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**CAPTOR CAPITAL CORP.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**THREE AND NINE MONTHS ENDED  
DECEMBER 31, 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 December 31, 2018	As at March 31, 2018
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 15,143,836	\$ 21,296,842
Amounts receivable and prepaid expenses (Note 3)	774,856	455,056
Loan receivable (Note 4)	21,831,078	1,344,602
Other investments (Note 5)	1,557,840	2,936,757
Investments at fair value (Note 6)	68,447,420	44,581,734
Prepaid deposit (Note 12)	206,396	214,290
	<b>107,961,426</b>	<b>70,829,281</b>
<b>Investment in URU Metals Limited</b>	-	1,223,083
<b>Equipment</b>	-	38,136
	<b>\$ 107,961,426</b>	<b>\$ 72,090,500</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 15)	\$ 2,386,986	\$ 1,426,375
Promissory notes (Note 6)	2,860,455	-
	<b>5,247,441</b>	<b>1,426,375</b>
<b>Shareholders' Equity</b>		
Share capital (Note 7)	107,244,521	65,735,076
Warrants reserve	16,360,221	16,379,014
Contributed surplus	10,649,210	8,130,710
Deficit	(31,539,967)	(19,580,675)
	<b>102,713,985</b>	<b>70,664,125</b>
	<b>\$ 107,961,426</b>	<b>\$ 72,090,500</b>

NATURE OF OPERATIONS (Note 1)

SUBSEQUENT EVENTS (Note 17)

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 December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
<b>Investment income (loss)</b>				
Interest income	\$ 43,957	\$ -	\$ 69,935	\$ -
Unrealized loss in other investments	(686,822)	(445,342)	(3,127,000)	(4,472,682)
Unrealized (loss) in investments at fair value	(2,800,000)	-	(1,132,898)	-
Realized gain in investments at fair value	-	-	2,876,816	-
<b>Total investment loss</b>	<b>(3,442,865)</b>	<b>(445,342)</b>	<b>(1,313,147)</b>	<b>(4,472,682)</b>
<b>Expenses</b>				
General and administrative expenses (Note 11)	(1,283,365)	(492,672)	(11,713,996)	(734,218)
Write-off of equipment	(34,238)	-	(34,238)	-
<b>Total expenses</b>	<b>(1,317,603)</b>	<b>(492,672)</b>	<b>(11,748,234)</b>	<b>(734,218)</b>
<b>Net loss for the period before foreign exchange:</b>	<b>(4,760,468)</b>	<b>(938,014)</b>	<b>(13,061,381)</b>	<b>(5,206,900)</b>
Foreign exchange gain	1,091,890	4,706	1,102,089	5,180
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (3,668,578)</b>	<b>\$ (933,308)</b>	<b>\$ (11,959,292)</b>	<b>\$ (5,201,720)</b>
Loss per share - basic (Note 10)	\$ (0.09)	\$ (0.10)	\$ (0.31)	\$ (0.68)
Loss per share - diluted (Note 10)	\$ (0.09)	\$ (0.10)	\$ (0.31)	\$ (0.68)

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

	Nine Months Ended December 31,	
	2018	2017
<b>Cash (used in) provided by:</b>		
<b>Operating Activities</b>		
Net loss for the period	\$(11,959,292)	\$ (5,201,720)
Stock based compensation expense	2,518,500	239,400
Foreign exchange gain	(1,271,101)	-
Unrealized loss in other investments	3,127,000	4,472,682
Unrealized loss in investments at fair value	1,132,898	-
Realized gain in investments at fair value	(2,876,816)	-
Depreciation	3,896	7,372
Write-off of equipment	34,238	-
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(319,800)	(74,099)
Loan receivable	(14,687,458)	-
Accounts payable and accrued liabilities	960,611	179,309
Promissory notes	2,860,455	-
Prepaid deposit	7,894	(3,681)
	<b>(20,468,975)</b>	<b>(380,737)</b>
<b>Financing activity</b>		
Issue of common shares and units, net of issue costs	-	7,369,834
Exercise of warrants	95,000	-
	<b>95,000</b>	<b>7,369,834</b>
<b>Investing Activities</b>		
Purchase of investment in I-5 Holding Inc.	-	(5,000,000)
Purchase of investments at fair value	(10,451,768)	-
Proceeds from sale of investment in MedMen Enterprises Inc.	24,672,737	-
	<b>14,220,969</b>	<b>(5,000,000)</b>
<b>Change in cash and cash equivalents</b>	<b>(6,153,006)</b>	<b>1,989,097</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>21,296,842</b>	<b>26,034</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 15,143,836</b>	<b>\$ 2,015,131</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest received	\$ 69,935	\$ -
Units issued for loan payable and accrued interest	\$ -	\$ 475,000

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>
Common shares issued	700,000	-	-	-	700,000
Units issued	4,563,000	3,042,000	-	-	7,605,000
Cost of issue	(460,166)	-	-	-	(460,166)
Share based compensation	-	-	239,400	-	239,400
Net loss for the period	-	-	-	(5,201,720)	(5,201,720)
<b>Balance, December 31, 2017</b>	<b>\$ 26,421,787</b>	<b>\$ 3,042,000</b>	<b>\$ 8,195,390</b>	<b>\$ (28,563,400)</b>	<b>\$ 9,095,777</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. (note 6(b))	39,682,930	-	-	-	39,682,930
Common shares issued for acquisition of Chai Cannabis Inc. (note 6(c))	1,187,722	-	-	-	1,187,722
Common shares issued for acquisition of investment	525,000	-	-	-	525,000
Common shares issued for exercise of warrants	113,793	(18,793)	-	-	95,000
Share based compensation	-	-	2,518,500	-	2,518,500
Net loss for the period	-	-	-	(11,959,292)	(11,959,292)
<b>Balance, December 31, 2018</b>	<b>\$107,244,521</b>	<b>\$ 16,360,221</b>	<b>\$ 10,649,210</b>	<b>\$ (31,539,967)</b>	<b>\$102,713,985</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 and Nine months Ended December 31, 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".

Effective October 3, 2018, the Company consolidated its common shares on a 20:1 basis. All references in the unaudited condensed interim consolidated financial statements have been adjusted to reflect this share consolidation.

The Company is a cannabis focused investment and merchant banking 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 Company has determined that it meets the definition of an investment entity under IFRS 10. The primary office is located at 4 King Street West, Suite 401, Toronto, Ontario, M5H 1B6, Canada.

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on March 1, 2019.

### **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 March 1, 2019, 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 April 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.

# CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine months Ended December 31, 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)

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").

Below is a summary showing the classification and measurement bases of our financial instruments as at April 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.

# CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine months Ended December 31, 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)

##### **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.

##### **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 and Nine months Ended December 31, 2018  
(Expressed in Canadian Dollars, unless otherwise indicated)  
(Unaudited)

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## 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

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	As at December 31, 2018	As at March 31, 2018
Sales tax receivable - Canada	\$ 48,552	\$ 201,706
Other receivable	125,576	202,093
Prepaid expenses	600,728	51,257
	<b>\$ 774,856</b>	<b>\$ 455,056</b>

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## 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 nine months ended December 31, 2018, the Company loaned an additional US\$14,960,031 to I-5 Holdings Ltd. with the same terms as the original loan. As at December 31, 2018, Captor was owed a total of \$21,831,078 from I-5 Holdings Ltd.

## CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine months Ended December 31, 2018  
(Expressed in Canadian Dollars, unless otherwise indicated)  
(Unaudited)

### 5. OTHER INVESTMENTS

Other investments consists of shares held in publicly listed and private companies. The fair market value as at December 31, 2018, was \$1,557,840 (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>
Additions	525,000
Reclassification	1,223,083
Revaluation to fair market value	(3,127,000)
<b>Balance, December 31, 2018</b>	<b>\$ 1,557,840</b>

### 6. INVESTMENTS AT FAIR VALUE

The following table represents a continuity of investments at fair value:

Balance, March 31, 2017	\$ -
Additions	34,164,000
Revaluation to fair market value	10,417,734
<b>Balance, March 31, 2018</b>	<b>44,581,734</b>
Additions	51,322,420
Disposal	(26,323,836)
Revaluation to fair market value	(1,132,898)
<b>Balance, December 31, 2018</b>	<b>\$ 68,447,420</b>

(a) 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.

## CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine months Ended December 31, 2018  
(Expressed in Canadian Dollars, unless otherwise indicated)  
(Unaudited)

### 6. INVESTMENTS AT FAIR VALUE (Continued)

During the nine months ended December 31, 2018, the Company sold 5,851,611 shares for cash of \$24,672,737 and \$4,527,916 for the extinguishment of a loan owed by I-5 Holdings Ltd. to MedMen Enterprises resulting in a gain of \$(2,876,816).

Balance, March 31, 2017	\$ -
Additions	29,164,000
Revaluation to fair market value	7,917,734
<b>Balance, March 31, 2018</b>	<b>37,081,734</b>
Disposal	(26,323,836)
Revaluation to fair market value	(1,132,898)
<b>Balance, December 31, 2018</b>	<b>\$ 9,625,000</b>

As at December 31, 2018, the Company held 2,500,000 shares in MedMen Enterprises with a value of \$9,625,000 .

(b) 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 8,593,418 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 0.13 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 1,105,402 Captor Shares at an exercise price of \$5.00 per Captor Share and other common share purchase warrants of I-5 Holdings are exercisable into 187,545 Captor Shares at an exercise price of \$6.20 per Captor Share.

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

Issuance of 8,593,418 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, December 31, 2018</b>	<b>\$ 47,182,930</b>

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements Three and Nine months Ended December 31, 2018 (Expressed in Canadian Dollars, unless otherwise indicated) (Unaudited)

### 6. INVESTMENTS AT FAIR VALUE (Continued)

(c) On September 18, 2018, the Company provided a loan to Captor Acquisition Corp. ("Acquisition Corp."), a subsidiary of Captor, to facilitate the acquisition of Chai Cannabis Inc. ("Chai") for US\$6,015,000. Chai currently operates a fully adult use dispensary in Santa Cruz, California. The consideration of US\$6,015,000, was paid by US\$4,390,950 in cash (\$5,710,934), US\$721,800 (\$934,370) in the form of a promissory note and US\$902,250 (\$1,187,722) was paid by issuance of 383,135 shares of Captor.

(d) In December 2018, the Company advanced a further loan to Acquisition Corp. for the acquisition of the Higher Level of Care dispensary in Castroville, California. The purchase is conditional on the successful transfer of Higher Level's license to sell recreational cannabis. The total purchase price was US\$2,875,000 for the Castroville dispensary. Of the total purchase price, cash payment of US\$1,500,000 (\$1,930,689) and the remaining US\$1,375,000 (\$1,875,775) shall be paid pursuant to a promissory note, which has been issued for a term of one year at an interest rate of 9% compounded monthly. In addition, Acquisition Corp. will make a cash payment for the cannabis inventory owned by the company, which will be determined upon the closing of the deal.

### 7. SHARE CAPITAL

#### a) Authorized

Unlimited number of common shares with no par value.

#### b) Issued and outstanding

Effective October 3, 2018, the Company consolidated its common shares on a 20:1 basis. All references in the unaudited condensed interim consolidated financial statements have been adjusted to reflect this share consolidation.

	Number of shares	Amount
<b>Balance, March 31, 2017</b>	<b>6,607,067</b>	<b>\$ 21,618,953</b>
Common shares issued (i)	1,750,000	700,000
Units issued (ii)	7,605,000	7,605,000
Cost of issue - warrants	-	(3,042,000)
Cost of issue - cash	-	(460,166)
<b>Balance, December 31, 2017</b>	<b>15,962,067</b>	<b>\$ 26,421,787</b>
<b>Balance, March 31, 2018</b>	<b>30,171,452</b>	<b>\$ 65,735,076</b>
Common shares issued for acquisition of I-5 Holdings (Note 6(b))	8,593,418	39,682,930
Common shares issued for acquisition of Chai Cannabis Inc. (Note 6(c))	383,135	1,187,722
Common shares issued for acquisition of investment (Note 5)	187,500	525,000
Common shares issued for exercise of warrants	47,500	95,000
Fair value of warrants exercised	-	18,793
<b>Balance, December 31, 2018</b>	<b>39,383,005</b>	<b>\$ 107,244,521</b>

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements Three and Nine months Ended December 31, 2018 (Expressed in Canadian Dollars, unless otherwise indicated) (Unaudited)

### 7. SHARE CAPITAL (Continued)

(i) On October 23, 2017, the Company completed a non-brokered private placement of 1,750,000 common shares at \$0.40 per common share for gross proceeds of \$700,000. The common shares were subject to a hold period of four months and one day from the date of issue.

(ii) On December 11, 2017, the Company closed a non-brokered private placement of 7,605,000 units ("Units") at a price of 1.00 per Unit for gross proceeds of \$7,605,000. Each Unit consisted of one common share and one common share purchaser warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share for a price of \$2.00 for a period of 24 months from the date of issue. The common shares and Warrants were subject to a hold period of four months and one day from the date of issue.

The proceeds from the issuance of units were allocated between share capital and warrant reserve, with the fair value of the warrants of \$3,042,000 being allocated to warrant reserve and the remaining allocated to share capital. The fair value of the warrants was estimated using Black-Scholes pricing model with the following assumptions: share price \$3.00, dividend yield 0%, risk free interest rate 1.51%, volatility 110%, and an expected life 2 years.

### 8. 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</b>	-	\$ -
Issued (Note 7(b)(ii))	7,605,000	2.00
<b>Balance, December 31, 2017</b>	<b>7,605,000</b>	<b>\$ 2.00</b>
<b>Balance, March 31, 2018</b>	<b>14,709,692</b>	<b>\$ 3.93</b>
Issued for acquisition of I-5 Holdings (Note 6(b))	1,292,946	5.17
Exercised	(47,500)	2.00
<b>Balance, December 31, 2018</b>	<b>15,955,138</b>	<b>\$ 4.04</b>

The Company had the following warrants outstanding at December 31, 2018:

Number of Warrants	Exercise Price	Expiry Date
97,195	\$ 5.00	March 7, 2019
200,199	\$ 5.00	May 2, 2019
134,799	\$ 5.00	June 8, 2019
103,300	\$ 5.00	August 2, 2019
229,125	\$ 5.00	September 5, 2019
68,819	\$ 5.00	October 3, 2019
147,787	\$ 5.00	October 18, 2019
124,177	\$ 5.00	November 2, 2019
7,557,500	\$ 2.00	December 11, 2019
187,545	\$ 6.20	February 5, 2020
7,104,692	\$ 6.00	February 12, 2020
<b>15,955,138</b>	<b>\$ 4.04</b>	

# CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
 Three and Nine months Ended December 31, 2018  
 (Expressed in Canadian Dollars, unless otherwise indicated)  
 (Unaudited)

## 9. 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</b>	-	\$ -
Options granted (i)	210,000	2.00
<b>Balance, December 31, 2017</b>	<b>210,000</b>	<b>\$ 2.00</b>
<b>Balance, March 31, 2018</b>	210,000	\$ 2.00
Options granted (ii)	1,825,000	6.00
<b>Balance, December 31, 2018</b>	<b>2,035,000</b>	<b>\$ 5.59</b>

(i) On November 29, 2017, the Company granted an aggregate of 210,000 options to officers and directors of the Company. All stock options vested immediately and are exercisable at \$2.00 per common share for a period of 2 years. The fair value of \$239,400 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 110%; risk-free interest rate of 1.43% and an expected life of 2 years.

(ii) On August 8, 2018, the Company granted an aggregate of 1,825,000 options to officers, directors, employees and consultants of the Company. All stock options vested immediately and are exercisable at \$6.00 per common share for a period of 2 years. The fair value of \$2,518,500 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 110%; risk-free interest rate of 2.13% and an expected life of 2 years.

The Company had the following stock options outstanding at December 31, 2018:

Outstanding options	Exercisable options	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Expiry date
210,000	210,000	0.91	2.00	November 29, 2019
1,825,000	1,825,000	1.61	6.00	August 8, 2020
<b>2,035,000</b>	<b>2,035,000</b>	<b>1.53</b>	<b>5.59</b>	

## CAPTOR CAPITAL CORP.

Notes to Condensed Interim Consolidated Financial Statements  
 Three and Nine months Ended December 31, 2018  
 (Expressed in Canadian Dollars, unless otherwise indicated)  
 (Unaudited)

### 10. LOSS PER SHARE

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Net loss for the period	\$ (3,668,578)	\$ (933,308)	\$ (11,959,292)	\$ (5,201,720)
Net loss per share				
Basic	\$ (0.09)	\$ (0.10)	\$ (0.31)	\$ (0.68)
Diluted	\$ (0.09)	\$ (0.10)	\$ (0.31)	\$ (0.68)
Weighted average number of shares outstanding - basic and diluted	39,372,896	9,572,828	39,007,076	7,599,249

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

### 11. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Management and administrative services (Note 15) \$	60,999	\$ 81,999	\$ 1,030,807	\$ 245,997
Professional fees	640,151	100,510	2,241,690	101,333
Business advisory fees <sup>(1)</sup>	-	-	4,690,060	-
Office and administration	88,424	38,886	261,472	74,320
Travel expenses	28,539	22	166,283	3,196
Shareholders information	450,125	6,288	739,422	9,879
Regulatory fees	15,127	17,697	61,866	29,168
Share based compensation (Note 9)	-	239,400	2,518,500	239,400
Interest and penalty	-	5,412	-	23,553
Depreciation	-	2,458	3,896	7,372
	\$ 1,283,365	\$ 492,672	\$ 11,713,996	\$ 734,218

(1) Relates to advisory fees associated with the Company's key investment acquisitions.

### 12. 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 December 31, 2018, 118,353 GBP (C\$206,396) (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.

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements Three and Nine months Ended December 31, 2018 (Expressed in Canadian Dollars, unless otherwise indicated) (Unaudited)

### 13. 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.

### 14. 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 the United States.

As at December 31, 2018, cash of \$15,143,836 (March 31, 2018 - \$21,296,842) was held in Canadian chartered banks. Total assets were held as follows:

<b>As at December 31, 2018</b>	<b>Canada</b>	<b>Vietnam</b>	<b>South Africa</b>	<b>United States</b>	<b>Total</b>
Current assets	\$ 39,307,610	\$ 206,396	\$ -	\$ 68,447,420	\$107,961,426
<b>Total assets</b>	<b>\$ 39,307,610</b>	<b>\$ 206,396</b>	<b>\$ -</b>	<b>\$ 68,447,420</b>	<b>\$107,961,426</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	\$ -	\$ 44,581,734	\$ 70,829,281
Equipment	38,136	-	-	-	38,136
Other assets	-	-	1,223,083	-	1,223,083
<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 December 31, 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	\$ (123,867)	\$ (3,405)	\$ -	\$ (3,541,306)	\$ (3,668,578)

  

<b>Three Months Ended December 31, 2017</b>	<b>Canada</b>	<b>Vietnam</b>	<b>South Africa</b>	<b>United States</b>	<b>Total</b>
Net loss allocation for the period	\$ (264,318)	\$ (7,963)	\$ (661,027)	\$ -	\$ (933,308)

  

<b>Nine Months Ended December 31, 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	\$ (4,727,724)	\$ (16,443)	\$ -	\$ (7,215,125)	\$11,959,292)

  

<b>Nine Months Ended December 31, 2017</b>	<b>Canada</b>	<b>Vietnam</b>	<b>South Africa</b>	<b>United States</b>	<b>Total</b>
Net loss allocation for the period	\$ (336,959)	\$ (14,979)	\$ (4,849,782)	\$ -	\$ (5,201,720)

# CAPTOR CAPITAL CORP.

## Notes to Condensed Interim Consolidated Financial Statements Three and Nine months Ended December 31, 2018 (Expressed in Canadian Dollars, unless otherwise indicated) (Unaudited)

### 15. 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 December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Directors fees (i)	\$ 6,000	\$ 6,000	\$ 18,000	\$ 18,000
Alegana Enterprises Ltd. ("Alegana") (ii)	54,999	54,999	1,044,997	164,997
2249872 Ontario Ltd. (iii)	-	21,000	(32,190)	63,000
Marrelli Support Services Inc ("MSSI") (iv)	4,500	4,500	13,500	13,500
Alexander Dement'ev	15,000	-	45,000	-
Share based compensation	-	239,400	517,500	239,400
	\$ 80,499	\$ 325,899	\$ 1,606,807	\$ 498,897

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at December 31, 2018, is \$33,350 (March 31, 2018 - \$42,000) due to directors of the Company.

(ii) Alegana is a company controlled by Mr. John Zorbas, the President and Chief Executive Officer ("CEO") 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 December 31, 2018 is \$1,726,365 (March 31, 2018 - \$669,150) owing to Alegana.

(iii) 2249872 Ontario Ltd. is a company controlled by Henry Kloepper, the former CEO of Captor. The management fees to 2249872 Ontario Ltd. were 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. During the three and nine months ended December 31, 2018, the Company reversed over accruals of \$nil and \$32,190, respectively. Included in accounts payable and accrued liabilities at December 31, 2018 is \$nil (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 December 31, 2018 is \$2,500 (March 31, 2018 - \$8,042) owing to MSSI.

(v) Alexander Dement'ev, a director of Captor, was paid consulting fees for consulting services performed for the Company. Included in accounts payable and accrued liabilities at December 31, 2018 is \$5,660 (March 31, 2018 - \$nil) due to Alexander Dement'ev.

(vi) 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 and Nine months Ended December 31, 2018  
 (Expressed in Canadian Dollars, unless otherwise indicated)  
 (Unaudited)

## 16. 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:

As at December 31, 2018	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
Other investments	\$ 1,032,840	\$ -	\$ 525,000	\$ 1,557,840
Investments at fair value	-	-	68,447,420	68,447,420
	<b>\$ 1,032,840</b>	<b>\$ -</b>	<b>\$ 68,972,420</b>	<b>\$ 70,005,260</b>

(b) Fair values of financial assets and liabilities:

	December 31, 2018		March 31, 2018	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
<b>Loans and receivables</b>				
Cash and cash equivalents (i)	\$ 15,143,836	\$ 15,143,836	\$ 21,296,842	\$ 21,296,842
Amounts receivable (i)	125,576	125,576	202,093	202,093
Loan receivable	21,831,078	21,831,078	1,344,602	1,344,602
	<b>\$ 37,100,490</b>	<b>\$ 37,100,490</b>	<b>\$ 22,843,537</b>	<b>\$ 22,843,537</b>
<b>FVTPL</b>				
Other investments	\$ 1,557,840	\$ 1,557,840	\$ 2,936,757	\$ 2,936,757
Investment in URU Metals Limited	-	-	1,223,083	1,223,083
Investments at fair value	68,447,420	68,447,420	44,581,734	44,581,734
	<b>\$ 70,005,260</b>	<b>\$ 70,005,260</b>	<b>\$ 48,741,574</b>	<b>\$ 48,741,574</b>
<b>Other financial liabilities</b>				
Accounts payable and accrued liabilities (i)	\$ 2,386,986	\$ 2,386,986	\$ 1,426,375	\$ 1,426,375
Promissory notes	2,860,455	2,860,455	-	-
	<b>\$ 5,247,441</b>	<b>\$ 5,247,441</b>	<b>\$ 1,426,375</b>	<b>\$ 1,426,375</b>

(i) The carrying amounts of cash and cash equivalents, 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.

# **CAPTOR CAPITAL CORP.**

**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Nine months Ended December 31, 2018**  
**(Expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

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## **17. SUBSEQUENT EVENTS**

(i) On January 3, 2019, the Company announced that the CEO of the Company was issued 233,333 common shares at a deemed price of \$1.50 in lieu of receiving \$350,000 in deferred and unpaid salaries and bonuses.

(ii) On February 4, 2019, the Company announced the sale of its two MedMen branded retail operations in southern California to MedMen for USD\$31,255,353 pursuant to a stock purchase agreement entered into on January 9, 2019 (the "SPA"). Under the terms of the SPA, MedMen acquired all of the shares of ICH California Holdings, Ltd., a wholly owned subsidiary of Captor that held the ownership interests in both of its MedMen branded retail cannabis dispensaries. The purchase price was paid by MedMen with 9,736,870 of its Class B Subordinate Voting Shares at a deemed issue price of USD\$3.21 per share. Odyssey Trust Company is holding 701,368 Class B Subordinate Shares in escrow issued as part of the purchase price. Of the shares held in escrow, 350,634 shares will be released from escrow on the 6-month anniversary of the closing date, subject to these shares being used to offset any indemnifiable claims under the SPA that may arise, and 350,634 shares will be released on the earlier of (a) the 6-month anniversary of the closing date; and (b) the occurrence of specified other post-closing events. Additionally, 1,051,902 Class B Subordinate Voting Shares issued as part of the purchase price are contractually restricted from trading for a period of six months from the closing date.

The SPA replaces and supersedes the definitive purchase agreement entered into between Captor and MedMen for the sale of Captor's MedMen branded cannabis dispensary in Santa Ana, California for USD\$16,229,567, as announced on November 16, 2018. The Santa Ana location is included in the recently closed sale to MedMen.