana") (ii)	54,999	54,999
2249872 Ontario Ltd. (iii)	21,000	21,000
Marrelli Support Services Inc ("MSSI") (iv)	4,500	4,500
	<b>\$ 86,499</b>	<b>\$ 86,499</b>

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at June 30, 2018, is \$48,000 (March 31, 2018 - \$42,000) due to directors of the Company.

(ii) Alegana is a company controlled by Mr. John Zorbas, the President of the Company. The consulting fees paid to Alegana are for the function of the President which include, but are not limited to, managing the capital structure and current investment portfolio of the Company. Included in accounts payable and accrued liabilities at June 30, 2018 is \$736,367 (March 31, 2018 - \$669,150) owing to Alegana.

As at June 30, 2018, Alegana owed the Company \$56,517 for a loan to cover travel costs.

(iii) 2249872 Ontario Ltd. is a company controlled by Henry Kloepper, the Chief Executive Officer ("CEO") of Captor. The management fees paid to 2249872 Ontario Ltd. are for the CEO function performed by Mr. Kloepper which includes the day-to-day operations of the Company as well as an implementation of the Company's long and short term plans. Included in accounts payable and accrued liabilities at June 30, 2018 is \$68,190 (March 31, 2018 - \$47,190) due to 2249872 Ontario Ltd.

(iv) Mr. Jing Peng, the Chief Financial Officer ("CFO"), is a senior employee of MSSI. The management fees paid to MSSI relate to CFO function performed by Mr. Peng which includes the reporting of financial information and the safeguard of the Company's assets. Included in accounts payable and accrued liabilities at June 30, 2018 is \$2,952 (March 31, 2018 - \$8,042) owing to MSSI.

(v) The Company is owed \$25,576 (March 31, 2018 - \$25,576) from a company related to Captor through common management. These amounts are included in the amounts receivable and prepaid expenses balance on the statements of financial position.



# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

### 19. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measured at fair value on a recurring basis:

<b>As at June 30, 2018</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>	<b>Aggregate fair value</b>
Other investments	\$ 1,053,795	\$ -	\$ -	\$ 1,053,795
Investment in URU Metals Limited	1,131,347	-	-	1,131,347
Investment in MM Enterprises USA, LLC	-	-	23,410,404	23,410,404
Investment in I-5 Holdings Ltd.	-	-	47,182,930	47,182,930
	<b>\$ 2,185,142</b>	<b>\$ -</b>	<b>\$ 70,593,334</b>	<b>\$ 72,778,476</b>

(b) Fair values of financial assets and liabilities:

	<b>June 30, 2018</b>		<b>March 31, 2018</b>	
	<b>Carrying amount</b>	<b>Estimated fair value</b>	<b>Carrying amount</b>	<b>Estimated fair value</b>
<b>Loans and receivables</b>				
Cash (i)	\$ 13,208,812	\$ 13,208,812	\$ 21,296,842	\$ 21,296,842
Amounts receivable (i)	202,093	202,093	202,093	202,093
Loan receivable	19,897,849	19,897,849	1,344,602	1,344,602
	<b>\$ 33,308,754</b>	<b>\$ 33,308,754</b>	<b>\$ 22,843,537</b>	<b>\$ 22,843,537</b>
<b>FVTPL</b>				
Other investments	\$ 1,053,795	\$ 1,053,795	\$ 2,936,757	\$ 2,936,757
Investment in URU Metals Limited	1,131,347	1,131,347	1,223,083	1,223,083
Investment in MM Enterprises USA, LLC	23,410,404	23,410,404	37,081,734	37,081,734
Investment in I-5 Holdings Ltd.	47,182,930	47,182,930	7,500,000	7,500,000
	<b>\$ 72,778,476</b>	<b>\$ 72,778,476</b>	<b>\$ 48,741,574</b>	<b>\$ 48,741,574</b>
<b>Other financial liabilities</b>				
Accounts payable and accrued liabilities (i)	\$ 1,234,754	\$ 1,234,754	\$ 1,426,375	\$ 1,426,375
	<b>\$ 1,234,754</b>	<b>\$ 1,234,754</b>	<b>\$ 1,426,375</b>	<b>\$ 1,426,375</b>

(i) The carrying amounts of cash, amounts receivable, loan receivable, accounts payable and accrued liabilities and loan payable are reasonable approximation of their fair values due to their short-term nature.

The Company does not offset financial assets with financial liabilities.

# **CAPTOR CAPITAL CORP.**

## **Notes to Condensed Interim Consolidated Financial Statements**

**Three Months Ended June 30, 2018**

**(Expressed in Canadian Dollars, unless otherwise indicated)**

**(Unaudited)**

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### **20. SUBSEQUENT EVENTS**

(i) On August 7, 2018, the Company announced that it has agreed to purchase Chai Cannabis Inc. for US\$6.1 million in cash and a further US\$200,000 to purchase existing inventory at cost. Chai Cannabis currently operates a fully adult use dispensary in Santa Cruz, California.

(ii) On August 8, 2018, the Company resumed trading on the CSE as a cannabis focused investment company.

(iii) On August 8, 2018, Captor also announced the grant of options 36,500,000 stock options to officers, directors, employees and consultants of the Company. All stock options are fully vested and exercisable at \$0.30 per common share of Captor for a period of 2 years.