CAPTOR CAPITAL CORP.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –QUARTERLY HIGHLIGHTS

FOR THE THREE MONTHS ENDED JUNE 30, 2019

Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Captor Capital Corp. (the "Company" or "Captor") for the three months ended June 30, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended March 31, 2019. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This Interim MD&A has been prepared in accordance with section 2.2.1 of Form 51-102F1 of the National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended March 31, 2019 and 2018, together with the notes thereto, and unaudited condensed consolidated interim financial statements for the three months ended June 30, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed consolidated interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 4, 2019 unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considered the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Captor common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at **www.sedar.com**.

Special Note Regarding Forward-Looking Information

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as at the date of this Interim MD&A or as at the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking information	Assumptions	Risk factors
The Company's plans, to acquire a portfolio of investment assets mainly cannabis focused investments that could contain significant value for shareholders.	Financing will be available for future acquisitions by the Company; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for producing and selling cannabis will be received on a timely basis upon terms acceptable to Captor, and applicable political and economic conditions are favourable to Captor; the price of applicable investments and applicable interest and exchange rates will be favourable to the Company.	Equity price volatility; uncertainties involved in receiving the appropriate licenses to produce and sell cannabis; availability of financing for the acquisitions; increases in costs; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2020. The Company's cash and investment balances at June 30, 2020, are sufficient to fund its consolidated operating expenses at current levels.	The operating and investing activities of the Company for the twelve-month period ending June 30, 2020, and the costs associated therewith, will be dependent on raising sufficient capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Captor.	Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; changes in regulatory and governmental regulations; interest rate and exchange rate fluctuations; changes in economic conditions.
Management's outlook regarding future trends.	Financing will be available for Captor's investing and operating activities; the price of applicable equity investments will be favourable to the Company.	Equity price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.
Sensitivity analysis of financial instruments.	Equity price will not be subject to change in excess of plus or minus 20%; foreign exchange rates against the United States dollar will not be subject to change in excess of plus or minus 5%.	Changes in debt and equity markets and exchange rate fluctuations.
Prices and price volatility for investments.	The price of investments will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of investments will be favourable.	Changes in debt and equity markets and the spot prices of investments; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Captor's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section in this Interim MD&A. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Captor's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Captor was incorporated under the laws of the Province of Ontario, Canada by articles of incorporation on September 26, 2003 and Captor's outstanding common shares became publicly listed on March 19, 2004 on the TSX Venture Exchange (the "Exchange") under the symbol "NWT". Subsequently, the Company's outstanding common shares were listed on the OTCBB under the symbol "NWURF" and on the Frankfurt Exchange. The Company de-listed its common shares from the Exchange on June 1, 2017 and submitted an application for listing its common shares on the Canadian Securities Exchange ("CSE"). 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 CSE under the symbol "CPTR".

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

The Company was a cannabis focused investment and merchant banking company which accounted for its investments at fair value. During the year ended March 31, 2019, the Company made certain acquisitions in the cannabis industry 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 and the consolidated financial statements for the year ended March 31, 2019 and unaudited condensed interim consolidated financial statement for the three months ended June 30, 2019 include the consolidated accounts of the Company and its subsidiaries.

The Company is a cannabis operating company with licences for manufacturing, distribution and retail in the State of California, the largest cannabis consumer market in the USA. Currently, the Company has 2 cannabis dispensaries which operate under the proprietary name Chai Cannabis ("Chai"), located in Santa Cruz and Castroville, respectively. The Chai stores are known for having a diverse set of competitively priced high quality product brands and an excellent bud tender led customer service. Supplementing the bricks and mortar retail presence is the Company's direct to consumer delivery business which also operates under the Chai branded name. The Company also wholly owns Mellow Extracts which is a manufacturing and distribution operation. The Mellow Extracts facility is currently in the final phase of construction and management expects this to be operational in the near term. The Mellow Extracts facility will produce vape pens and cannabis edibles upon commissioning of the facility.

The objective of the Company is to provide its shareholders with long-term capital growth by improving the operating efficiencies and market share of its current operations, with a focus on EBITDA enhancement, and through acquisitions with direct revenue, cost and/or financial synergies.

Highlights

- 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.

Corporate Objective

The objective of the Company is to provide its shareholders with long-term capital growth by improving the operating efficiencies and market share of its current operations, with a focus on EBITDA enhancement, and through acquisitions with direct revenue, cost and/or financial synergies.

The Company seeks to achieve this by becoming a market leading owner and distributor of self-branded cannabis products in the budding legal cannabis sector. By owning manufacturing, distribution and retail infrastructure the Company has achieved a base of operations from which it can scale to support revenue growth. The existing infrastructure, particularly the retail base, give the Company a strategic advantage in the launch of its owned brands into the market.

As the market matures the Company will seek to expand into the value chain through supportive strategies such as cultivation and licensing of proprietary cannabis strains, exporting its product and retail portfolio to new markets in the USA, and/or leveraging its existing infrastructure to develop new sources of revenue growth, such as hemp based CBD products or cannabis based nutraceutical or pharmaceutical goods.

On August 3, 2018, the Company decided to change its business focus from a cannabis investment company to a cannabis operating company. This change in the focus and direction of Captor's business is considered a Fundamental Change under Canadian Securities Exchange ("CSE") Policy 8. In accordance with the policies of the CSE, the shareholders of Captor had to approve this Fundamental Change before it became effective.

Corporate Update on Operations of Cannabis Dispensaries

Captor has been able to achieve a base position in the California cannabis industry as a direct result of having sourced prime retail locations at Chai Santa Cruz and Chai Castroville. These stores have a multi-year operating history and a stable and consistent customer base. A key driver of the Chai retail model customer loyalty has been consistent strong customer service which is led by its well-trained bud tender workforce. The bud tenders guide Captor's customer base through a variety of cannabis product options to help them find the products which best work for them. This customer interaction has helped Chai to maintain consistent market share even as the competition has grown in the respective markets in which the stores operate.

The next step in Captor's retail market strategy will be to expand the floor space available as well as upgrade the design and aesthetics of the Chai brand of dispensaries. The goal of this redesign is to create a standardized experience whilst maintaining a bespoke look tailored to the culture of the local market.

Management believes that the upgrades, in particular the floor space expansion, will have a material effect on revenue growth and the profitability of the Chai stores.

The Company will also be providing additional resources and support to expanding and improving its current direct to consumer delivery service. The direct to consumer model allows the Company to leverage its bricks and mortar store to deliver products to a much larger customer base with minimal incremental costs. Having the current geographic cluster of stores allows management to achieve maximum impact under the current delivery manifest rule limitations.

Captor will also seek to develop its own proprietary cannabis products which it will sell into the market. Certain products that the Company owns will only be sold in Captor owned dispensaries and delivery service. Management believes that having an exclusive set of high quality bespoke products in its retail stores will further protect its current market share and lead to material new customer acquisition.

Retail Opportunities

In August 2018, the Company completed the acquisition of Chai for approximately US$6.1 million. The dispensary has continued to perform well as expected within the Captor brand. Captor plans to improve Chai's sales through the expansion of its direct to consumer delivery service, upgrade of the design and aesthetic look of the store, and increasing its sales floor space.

Captor was pleased to continue to expand its retail footprint in California with the acquisition of Higher Level of Care ("HLC") in Castroville California in December 2018 for a total purchase price US$2.875 million. Captor also is operating its direct to consumer delivery service form the location and will be expanding this service to capture a wider customer base.

Manufacturing Opportunities

Captor announced the acquisition of Mellow Extracts LLC ("Mellow") on September 12, 2018 for 187,500 shares at a price of $2.80 per share. Mellow extracts received its conditional use permit (CUP) from the city of Costa Mesa earlier this year. It is currently awaiting final construction permitting such that it can complete the equipment installation and become fully operational.

Mellow will have the capacity to produce both edibles and vape pen cannabis products. Mellow will be able to self-distribute to the Captor owned retail outlets, as well as 3rd party dispensaries across the State of California. Mellow will also have the ability to produce premium oil for white label product sales and co-packing services. Mellow expects that it will be able to generate sales in the range of $3 million to $6 million in its first 12 months of operations depending on product focus and market price assumptions.

Overall Outlook

The past 12 months required the Company to navigate several challenges which include completing a change in business use to become a cannabis operating company, redefining its operating strategy for the near and long term, sourcing and hiring of new executive level talent, and concluding the onerous regulatory framework process to complete its acquisitions.

Over this period of time the Company was able to achieve a solid foothold in the retail sector via its acquisitions of the Chai branded dispensaries in Santa Cruz and Castroville. These acquisitions provided a geographic base and operating cash flow to the Company. Furthermore, the Company successfully divested itself of its MedMen managed stores for US$31 million equivalent in MedMen shares, progressed the construction of the Mellow Extracts manufacturing and distribution facility with the goal of near term commissioning, and made operational its direct to consumer delivery service whilst maintaining a strong balance sheet with good cash reserves. The new fiscal year will see the Company seeking to improve its current operations and leverage its strong balance sheet position to acquire assets with direct synergies.

Captor Investment Strategy

Captor is seeking to create product brands that are known by its customers as having a premium and consistent quality and improve its already strong customer retail experience based on a concept of best in class customer experience whether via its bricks and mortar retail stores or its direct to consumer delivery service. To achieve this, the primary mandate of the company is to acquire profitable, established cannabis focused companies that require capital to scale. As the Captor team continues to grow, and more expertise is added, Captor will look to further its investment opportunities by looking at only the most strategic of acquisitions as determined by a team with experience. To efficiently engage Captor's well-defined and deep pipeline of cannabis related targets, the Company will acquire them at favorable prices, and unlock the intrinsic value of these firms through operational enhancements.

Newly targeted acquisitions will be selected based off synergy with current existing brands or licenses, location, operational structure, and licensing regulations. Upon the completion of the transaction, the newly acquired company will be directly supported by Captor and integrated into the Captor family of brands. In certain situations, that will mean expanding production capacity, increasing retail floor space, applying for additional ad-on licenses, or restructuring the existing management of the license to become more efficient.

The current market focus is California as it is the biggest and most mature of the recreational cannabis markets in the US right now with favorable licensing structure. As previously mentioned, Captor is continuing to assemble a team of experienced operators and managers to aid in expanding its geological footprint.

Results of Operations

For the three months ended June 30, 2019 compared with the three months ended June 30, 2018:

For the three months ended June 30, 2019, the Company's net loss was $7,189,142 ($0.18 per share), compared to net income of $4,539,700 ($0.19 per share) for the three months ended June 30, 2018. The increase in net loss of $43,701,850 is a result of the following:

- During the three months ended June 30, 2019, the Company recorded a gross profit of $341,131 from the sale of cannabis at its retail dispensaries compared to $nil in the 2018 comparative period when the company was an investment and merchant banking company.
- During the three months ended June 30, 2018, the Company recorded a realized gain on investment at fair value of $4,204,092 from the sale of shares of MedMen Enterprises. During the three months ended June 30, 2019, there was no such gain.
- Unrealized loss on investment at fair value increased to $4,988,394 for the three months ended June 30, 2019 from $4,841,042 for the three months ended June 30, 2018 due to changes in the fair value of the Company's investments;
- General and administrative expenses decreased from $4,191,390 for the three months ended June 30, 2018 to $1,478,007 for the three months ended June 30, 2019. The primary reasons for the decrease of $2,713,383 was decrease of professional fees of $4,025,160 for the three months ended June 30, 2018 to $208,586 for the three months ended June 30, 2019.

Liquidity and Financial Position

As at June 30, 2019, the Company had a consolidated cash balance of $27,313,432 compared to $32,722,957 at March 31, 2019. The Company had a working capital of $48,664,573 as at June 30, 2019, compared to a working capital of $56,631,544 at March 31, 2019.

The activities of the Company, which consist of the sale of cannabis products and investments in a diversified portfolio of public companies and commodities, are financed through the completion of equity offerings and the exercise of stock options and warrants.

Current liabilities decreased from $10,079,805 at March 31, 2019 to $8,977,616 as at June 30, 2019. The decrease is primarily a result of decreased payables from general operations and the repayments of promissory note from the acquisition of cannabis dispensaries during the period.

As of June 30, 2019, and to the date of this MD&A, the cash resources of the Company are held with select financial institutions in Canada and the United States. At June 30, 2019, the Company's current liabilities consisted of trade payables, promissory note payable, loans payable and income taxes payable. Accounts payable and accrued liabilities are in the ordinary course of business, short term and non-interest bearing.

The Company's use of cash at present occurs, and in the future is expected to occur, principally in two areas: the funding of its general and administrative expenditures and its cannabis operations. In connection with the Company's operating and investment activities, the Company will seek to raise capital primarily through the issuance of equity securities. The Company has sufficient capital to meet its ongoing operating and investment activities.

Related Party Transactions

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:

Fees	Three Months Ended June 30, 2019 $	Three Months Ended June 30, 2018 $
Director fees (i)	35,000	6,000
Alegana Enterprises Ltd. ("Alegana") (ii)	54,9990	54,999
2249872 Ontario Ltd. (iii)	nil	21,000
Marrelli Support Services Inc. ("MSSI") (iv)	4,500	4,500
Totals	**94,499**	**86,499**

(i) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at June 30, 2019, is $35,000 (March 31, 2019 - $45,350) 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 June 30, 2019 is $1,486,363 (March 31, 2019 - $1,431,364) 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 June 30, 2019 is $nil (March 31, 2019 - $nil) due to 2249872 Ontario Ltd.

(iv) Mr. Jing Peng, the Chief Financial Officer ("CFO"), is a senior employee of MSSI. The management fees paid to MSSI relate to CFO function performed by Mr. Peng which includes the reporting of financial information and the safeguard of the Company's assets. Included in accounts payable and accrued liabilities at June 30, 2019 is $3,002 (March 31, 2018 – $2,930) owing to MSSI.

(v) The Company is owed $25,576 (March 31, 2019 - $25,576) from a company related to Captor through common management. These amounts are included in the amounts receivable and prepaid expenses balance on the statements of financial position.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources, that are material to investors.

Proposed Transactions

There are no material proposed transactions as of the date of this MD&A, except as disclosed in "Highlights" above.

New Accounting Policies

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, plant and equipment and the concurrent recognition of a lease liability on the consolidated statement of financial position. 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. The adoption of IFRS 16 does not have a signficiant impact on the unaudited condensed interim consolidated financial statements of the Company for the period ended June 30, 2019.

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 June 30, 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 $27,313,432 (March 31, 2019 - $32,722,957) to settle current liabilities of $8,977,616 (March 31, 2019 - $10,079,805). 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.

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 no interest-bearing debt.

(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 functional and reporting currency is the Canadian dollar and 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.

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.

As at June 30, 2019	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
Investments at fair value	$25,052,636	$ -	$717,163	$25,769,799

As at March 31, 2019	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
Investments at fair value	$30,524,719	$ -	$717,163	$31,241,882

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 June 30, 2019 totaled $60,990,825 (March 31, 2019 - $70,664,169,254,17625). 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 three months ended June 30, 2019.

Outstanding Share Data

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Captor as at November 4, 2019 are as follows:

Securities	As at November 4, 2019
Common shares outstanding	39,586,639
Issuable under options	2,035,000
Issuable under warrants	14,849,737
Total securities	**56,471,376**

Disclosure Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date at and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's MD&A for the fiscal year ended March 31, 2019, available on SEDAR at **www.sedar.com**.

Canadian Companies with U.S. Cannabis-Related Operations

Effective as of July 31, 2019, Company believes that it is subject to certain disclosure requirements set forth in the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – Issuers with U.S. Cannabis-Related Activities ("Staff Notice 51-352"). Below is a discussion of the federal and state-level United States regulatory regimes in those jurisdictions where the Company is currently directly involved, through its subsidiaries, in the cannabis industry. In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Please refer to the section entitled "Canadian Companies with U.S. Cannabis-Related Operation" in the Company's MD&A for the fiscal year ended March 31, 2019, available on SEDAR at **www.sedar.com** for disclosures necessary to fairly present all material facts, risks and uncertainties: