CAPTOR CAPITAL CORP.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –QUARTERLY HIGHLIGHTS

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2019

Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Captor Capital Corp. (the "Company" or "Captor") for the three and six months ended September 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 and six months ended September 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 29, 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 September 30, 2020. The Company's cash and investment balances at September 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 September 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".

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 and six months ended September 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.

- On November 11, 2019, the Company's stock resumed trading on the OTCQX® Best Market following a full revocation of the cease trade order (the "CTO") previously issued against the Company by the Ontario Securities Commission. The CTO was issued as a result of the Company's failure to file its audited financial statements for the year ended March 31, 2019 and related Management Discussion and Analysis. The Company filed the required documents on November 4, 2019.

- In November 2019, the Company appointed Bryan Reyhani and Mark Klein to the Board of Directors as independent directors. In addition, Alex Dementev, resigned from the Board for health reasons.

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 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 September 30, 2019 compared with the three months ended September 30, 2018:

For the three months ended September 30, 2019, the Company's net loss was $13,992,339 ($0.34 per share), compared to net loss of $3,751,014 ($0.10 per share) for the three months ended September 30, 2018. The increase in net loss of $10,241,325 is a result of the following:

- During the three months ended September 30, 2019, the Company recorded a gross profit of $1,723,877 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 September 30, 2018, the Company recorded a realized loss on investment at fair value of $1,327,276 from the sale of shares of MedMen Enterprises. During the three months ended September 30, 2019, there was no such gain.
- Unrealized loss on investment at fair value increased to $11,846,479 for the three months ended September 30, 2019 from a gain of $4,067,966 for the three months ended September 30, 2018 due to changes in the fair value of the Company's investments;
- General and administrative expenses decreased from $6,239,241 for the three months ended September 30, 2018 to $3,225,183 for the three months ended September 30, 2019. The primary reasons for the decrease of $3,014,058 were decreases in business advisory fees, share based compensation and management and administrative fees of $1,390,060, $2,518,500 and $804,810, respectively for the three months ended September 30, 2019 compared to 2018 period.

For the six months ended September 30, 2019 compared with the six months ended September 30, 2018:

For the six months ended September 30, 2019, the Company's net loss was $19,632,295 ($0.50 per share), compared to net loss of $8,290,714 ($0.21 per share) for the six months ended September 30, 2018. The increase in net loss of $11,341,581 is a result of the following:

- During the six months ended September 30, 2019, the Company recorded a gross profit of $2,065,008 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 six months ended September 30, 2018, the Company recorded a realized gain on investment at fair value of $2,876,816 from the sale of shares of MedMen Enterprises. During the six months ended September 30, 2019, there was no such gain.
- Unrealized loss on investment at fair value increased to $16,834,873 for the six months ended September 30, 2019 from $773,076 for the six months ended September 30, 2018 due to changes in the fair value of the Company's investments;
- General and administrative expenses decreased from $10,430,631 for the six months ended September 30, 2018 to $4,703,190 for the six months ended September 30, 2019. The primary reasons for the decrease of $5,727,441 were decreases in business advisory fees, share based compensation and management and administrative fees of $4,536,047, $2,518,500 and $796,810, respectively for the six months ended September 30, 2019 compared to 2018 period.

Liquidity and Financial Position

As at September 30, 2019, the Company had a consolidated cash balance of $23,850,471 compared to $32,722,957 at March 31, 2019. The Company had a working capital of $35,430,310 as at September 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 $9,237,925 as at September 30, 2019. The decrease is primarily a result of decreased payables from general operations and the repayments of promissory notes during the period.

As of September 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 September 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 September 30, 2019 $	Three Months Ended September 30, 2018 $	Six Months Ended September 30, 2019 $	Six Months Ended September 30, 2018 $
Kyle Appleby (1)	9,000	3,000	18,000	6,000
Alexander Dementev (1)(5)	39,000	33,000	48,000	36,000
Alegana Enterprises Ltd. ("Alegana") (2)	54,999	934,999	109,998	989,998
2249872 Ontario Ltd. (3)	10,000	(53,190)	27,000	(32,190)
Marrelli Support Services Inc. ("MSSI") (4)	4,500	4,500	9,000	9,000
CFO Advantage Inc. (5)	20,000	Nil	20,000	nil
Totals	**137,499**	**922,309**	**231,998**	**1,008,808**

Share based compensation	Three Months Ended September 30, 2019 $	Three Months Ended September 30, 2018 $	Six Months Ended September 30, 2019 $	Six Months Ended September 30, 2018 $
Kyle Appleby (1)	Nil	69,000	Nil	69,000
Alexander Dementev (1)	Nil	34,500	Nil	34,500
Alegana (2)	Nil	345,000	Nil	345,000
Henry Kloepper (3)	Nil	34,500	Nil	34,500
Jing Ping (4)	Nil	34,500	Nil	34,500
Totals	**Nil**	**517,500**	**Nil**	**517,500**

(1) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at September 30, 2019, is $78,350 (March 31, 2019 - $45,350) due to directors of the Company.

(2) Alegana is a company controlled by Mr. John Zorbas, the President and Chief Executive Officer ("CEO") of the Company. Alegana provides consulting services to the Company for $220,000 a year under the terms of a written contract that runs for an indefinite term. 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. Alegana may receive, at the sole discretion of the board of directors, a performance bonus of up to 400% of the annual consulting fee payable by the Company to Alegana. Included in accounts payable and accrued liabilities as at September 30, 2019 owing to Alegana was $1,279,143 (March 31, 2019 - $1,431,364).

Upon termination of Alegana by the Company without cause or a termination following a change of control, the Company is obligated to pay Alegana: (a) 1.5 times Alegana's annual consulting fee; and (b) an amount equal to 1.5 times the amount of all bonuses John Zorbas received for the most recent calendar year ended prior to the termination date or 2 times the amount of Alegana's annual consulting fee should John Zorbas not have received a bonus for the most recent calendar year ended prior to the termination date. Upon termination of Alegana under any other circumstances, the Company is not obligated to pay Alegana any penalty.

(3) 2249872 Ontario Ltd. is a company controlled by Henry Kloepper, a director and the former CEO of Captor. Mr. Kloepper. Included in accounts payable and accrued liabilities at September 30, 2019 was $nil (March 31, 2019 - $nil) due to 2249872 Ontario Ltd. The Company has no ongoing contractual obligation or commitment to 2249872 Ontario Ltd.

(4) 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 September 30, 2019 is $2,991 (March 31, 2019 – $2,930) owing to MSSI. The Company has no ongoing contractual obligation or commitment to MSSI.

(5) 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 September 30, 2019 is $5,660 (March 31, 2019 - $5,660) due to Alexander Dement'ev.

(6) CFO Advantage Inc. is a company controlled by Kyle Appleby, a director of Captor for consulting services performed for the Company.

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

Leases

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

At April 1, 2019, the Company adopted IFRS 16 and recognized right-of-use assets of $2,014,514 and lease liabilities of $2,014,514.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

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 29, 2019 are as follows:

Securities	As at November 29, 2019
Common shares outstanding	38,933,239
Issuable under options	2,035,000
Issuable under warrants	14,847,737
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: