CAPTOR CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Captor Capital Corp.:

Opinion

We have audited the consolidated financial statements of Captor Capital Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and March 31, 2018, and the consolidated statements of (loss) income and comprehensive (loss) income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Sandra Alison Solecki.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

November 4, 2019 — Licensed Public Accountants

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CAPTOR CAPITAL CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at March 31, 2019	As at March 31, 2018
Assets		
Current		
Cash and cash equivalents	$ **32,722,957**	$ 21,296,842
Amounts receivable and prepaid expenses (Note 7)	**1,796,080**	455,056
Loan receivable (Note 5)	**-**	1,344,602
Inventory	**950,430**	-
Investments at fair value (Note 10)	**31,241,882**	48,741,574
Prepaid deposit (Note 18)	**-**	214,290
	66,711,349	72,052,364
Investment in associate (Note 11)	**275,109**	-
Property and equipment (Note 8)	**1,252,706**	38,136
Goodwill (Note 9)	**7,146,211**	-
Intangibles (Note 9)	**6,060,463**	-
	$ **81,445,838**	$ 72,090,500
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 22)	$ **6,543,531**	$ 1,426,375
Other payables (Note 6)	**765,834**	-
Promissory note payable (Note 12)	**2,174,393**	-
Loans and notes payable (Note 12)	**11,180**	-
Income tax payable	**584,867**	-
	10,079,805	1,426,375
Loans and notes payable (Note 12)	**62,268**	-
Promissory note payable (Note 12)	**241,147**	-
Deferred tax liability (Note 19)	**1,808,442**	-
	12,191,662	1,426,375
Shareholders' Equity		
Share capital (Note 13)	**106,448,007**	65,735,076
Warrants reserve (Note 14)	**18,889,485**	16,379,014
Contributed surplus (Note 15)	**10,171,060**	8,130,710
Accumulated other comprehensive loss	**(271,348)**	-
Deficit	**(65,983,028)**	(19,580,675)
	69,254,176	70,664,125
	$ **81,445,838**	$ 72,090,500

NATURE OF OPERATIONS (Note 1)
SUBSEQUENT EVENT (Note 25)

APPROVED ON BEHALF OF THE BOARD:

Signed *"John Zorbas "*, Director　　Signed *"Kyle Appleby"*, Director

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

CAPTOR CAPITAL CORP.
Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
(Expressed in Canadian Dollars)

	Years Ended March 31, 2019	2018
Sales, net of excise tax	**$ 5,865,687**	$ -
Cost of sales	**4,246,331**	-
Gross profit	**1,619,356**	-
Expenses		
General and administrative expenses (Note 17)	**18,303,404**	1,436,459
Foreign exchange gain	**(1,554,250)**	(67,921)
Interest income	**(123,312)**	-
Write down of receivables	**136,610**	-
Amortization of intangible assets	**228,755**	-
Total expenses	**(16,991,207)**	(1,368,538)
Net loss for the year before other items:	**(15,371,851)**	(1,368,538)
Unrealized (loss) gain on investments at fair value	**(4,264,939)**	2,649,543
Unrealized gain in investment in I-5 Holdings Ltd.	**-**	2,500,000
Equity loss pick-up (Note 11)	**(383,550)**	-
Realized gain on investments at fair value	**389,161**	-
Loss on settlement of debt	**(237,650)**	-
Loss on disposition of subsidiary (Note 10)	**(26,244,153)**	-
Net income (loss) before income taxes	**(46,112,982)**	3,781,005
Income tax expense (Note 19)	**(323,084)**	-
Net income (loss)	**(46,436,066)**	3,781,005
Other comprehensive (loss) income		
Items that may be reclassified subsequently:		
Share of loss from investment in associate (Note 11)	**(242,351)**	-
Foreign currency translation adjustment	**(28,997)**	-
	(271,348)	-
Comprehensive (loss) income for the year	**$ (46,707,414)**	$ 3,781,005
(Loss) income per share - basic (Note 16)	**$ (1.23)**	$ 0.33
(Loss) income per share - diluted (Note 16)	**$ (1.23)**	$ 0.32

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

CAPTOR CAPITAL CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years Ended March 31, 2019	2018
Cash (used in) provided by:		
Operating Activities		
Net (loss) income for the year	**$(46,436,066)**	$ 3,781,005
Stock based compensation expense	**2,040,350**	174,720
Loss on settlement of debt	**237,650**	-
Unrealized loss on other investments	**4,264,939**	(2,649,543)
Equity loss on investment in associate	**383,550**	-
Unrealized gain in investments in I-5 Holdings	**-**	(2,500,000)
Loss on disposition of subsidiary	**26,244,153**	-
Depreciation and amortization	**283,864**	9,829
Write-off of equipment	**38,136**	-
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	**(722,242)**	(246,193)
Current tax payable	**394,395**	-
Loan receivable	**-**	(1,344,602)
Accounts payable and accrued liabilities	**5,360,159**	456,687
Inventory	**(397,700)**	
Prepaid deposit	**214,290**	(17,232)
	(8,094,522)	(2,335,329)
Financing activities		
Issue of common shares and units, net of issue costs	**-**	60,020,137
Repurchase of shares	**(60,235)**	-
Exercise of warrants	**95,000**	-
	34,765	60,020,137
Investing Activities		
Additions to property and equipment	**(214,110)**	**-**
Repayments of loans and notes payable	**(250,882)**	**-**
Purchase of Chai Cannabis Inc.	**(5,969,339)**	-
Purchase of Higher Level of Care	**(1,384,207)**	-
Purchase of investments at fair value	**(16,962,601)**	(36,414,000)
Proceeds of investments at fair value	**44,191,260**	**-**
	19,410,121	(36,414,000)
Effect of exchange rate changes on cash	**75,751**	**-**
Change in cash and cash equivalents	**11,426,115**	21,270,808
Cash and cash equivalents, beginning of year	**21,296,842**	26,034
Cash and cash equivalents, end of year	**$ 32,722,957**	$ 21,296,842

SUPPLEMENTAL INFORMATION:

Units issued for loan payable and accrued interest	**$ -**	$ 475,000
Units issued for finders fees	**$ -**	$ 1,538,140
Interest received	**$ 123,312**	$ **-**
Interest paid	**$ 12,151**	$ **-**

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

CAPTOR CAPITAL CORP.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital	Warrant Reserve	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, March 31, 2017	**$ 21,618,953**	**$ -**	**$ 7,955,990**	**$ -**	**$ (23,361,680)**	**$ 6,213,263**
Common shares issued for private placement	700,000	-	-	-	-	700,000
Units issued for private placement	63,204,997	-	-	-	-	63,204,997
Finders fees	1,237,540	-	-	-	-	1,237,540
Issuance of warrants	(16,078,414)	16,078,414	-	-	-	-
Cost of issue - cash	(3,409,860)	-	-	-	-	(3,409,860)
Cost of issue - finders fees	(1,538,140)	300,600	-	-	-	(1,237,540)
Share based compensation	-	-	174,720	-	-	174,720
Net income for the year	-	-	-	-	3,781,005	3,781,005
Balance, March 31, 2018	**65,735,076**	**16,379,014**	**8,130,710**	**-**	**(19,580,675)**	**70,664,125**
Common shares issued for the acquisition of I-5 Holding Ltd. (note 10(b))	38,670,685	2,529,264	-	-	-	41,199,949
Common shares issued for acquisition of Chai Cannabis Inc. (note 6(a))	1,149,408	-	-	-	-	1,149,408
Common shares issued for acquisition of Mellow Extracts LLC (note 6(c))	525,000	-	-	-	-	525,000
Common shares issued for exercise of warrants	113,793	(18,793)	-	-	-	95,000
Common shares issued for settlement of debt	347,993	-	-	-	-	347,993
Share repurchase	(93,948)	-	-	-	33,713	(60,235)
Share based compensation	-	-	2,040,350	-	-	2,040,350
Net comprehensive loss for the year	-	-	-	(271,348)	(46,436,066)	(46,707,414)
Balance, March 31, 2019	**$ 106,448,007**	**$ 18,889,485**	**$ 10,171,060**	**$ (271,348)**	**$ (65,983,028)**	**$ 69,254,176**

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 primary office is located at 4 King Street West, Suite 401, Toronto, Ontario, M5H 1B6, Canada.

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

The Company was a cannabis focused investment and merchant banking company. During the year ended March 31, 2019, the Company made certain acquisitions in the cannabis industry (Note 6) and changed its strategy. Effective August 3, 2018, the Company was deemed to be an operating company engaged in the retail sale of cannabis products.

The consolidated financial statements were approved by the Board of Directors on November 4, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statement have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended March 31, 2019.

(b) Basis of presentation

These consolidated financial statement have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss. In addition, these consolidated financial statement have been prepared using the accrual basis of accounting except for cash flow information.

Effective August 3, 2018, the Company made certain acquisitions in the cannabis industry (Note 6) and changed its strategy and as such transitioned from reporting requirements applicable to it as an investment entity ("Investment Entity Reporting") under IFRS 10: Consolidated Financial Statements.

The resulting financial reporting change was significant to the Company. Effective August 3, 2018, the Company recognized Captor Acquisition Corp. and I-5 Holdings Ltd. and their respective subsidiaries as controlled entities and consolidated their respective financial accounts with those of the Company. This resulted in the introduction of the assets and liabilities of Captor Acquisition Corp. and I-5 Holdings Ltd. and their respective subsidiaries to the Consolidated Statements of Financial Position of the Company. All the income and expenses of Captor Acquisition Corp. and I-5 Holdings Ltd. and their respective subsidiaries are reported on the Company's Consolidated Statements of Loss and Comprehensive Loss. Previously, Captor Acquisition Corp. and I-5 Holdings Ltd. were accounted for as investments at fair value. The remaining investments (all equity investments) of the Company continue to be accounted for as investments at fair value through profit and loss.

In the preparation of these consolidated financial statement, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(q).

(Expressed in Canadian Dollars, unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation

The Company was a cannabis focused investment and merchant banking company which accounted for its investments at fair value, but effective August 3, 2018 was deemed to be a operating company engaged in the sale of cannabis products and the consolidated financial statements for the year ended March 31, 2019 include the consolidated accounts of the Company and its subsidiaries from August 3, 2019 onwards.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity.

The Company uses the acquisition method of accounting to account for business combinations. The fair value of the acquisition of a subsidiary is based on the fair value of the assets acquired, the liabilities assumed, and the fair value of the consideration. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. The excess, if any, of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill.

Subsidiaries are consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows for the Company and its subsidiaries after eliminating inter-entity balances and transactions.

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

		Ownership	
Name	**Place of incorporation**	**March 31, 2019**	**March 31, 2018**
Captor Capital Corp.	Ontario, Canada	100%	100%
Captor Acquisition Corp.	Delaware, USA	100%	N/A
Chai Cannabis Co. Inc.	California, USA	100%	N/A
Higher Level of Care	California, USA	100%	N/A
Captor Cash Management Inc.	California, USA	100%	N/A
CAC Consumer Services LLC	Delaware, USA	100%	N/A
CAC Consumer Group LLC	California, USA	100%	N/A
Mellow Extracts LLC	California, USA	100%	N/A
Fesanta Investments Ltd.	Republic of Cyprus	100%	N/A
I-5 Holdings Ltd.	B.C, Canada	100%	21%
ICH Holdings Ltd.	Washington, USA	100%	21%
ICH Washington Holdings Ltd.	Washington, USA	100%	21%
ICH California Holdings Ltd.	California, USA	N/A	21%
Northwest Minerals Mexico, S.A. de C.V.	Mexico	100%	100%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in the associates are initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associates. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Company. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Due to the change of the Company from an investment company that accounts for its investments at fair value to an operating company, from August 3, 2018, the Company started to account for its investment in URU Metals Limited as an investment in associates using the equity method.

(e) 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 consolidated 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").

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).

Classification	**IAS 39**	**IFRS 9**
Cash and cash equivalents	FVTPL	FVTPL
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Investments	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Other payables	Other financial liabilities (amortized cost)	Amortized cost
Loans and notes payable	Other financial liabilities (amortized cost)	Amortized cost

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) IFRS 9, Financial Instruments (continued)

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.

The Company's cash and cash equivalents and investment at fair value are classified at 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 amounts receivable 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 and loans and notes payable 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) IFRS 9, Financial Instruments (continued)

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 consolidated 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.

(f) Impairment of assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of (loss) income.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Inventory

Inventory consists primarily of cannabis and related merchandise for resale and is valued at the lower of cost, determined using the weighted average method, and net realizable value. Net realizable value is the estimated selling price net of estimated discounts. Writedowns to net realizable value may be reversed in a subsequent period if circumstances that previously caused a writedown no longer exist.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the following terms and methods starting from the date it is available for use:

Computers	Straight-line 3 years
Furniture and fixtures	Straight-line 5 years
Cannabis equipment	Straight-line 5 years
Leasehold improvements	Straight-line over lease term
Vehicles	Straight-line 5 years

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of loss and comprehensive loss in the period the asset is derecognized.

Significant judgment is involved in the determination of estimated residual values and useful lives and no assurance can be given that actual residual values and useful lives will not differ significantly from current estimates.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted if appropriate.

(i) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is calculated on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Customer relationships	Straight-line 5 years
Tradenames	Straight-line 5 years

Licenses are considered to have an indefinite life and are not amortized.

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

(j) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of intangible assets and goodwill

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

Goodwill and indefinite life intangible assets are tested annually at March 31, 2019 for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is allocated to CGUs or groups of CGU's for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arose, which requires the use of judgment.

An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on a fair value less costs of disposal. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior period. Impairment losses on goodwill are not subsequently reversed.

(l) Revenue recognition

Revenue is generated from sales to customers through retail stores for cannabis. Revenue from retail sales is recognized at the point of sale.

The IASB replaced IAS 18 Revenue in its entirety with IFRS 15 Revenue from Contracts with Customers. The Company adopted IFRS 15 using the modified retrospective approach, where the cumulative impact of adoption was required to be recognized in retained earnings as of April 1, 2018 and comparatives were not required to be restated.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which requires judgment. The model features the following five-step contract-based analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

In accordance with IFRS 15, revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment is typically due prior to shipment and is recognized into revenue upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer.

The adoption of this new standard had no material impact on the amounts recognized in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

(n) Foreign currency translation

The Canadian dollar is the presentation currency of the Company. The functional currencies of the Company and its subsidiaries are as follows:

Name	Functional currency
Captor Capital Corp.	Canadian dollar
Captor Acquisition Corp.	US Dollar
Chai Cannabis Co. Inc.	US Dollar
Higher Level of Care	US Dollar
Captor Cash Management Inc.	US Dollar
CAC Consumer Services LLC	US Dollar
CAC Consumer Group LLC	US Dollar
Mellow Extracts LLC	US Dollar
Fesanta Investments Ltd.	US Dollar
I-5 Holdings Ltd.	Canadian Dollar
ICH Holdings Ltd.	US Dollar
ICH Washington Holdings Ltd.	US Dollar
ICH California Holdings Ltd.	US Dollar
Northwest Minerals Mexico, S.A. de C.V.	Mexican Peso

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities not denominated in the functional currency are translated at the period end rates of exchange. Foreign exchange gains and losses are recognized in the statements of (loss) income and comprehensive (loss) income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share-based payments

The Company operates a stock option plan under which it receives services from employees, and others providing similar services, as consideration for equity instruments of the Company.

Stock options granted are settled with shares of the Company when exercised. The expense is determined based on the fair value of the award granted and recognized over the period which services are received, which is usually the vesting period. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the statements of (loss) income and comprehensive (loss) income.

(p) Earnings per share

The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

(q) Critical accounting estimates and judgments

The preparation of the consolidated financial statement 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 statement also requires management to exercise judgment in the process of applying the accounting policies.

i) Critical judgments in applying accounting policies

Determination of functional currency - foreign currency translation under IFRS requires each entity to determine its own functional currency, which becomes the currency that entity measures its results and financial position in. Judgment is necessary in assessing each entity’s functional currency. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour material and other costs for each consolidated entity.

Fair value of investment in securities not quoted in an active market or private company investments - where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. As valuations of investments for which market quotations are not readily available are inherently uncertain, determination of fair value may differ materially from the values that would have resulted if a ready market existed.

Estimated useful lives, impairment considerations and amortization of property, plant and equipment - amortization of property, plant and equipment is dependent upon estimates of useful lives based on management’s judgment.

Estimated useful lives, impairment considerations and amortization of goodwill and intangibles - amortization of intangible assets is dependent upon estimates of useful lives based on management’s judgment. There is a material degree of judgment with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Critical accounting estimates and judgments (continued)

Share-based compensation - the fair value of share-based compensation expenses are estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options granted.

Acquisition date asset values - allocation of assets acquired in asset acquisitions and business combinations often requires management to make assumptions and estimates about the fair value of those assets at the acquisition date.

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 becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

(r) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(s) Investments

The Company carries its investments at fair value as financial assets at FVTPL. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to investments are not included as part of the cost of the investment and are recorded as an expense in the statements of income and comprehensive income. Purchases and sales of investments are accounted for on a trade-date basis. Subsequent to initial recognition, for the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange on which the investment is traded.

In the absence of an active market, the fair value is determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. Investments in options and warrants that are not traded on a recognized securities exchange do not have readily available market values. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the options and warrants are valued using valuation techniques using inputs from recent financings, trends in comparable publicly traded companies and general market conditions or using discounted cash flow method.

The Company also incurs costs to investigate certain early stage and other potential investment opportunities to determine whether an investment will be made. These costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue recognition on investments

Investment transactions are recorded on a trade-date basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the fair value of the investments are reflected in the statements of income and comprehensive income.

Interest and loan income is recorded on an accrual basis when reasonable assurance exists regarding measurement and collectibility.

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")

In January 2016, the IASB issued IFRS 16 *Leases*, which will replace IAS 17 *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset's value is insignificant. 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. Lessors will continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17, Leases.

Management is currently executing its implementation plan and has completed the initial scoping phase to identify material lease contracts. However, the analysis of such contracts to quantify the transitional impact is still in progress. The most significant impact of IFRS 16 will be our initial recognition of the present value of unavoidable future lease payments as right-of-use assets under property and equipment and the concurrent recognition of a lease liability on the consolidated statement of financial position. The majority of our property leases, which are currently treated as operating leases, are expected to be impacted by the new standard which will result in lower rent expense, higher depreciation expense and higher finance costs related to accretion and interest expense of the lease liability. IFRS 16 will also impact the presentation of the consolidated statement of cash flows by decreasing operating cash flows and increasing financing cash flows.

The standard will be effective for the Company for the fiscal year commencing April 1, 2019. For leases where the Company is the lessee, it has the option of adopting a fully retrospective approach or a modified retrospective approach on transition to IFRS 16. The Company will be adopting the modified retrospective approach. The modified retrospective approach applies the requirements of the standard retrospectively with the cumulative effects of initial application recorded in opening deficit (i.e. the difference between the right-of-use asset and the lease liability) as at April 1, 2019 and no restatement of the comparative period. Under the modified retrospective approach, the Company will measure all right-of-use assets retrospectively as if the standard had been applied since the lease commencement dates. Consistent with the guidance, the Company will not apply this standard to short-term leases and leases for which the underlying asset is of low value.

3. CAPITAL 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 pursuit of accretive acquisitions; 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 industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserve and deficit which at March 31, 2019 totaled $69,254,176 (2018 - $70,664,125). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on activities related to its investments. Selected information is frequently provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2019.

4. FINANCIAL RISK FACTORS

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with reputable financial institutions. Amounts receivable are in good standing as of March 31, 2019. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is minimal.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2019, the Company had a cash balance of $32,722,957 (2018 - $21,296,842) to settle current liabilities of $10,079,805 (2018 - $1,426,375). The Company generates cash flow primarily from its financing activities and management is of the opinion that additional funding is available to allow the Company to meet its financial obligations when they become due. While it has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future. All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

4. FINANCIAL RISK FACTORS (continued)

Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and at interest bearing debt at fixed interest rates. The Company considers interest rate risk to be immaterial.

(ii) Foreign Currency Risk

Foreign currency risk arises from commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Company maintains United States dollar bank accounts and pays certain expenses in United States dollars. The Company's reporting currency is the Canadian dollar and it is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars.

(iii) Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors commodity prices, individual equity movements and the stock market in general to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period. The sensitivity analysis shown in the notes below may differ materially from actual results.

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and accounts payable and accrued liabilities that are denominated in United States dollars. As at March 31, 2019, had the United States dollar varied by 5% against the Canadian dollar with all other variables held constant, the Company's reported net income and comprehensive income for the year ended March 31, 2019 would have varied by approximately $482,000.

(ii) The Company's investments are sensitive to an estimated plus or minus 10% change in equity prices which would affect net income and comprehensive income by approximately $3,124,000.

5. 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 was to be repaid on March 5, 2019. During the year ended March 31, 2019, due to the change of the Company's status from an investment company to an operating company, the Company has consolidated the accounts of I-5 and the loans to I-5 have been eliminated upon consolidation.

(Expressed in Canadian Dollars, unless otherwise indicated)

6. BUSINESS ACQUISITIONS

(a) In August 2018, through its subsidiary Captor Acquisition Corp. (“Acquisition Corp.”), the Company completed the acquisition of all of the issued and outstanding shares of Chai Cannabis Inc. ("Chai") for US$6,015,000. Chai operates a fully adult use dispensary in Santa Cruz, California. The Company acquired Chai to expand its operations into the retail distribution of cannabis products in the emerging legal cannabis sector.

The acquisition was accounted for accordance with *IFRS 3 Business Combinations*. Accordingly, the acquisition of Chai is accounted at the fair value of the equity instruments issued plus the cash paid. The excess of consideration over the net assets acquired has been recorded as goodwill.

The fair value of the consideration is as follows:

Issuance of 383,136 common shares	$	1,184,867
Cash		5,816,521
Promissory note		860,408
Present value of escrow		131,460
Total consideration	$	7,993,256

The consideration has been allocated as follows:

Current assets	$	404,589
Tradename		551,712
Customer relationship		689,640
Licenses		2,311,936
Goodwill		5,286,152
Tax payable		(190,472)
Deferred tax liability		(1,060,301)
	$	7,993,256

Goodwill arising from the acquisition represents expected synergies, future income and growth, and other intangibles that do not qualify for separate recognition.

For the year ended March 31, 2019, Chai accounted for $4,247,160 in sales and $602,725 in net loss since the August 13, 2018 acquisition date.

(b) In December 2018, the Company acquired all of the issued and outstanding shares of the Higher Level of Care dispensary ("Higher Level") in Castroville, California operating as Chai Castroville. The total purchase price was US$2,875,000 for the Castroville dispensary. The purchase price shall be satisfied by a, cash payments of US$1,500,000 ($2,016,581) and the remaining US$1,375,000 ($1,777,687) 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. made a cash payment for the cannabis inventory owned by the company, which was determined upon the closing of the deal. The Company acquired Higher Level to further expand its operations into the retail distribution of cannabis products in the emerging legal cannabis sector.

The acquisition was accounted for accordance with *IFRS 3 Business Combinations*. Accordingly, the acquisition of Higher Level is accounted at the fair value of the cash paid and inventory received. The excess of consideration over the net assets acquired has been recorded as goodwill.

(Expressed in Canadian Dollars, unless otherwise indicated)

6. BUSINESS ACQUISITIONS (continued)

The fair value of the consideration is as follows:

Cash	$	1,250,747
Other payable		765,834
Promissory note		1,777,687
Present value of escrow		133,460
Total consideration	$	3,927,728

The consideration has been allocated as follows:

Current assets	$	148,141
Tradename		774,068
Customer relationship		333,650
Licenses		1,628,212
Goodwill		1,860,059
Deferred tax liability		(816,402)
	$	3,927,728

Goodwill arising from the acquisition represents expected synergies, future income and growth, and other intangibles that do not qualify for separate recognition. This dispensary provides our customers with more access to our Chai branded stores.

For the year ended March 31, 2019, Higher Level accounted for $1,618,527 in sales and $198,039 in net loss since the December 14, 2018 acquisition date.

(c) In September 2018, the Company acquired Mellow Extracts, LLC ("Mellow") in Costa Mesa, California. The Company acquired 100% of the membership interests of Mellow for 187,500 common shares. The Company acquired Mellow to expand its operations into the production of edible and vape pen cannabis products for distribution in its existing dispensaries.

The acquisition did not meet the definition of a business combination and was accounted for as an asset acquisition. Accordingly, the acquisition of Mellow is accounted at the fair value of the equity instruments.

The fair value of the consideration is as follows:

Issuance of 187,500 common shares	$	525,000
Total consideration	$	525,000

The consideration has been allocated as follows:

Property and equipment		525,000
	$	525,000

For the year ended March 31, 2019, Mellow accounted for $nil in sales and $691,432 in net loss since the December 14, 2018 acquisition date.

(Expressed in Canadian Dollars, unless otherwise indicated)

7. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	As at March 31, 2019	As at March 31, 2018
Sales tax receivable - Canada	**$ 87,474**	$ 201,706
Accounts receivable	**71,866**	-
Other receivables [1]	**699,673**	202,093
Prepaid expenses and deposits	**937,067**	51,257
	$ 1,796,080	$ 455,056

[1] During the year ended March 31, 2019, the Company deemed that $136,610 of receivables was uncollectible and wrote down receivables by that amount.

8. PROPERTY AND EQUIPMENT

	Computer	Furniture and fixtures	Field equipment	Cannabis equipment	Leasehold improvements	Vehicles	Total
Cost							
At March 31, 2017 and 2018	**$ 44,906**	**$ 95,924**	**$ 57,365**	**$ -**	**$ -**	**$ -**	**$ 198,195**
Addition during the year	13,331	-	-	129,614	47,043	101,107	291,095
Additions from acquisitions	-	-	-	369,023	155,977	-	525,000
Additions from consolidation of I-5 Holdings	-	-	-	-	506,880	48,081	554,961
Impairment	(44,906)	(95,924)	(57,365)	-	-	-	(198,195)
At March 31, 2019	**$ 13,331**	**$ -**	**$ -**	**$ 498,637**	**$ 709,900**	**$ 149,188**	**$ 1,371,056**
Accumulated depreciation							
March 31, 2017	**$ 42,544**	**$ 66,753**	**$ 40,933**	**$ -**	**$ -**	**$ -**	**$ 150,230**
Depreciation expense	709	5,834	3,286	-	-	-	9,829
At March 31, 2018	**$ 43,253**	**$ 72,587**	**$ 44,219**	**$ -**	**$ -**	**$ -**	**$ 160,059**
Depreciation expense	1,451	-	-	-	98,883	18,016	118,350
Impairment	(43,253)	(72,587)	(44,219)	-	-	-	(160,059)
At March 31, 2019	**$ 1,451**	**$ -**	**$ -**	**$ -**	**$ 98,883**	**$ 18,016**	**$ 118,350**
Carrying value							
At March 31, 2018	**$ 1,653**	**$ 23,337**	**$ 13,146**	**$ -**	**$ -**	**$ -**	**$ 38,136**
At March 31, 2019	**$ 11,880**	**$ -**	**$ -**	**$ 498,637**	**$ 611,017**	**$ 131,172**	**$ 1,252,706**

(Expressed in Canadian Dollars, unless otherwise indicated)

9. GOODWILL AND INTANGIBLES

	Licenses	Customer relationship	Tradename	Total Intangibles	Goodwill
Cost					
At March 31, 2017 and 2018	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Acquisition of Chai	2,311,936	689,640	551,712	3,553,288	5,286,152
Acquisition of Higher Level	1,628,212	333,650	774,068	2,735,930	1,860,059
At March 31, 2019	**$ 3,940,148**	**$ 1,023,290**	**$ 1,325,780**	**$ 6,289,218**	**$ 7,146,211**
Accumulated amortization					
At March 31, 2017 and 2018	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Amortization	-	103,589	125,166	228,755	-
At March 31, 2019	**$ -**	**$ 103,589**	**$ 125,166**	**$ 228,755**	**$ -**
Carrying value					
At March 31, 2018	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
At March 31, 2019	**$ 3,940,148**	**$ 919,701**	**$ 1,200,614**	**$ 6,060,463**	**$ 7,146,211**

10. INVESTMENTS AT FAIR VALUE

Other investments consists of shares held in publicly listed and private companies.

	Level 1	Level 1	Level 3	Level 2	
	MedMen Enterprises (a)	**Other investment (Public)**	**Other investment (Private)**	**I-5 Holdings (b)**	**Total**
At March 31, 2017	**$ -**	**$ 7,178,031**	**$ -**	**$ -**	**$ 7,178,031**
Additions (disposal)	29,164,000	2,250,000	-	5,000,000	36,414,000
Revaluation to fair market value	7,917,734	(5,268,191)	-	2,500,000	5,149,543
At March 31, 2018	**37,081,734**	**4,159,840**	**-**	**7,500,000**	**48,741,574**
Additions (disposal)	(5,639,278)	88,374	733,246	41,199,646	36,534,846
Revaluation to fair market value	(1,942,669)	(2,000,199)	(16,083)	-	(4,111,809)
Reclassified as subsidiary	-	-	-	(48,699,646)	(48,699,646)
Transfer to investment in associate	-	(1,223,083)	-	-	(1,223,083)
At March 31, 2019	**$ 29,499,787**	**$ 1,024,932**	**$ 717,163**	**$ -**	**$ 31,241,882**

Within Level 3, the Company includes non-public company investments. The key assumptions used in the valuation of these instruments include the value at which a recent financing was done by the investee and company-specific information.

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.

10. INVESTMENTS AT FAIR VALUE (continued)

(a)(continued) 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.

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 (the "SPA") entered into on January 9, 2019. 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 701,268 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.

During the year ended March 31, 2019, the Company sold 10,893,411 shares for cash of $44,191,260 and $4,527,916 for the extinguishment of a loan owed by I-5 Holdings to MedMen Enterprises resulting in a gain of $237,650. As at March 31, 2019, the Company held 7,195,070 shares in MedMen Enterprises with a value of $29,499,787.

(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.

(Expressed in Canadian Dollars, unless otherwise indicated)

10. INVESTMENTS AT FAIR VALUE (continued)

The fair value of the investment in I-5 Holdings prior to the Company no longer qualifying as an Investment Entity was calculated as follows:

Issuance of 8,593,418 common shares	$ 39,682,930
Issuance of 1,292,946 warrants	1,516,716
Cash	5,000,000
Total consideration	**46,199,646**
Revaluation to fair market value	2,500,000
Total value	**$ 48,699,646**

As at March 31, 2018, investments at fair value included the investment in I-5 Holdings. During the year ended March 31, 2019, the Company changed its status from an investment company to an operational company and therefore its investment in I-5 Holdings was eliminated upon consolidation with the accounts of I-5 Holdings.

11. INVESTMENT IN ASSOCIATE

As at March 31, 2019, 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.

Effective August 3, 2018, the Company redesignated its investment in URU from an investment carried at fair value to an investment in associate accounted for using the equity method due to the change of Captor's status from an investment company to an cannabis operational company.

The following is a summary of the Company's investment in URU:

Investment as at March 31,2018	$ 1,223,083
Fair value adjustment to August 3, 2018	(322,073)
Captor's share of loss and comprehensive loss from August 4, 2018 to March 31, 2019	(625,901)
Investment as at March 31, 2019	$ 275,109

The following is a summary of financial information of URU for the periods presented based on the latest publicly available information. The numbers have not been pro-rated for the Company's ownership interest:

Statement of financial position as at March 31, 2019	
Cash and cash equivalents	$ 634,772
Other current assets	85,523
Non-current asset	3,414,405
Current liabilities	1,548,844

(Expressed in Canadian Dollars, unless otherwise indicated)

11. INVESTMENT IN ASSOCIATE (continued)

Statement of comprehensive loss from August 4, 2018 to March 31, 2019

Depreciation	$	24,674
Net loss		2,526,681
Other comprehensive loss		1,596,515
Total comprehensive loss		4,123,196

12. LOANS AND NOTES PAYABLE

(i) During the year ended March 31, 2019, the Company borrowed certain auto loans for the purchase of vehicles. The table below is a summary of the continuity of the auto loans:

		As at March 31, 2019
Balance, beginning of the year	$	-
Addition		75,618
Interest expenses		1,491
Repayments		(5,028)
Impact of foreign exchange		1,368
Balance, end of the year	$	73,449
Current portion	$	11,180
Non-current portion	$	62,268

The terms of the auto loans are are follows: principal: US$57,658, annual interest rate: 5.84% - 6.19%, maturity: November 25, 2024 and annual repayment: US$11,501 in monthly installments.

(ii) During the year ended March 31, 2019, the Company issued a promissory note payable to Chris Morganelli in the amount of US$721,800 for the purchase of Chai Santa Cruz store and issued a note payable to Salvatore Palma in the amount of US$1,375,000 for the purchase of Higher Level of Care store. The table below is a summary of the continuity of the promissory notes payable:

March 31, 2019		**Chris Morganelli**		**Salvatore Palma**		**Total**
Balance, beginning of the year	$	-	$	-	$	-
Addition		858,612		1,780,111		2,784,122
Interest expenses		9,198		-		9,198
Repayments		(245,854)		-		(245,854)
Impact of foreign exchange		13,473		-		13,473
Balance, end of the year	$	635,429	$	1,780,111	$	2,415,540
Current portion	$	394,282	$	1,780,111	$	2,174,393
Non-current portion	$	241,147	$	-	$	241,147

The terms of the note payable to Chris Morganelli are are follows: principal: US$721,800, annual interest rate: 2%, maturity: September 8, 2020 and annual repayment: US$360,900 in monthly installments.

The terms of the note payable to Salvatore Palma are are follows: principal: US$1,375,000, annual interest rate: 9%, maturity: January 2, 2020 and annual repayment: US$687,500 in semi-annual installments.

(Expressed in Canadian Dollars, unless otherwise indicated)

13. 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 consolidated financial statements have been adjusted to reflect this share consolidation.

	Number of shares		Amount
Balance, March 31, 2017	**6,607,067**	**$**	**21,618,953**
Common shares issued (i)	1,750,000		700,000
Units issued (ii)(iii)	21,505,000		63,204,997
Finders units (iii)	309,385		1,237,540
Cost of issue - warrants	-		(16,078,414)
Cost of issue - cash	-		(3,409,860)
Cost of issue - finders fees	-		(1,538,140)
Balance, March 31, 2018	**30,171,452**	**$**	**65,735,076**
Common shares issued for acquisition of I-5 Holdings (Note 10(b))	8,593,418		38,670,685
Common shares issued for acquisition of Chai Cannabis Inc. (note 6(c))	383,136		1,149,408
Common shares issued for acquisition of Mellow Extracts LLC (note 6(c))	187,500		525,000
Common shares issued for settlement of debt (iv)	233,133		338,043
Common shares issued for services (v)	5,000		9,950
Common shares issued for exercise of warrants	47,500		95,000
Fair value of warrants exercised	-		18,793
Share repurchase (vi)	(34,500)		(93,948)
Balance, March 31, 2019	**39,586,639**	**$**	**106,448,007**

(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 $3,008,909 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.

13. SHARE CAPITAL (Continued)

(iii) On February 12, 2018, the Company closed a non-brokered offering of units of Captor ("Units") at a price of $4.00 per Unit. The Company issued 13,899,999 Units for total gross proceeds of $55,599,997. Each Unit was comprised of one common share of Captor and one half of one common share purchase warrant (each whole common share purchase a “Warrant”). Each Warrant entitles the holder to acquire one common share of Captor at a price of $6.00 for a period of two years from the date of issue. The securities issued were subject to a four-month hold period from the date of issue, in accordance with applicable securities laws.

The proceeds from the issuance of units were allocated between share capital and warrant reserve, with the fair value of the Warrants of $13,069,505 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 $7.40, dividend yield 0%, risk free interest rate 1.51%, volatility 110%, and an expected life 2 years.

In connection with the offering, Canaccord Genuity Corp. and Maven Capital Inc. received advisory fees of $1,550,000 which were paid $312,500 in cash and issuance of 309,385 Units with the same terms as the offering. A fair value of $300,600 for the 3,093,850 Warrants was estimated using Black-Scholes pricing model with the following assumptions: share price $7.40, dividend yield 0%, risk free interest rate 1.51%, volatility 110%, and an expected life 2 years.

(iv) On January 3, 2019, the Company issued 233,133 common shares (valued at $338,043) to the CEO of the Company in lieu of $350,000 in deferred and unpaid salaries and bonuses.

(v) On March 28, 2019, the Company issued 5,000 common shares (valued at $9,950) for services rendered by a vendor.

(vi) On December 28, 2018, the Company commenced a normal course issuer bid (the "Issuer Bid"). The Issuer Bid will be for up to 1,967,650 common shares of the Company over a period of one year, being approximately 5% of the Company's issued and outstanding common shares, with up to 787,060 common shares of the Company purchasable over any 30-day period within the bid period, being 2% of the Company's issued and outstanding common shares. The bid period will expire the earlier of December 28, 2019 or the date by which the Company has acquired the maximum 1,967,650 common shares which may be purchased under the Issuer Bid.

During the year ended March 31, 2019, 34,500 common shares were purchased for cash consideration of $60,235 in accordance with the current Issuer Bid. The amount by which the repurchased amount was less than the stated capital of the shares has been credited to deficit.

The common shares repurchased by the Company but not cancelled being 34,500 will be returned to treasury for cancellation and accordingly, they are not considered to be outstanding shares for the purposes of loss per share calculations.

(Expressed in Canadian Dollars, unless otherwise indicated)

14. WARRANTS

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

	Number of warrants	Weighted average exercise price
Balance, March 31, 2017	**-**	**$ -**
Issued (Note 13(b)(ii)(iii))	14,709,692	4.00
Balance, March 31, 2018	**14,709,692**	**$ 4.00**
Issued for acquisition of I-5 Holdings (Note 10(b))	1,292,946	5.17
Exercised	(47,500)	(2.00)
Expired	(97,195)	(5.00)
Balance, March 31, 2019	**15,857,943**	**$ 4.03**

The Company had the following warrants outstanding at March 31, 2019:

Number of Warrants	Exercise Price	Expiry Date
200,199	$ 5.00	May 2, 2019 [(i)]
134,799	$ 5.00	June 8, 2019[(i)]
103,300	$ 5.00	August 2, 2019[(i)]
229,125	$ 5.00	September 5, 2019[(i)]
68,819	$ 5.00	October 3, 2019[(i)]
147,787	$ 5.00	October 18, 2019[(i)]
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
15,857,943	$ 4.03	

[(i)] These warrants expired unexercised subsequent to March 31, 2019.

(Expressed in Canadian Dollars, unless otherwise indicated)

15. 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
Balance, March 31, 2017	**-**	**$ -**
Options granted (i)	210,000	2.00
Balance, March 31, 2018	210,000	$ 2.00
Options granted (ii)	1,825,000	6.00
Balance, March 31, 2019	**2,035,000**	**$ 5.59**

(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 $174,720 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 $2,040,350 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 1.22% and an expected life of 2 years.

The Company had the following stock options outstanding at March 31, 2019:

Outstanding options	Exercisable options	Weighted average remaining contractual life (years)	Weighted average exercise price ($)	Expiry date
210,000	210,000	0.67	2.00	November 29, 2019
1,825,000	1,825,000	1.36	6.00	August 8, 2020
2,035,000	**2,035,000**	**1.29**	**5.59**	

(Expressed in Canadian Dollars, unless otherwise indicated)

16. LOSS PER SHARE

	Years Ended March 31, 2019	2018
Net (loss) income for the year	**$ (46,436,066)**	$ 3,781,005
Net (loss) income per share		
Basic	**$ (1.23)**	$ 0.33
Diluted	**$ (1.23)**	$ 0.32
Weighted average number of shares outstanding - basic	**37,766,237**	11,491,015
Dilutive effect of stock options and warrants	**-**	331,384
Weighted average number of shares outstanding - diluted	**37,766,237**	11,822,399

17. GENERAL AND ADMINISTRATIVE EXPENSES

	Years Ended March 31, 2019	2018
Management and administrative services (Note 22)	**$ 1,124,806**	$ 327,996
Professional fees	**4,982,351**	570,785
Business advisory fees	**4,690,060**	-
Office and administration	**4,222,104**	122,939
Travel expenses	**507,724**	10,923
Shareholders information	**484,282**	137,785
Regulatory fees	**83,023**	57,850
Share based compensation (Note 15)	**2,040,350**	174,720
Interest and penalty	**46,237**	23,632
Depreciation	**122,467**	9,829
	$ 18,303,404	$ 1,436,459

18. PREPAID DEPOSITS

The Company entered into a service agreement with a private company that has extensive experience working in Vietnam. The private company was 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. During the year ended March 31, 2019, the Company wrote off the prepaid deposit as the Company no longer plans to pursue the mining operation in Vietnam.

(Expressed in Canadian Dollars, unless otherwise indicated)

19. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2018 - 26.5%) on the net loss is as follows:

	Years Ended March 31, 2019	Years Ended March 31, 2018
Income before income taxes	**$ (46,112,982)**	$ 3,781,005
Expected income tax expense	**$ (12,219,940)**	$ 1,001,710
Share based compensation and non-deductible expenses	**607,375**	(668,170)
Share issuance costs booked directly to equity	**-**	(410,750)
280E non-deductible expenses	**820,320**	-
Difference in tax rates	**17,909,250**	-
Difference in tax rates on taxable capital gain	**1,204,297**	-
Change in tax benefit not recognized	**(7,998,219)**	77,210
Income tax expense reflected in the statement of income	**$ 323,084**	$ -

The following table summarizes the components of deferred tax:

Deferred Tax	**March 31, 2019**	**March 31, 2018**
Deferred Tax Assets		
Non-capital losses carried forward	**$ 176,235**	$ -
Investment in URU Metals Limited	-	1,380,350
Deferred Tax Liabilities		
Intangible assets	**(1,808,442)**	-
Unrealized foreign exchange gain or losses	**(172,659)**	-
Investment in Mainstem	**(3,576)**	-
Investment in I-5 Holdings Ltd.	-	(331,250)
Investment in MM Enterprises USA, LLC	-	(1,049,100)
Net deferred tax liability	**$ (1,808,442)**	$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

	March 31, 2019	**March 31, 2018**
Balance at the beginning of the year	**$ -**	-
Recognized in profit/loss	**68,261**	-
Goodwill	**(1,876,703)**	-
Balance at the end of the year	**$ (1,808,442)**	-

(Expressed in Canadian Dollars, unless otherwise indicated)

19. INCOME TAXES (continued)

Unrecognized Deferred Tax Assets

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	March 31, 2019	March 31, 2018
Investments	**$ 38,579,264**	$ 7,266,050
Other investments	**1,887,408**	1,764,590
Non- capital losses carried forward - Mexico	**-**	31,380
Non-capital losses carried forward - Canada	**12,937,451**	4,210,730
Losses carried forward – US	**2,347,892**	-
Mineral properties	**3,453,543**	3,695,880
Share issuance costs	**930,000**	1,240,000
Equipment	**283,862**	64,880
Accounts payable and accrued liabilities	**1,588,035**	253,000
Intangible assets	**468,093**	-
Write down of notes receivable	**131,550**	-

The Canadian non-capital loss carry forwards expire as noted in the table below. The U.S. net operating loss carry forwards expire between 2029 and 2038. Share issue and financing costs will be fully amortized in 2022. Resource pools are carried forward indefinitely, however, are subject to further restrictions and arose from previous business operations. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom. The Company's Canadian non-capital income tax losses expire as follows:

2031	$ 626
2032	1,047
2033	1,250
2034	1,163,813
2035	768,218
2036	612,645
2037	53,942
2038	4,299,992
2039	6,714,450
	$ 13,615,983

(Expressed in Canadian Dollars, unless otherwise indicated)

20. 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.

Operating segments

As at March 31, 2019	**Corporate**	**Cannabis Operations**	**Total**
Current assets	$ 64,336,111	$ 2,375,238	$ 66,711,349
Equipment	418,125	834,581	1,252,706
Other assets	275,109	13,206,674	13,481,783
Total assets	**$ 65,029,345**	**$ 16,416,493**	**$ 81,445,838**

As at March 31, 2018	**Corporate**	**Cannabis Operations**	**Total**
Current assets	$ 72,052,364	$ -	$ 72,052,364
Property and equipment	38,136	-	38,136
Total assets	**$ 72,090,500**	**$ -**	**$ 72,090,500**

Year Ended March 31, 2019	**Corporate**	**Cannabis Operations**	**Total**
Sales, net of excise tax	$ -	$ 5,865,687	$ 5,865,687
Gross profit	-	1,619,356	1,619,356
Net loss	(44,214,689)	(2,221,377)	(46,436,066)

Year Ended March 31, 2018	**Corporate**	**Cannabis Operations**	**Total**
Sales, net of excise tax	**$ -**	$ -	$ -
Gross profit	**-**	-	-
Net income	**3,781,005**	-	3,781,005

(Expressed in Canadian Dollars, unless otherwise indicated)

20. SEGMENTED INFORMATION (continued)

Geographical segments

As at March 31, 2019	**Canada**	**United States**	**Other**	**Total**
Current assets	$ 64,326,039	$ 2,375,238	$ 10,072	$ 66,711,349
Equipment	-	1,252,706	-	1,252,706
Other assets	-	13,481,783	-	13,481,783
Total assets	**$ 64,326,039**	**$ 17,109,727**	**$ 10,072**	**$ 81,445,838**

As at March 31, 2018	**Canada**	**United States**	**Other**	**Total**
Current assets	$ 72,052,364	$ -	$ -	$ 72,052,364
Property and equipment	38,136	-	-	38,136
Total assets	**$ 72,090,500**	**$ -**	**$ -**	**$ 72,090,500**

Year Ended March 31, 2019	**Canada**	**United States**	**Other**	**Total**
Sales, net of excise tax	$ -	$ 5,865,687	$ -	$ 5,865,687
Gross profit	-	1,619,356	-	1,619,356
Net loss	(44,524,924)	(1,921,214)	10,072	(46,436,066)

Year Ended March 31, 2018	**Canada**	**United States**	**Other**	**Total**
Sales, net of excise tax	**$ -**	$ -	$ -	$ -
Gross profit	**-**	-	-	-
Net income	**3,781,005**	-	-	3,781,005

21. CONTINGENCIES AND COMMITMENTS

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.

The Company has various lease commitments related to various office space, facilities and warehouses expiring between December 2020 and December 2025. Future minimum commitments due in the next five years are as follows:

2020	$ 532,734
2021	543,119
2022	468,772
2023	465,524
2024	121,420
Thereafter	168,382
	$ 2,299,951

(Expressed in Canadian Dollars, unless otherwise indicated)

22. 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:

	Years Ended March 31, 2019	2018
Directors fees (i)	**$ 24,000**	$ 24,000
Alegana Enterprises Ltd. ("Alegana") (ii)	**1,099,996**	219,996
2249872 Ontario Ltd. (iii)	**(32,190)**	84,000
Marrelli Support Services Inc ("MSSI") (iv)	**18,000**	18,000
Alexander Dement'ev (v)	**60,000**	-
Share based compensation	**419,250**	174,720
	$ 1,589,056	$ 520,716

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at March 31, 2019, is $45,350 (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 March 31, 2019 is $1,431,364 (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. Included in accounts payable and accrued liabilities at March 31, 2019 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 March 31, 2019 is $2,930 (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 March 31, 2019 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 consolidated statements of financial position.

(Expressed in Canadian Dollars, unless otherwise indicated)

23. 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 March 31, 2019	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Aggregate fair value**
Investments at fair value	**$ 30,524,719**	**$ -**	**$ 717,163**	**$ 31,241,882**
As at March 31, 2018				
Investments at fair value	**$ 41,241,574**	**$ -**	**$ 7,500,000**	**$ 48,741,574**

(b) Fair values of financial assets and liabilities:

	March 31, 2019		**March 31, 2018**	
	Carrying amount	**Estimated fair value**	**Carrying amount**	**Estimated fair value**
Amortized cost				
Amounts receivable (i)	$ **699,673**	$ **699,673**	$ 202,093	$ 202,093
Loan receivable	**-**	**-**	1,344,602	1,344,602
	$ 699,673	**$ 699,673**	$ 1,546,695	$ 1,546,695
FVTPL				
Cash and cash equivalents	**$ 32,722,957**	**$ 32,722,957**	$ 21,296,842	$ 21,296,842
Investments at fair value	**31,241,882**	**31,241,882**	48,741,574	48,741,574
	$ 63,964,839	**$ 63,964,839**	**$ 70,038,416**	**$ 70,038,416**
Other financial liabilities				
Accounts payable and accrued liabilities (i)	**$ 6,543,531**	**$ 6,543,531**	$ 1,426,375	$ 1,426,375
Other payables	**765,834**	**765,834**	-	-
Promissory notes	**2,415,540**	**2,415,540**	-	-
Loans and notes payable	**73,448**	**73,448**	-	-
	$ 9,798,353	**$ 9,798,353**	$ 1,426,375	$ 1,426,375

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

24. OTHER EVENTS

On March 29, 2019, the Company announced that one of its wholly owned subsidiary entered into a Letter of Intent ("LOI") to acquire 100% ownership of a Type 7 Volatile Solvent Extraction facility based in California from People's Holdings. The facility has been in operation since January 2019 and holds an annual license for volatile manufacturing from the Bureau of Cannabis Control of California. Subsequent to March 31, 2019, the Company terminated the LOI.

25. SUBSEQUENT EVENT

On April 9, 2019, the Company entered into a Letter of Intent ("LOI") to form a Joint Venture Company ("JVCo" or "joint venture") with Green Buddha Group LLC ("Green Buddha"), a company with significant cannabis assets in Michigan, including retail operations currently generating sales, and cultivation and manufacturing facilities presently under development.

In accordance with the terms of the LOI, Green Buddha will transfer to JVCo Michigan licenses to operate 20 retail medical cannabis retailers, two licenses to operate a cannabis manufacturing, processing, and extraction facility, and eight licenses to operate a 325,000 sq. ft. cannabis cultivation facility (the "Michigan Licenses"). Captor has agreed to provide JVCo a convertible loan to fund the exploitation of the Michigan Licenses and the build-out and operation of JVCo's retail processing and cultivation facilities. The loan is convertible into 50.1% of the issued and outstanding shares of JVCo. Upon conversion of the loan, Green Buddha would own 49.9% of JVCo.