CAPTOR CAPITAL CORP.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE THREE MONTHS ENDED JUNE 30, 2020

Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Captor Capital Corp. (the "Company" or "Captor") for the three ended June 30, 2020 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, 2020. 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, 2020 and 2019, together with the notes thereto, and unaudited condensed consolidated interim financial statements for the three months ended June 30, 2020, 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 October 13, 2020 unless otherwise indicated.

For the purposes of preparing this 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**.

Cautionary Note Regarding Forward-Looking Information

This MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws (collectively, "forward-looking information"). All information, other than statements of historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information and statements regarding:

- the business, revenue, results and future activities of, and developments related to, the Company after the date of this MD&A, including as a result of the impact of COVID-19 and planned reductions of operating (including marketing) and capital expenses, including that cost of goods sold will increase at a slower rate than revenues,
- future business strategy, competitive strengths, goals, future expansion and growth of the Company's business and operations,
- the successful implementation of cost reduction strategies and plans, expectations and any targets for such strategies and plans, including expected additional improvements in reduction of Corporate SG&A (Non-IFRS) in upcoming quarters and reductions in marketing expenditures and focus on high return on investment marketing initiatives that drive sales and profitability,

- whether any proposed transactions will be completed on the current terms and contemplated timing,
- expectations for the effects of any such proposed transactions, including the potential number and location of dispensaries or licenses to be acquired or disposed of,
- the ability of the Company to successfully achieve its business objectives as a result of completing such proposed acquisitions or dispositions,
- the contemplated use of proceeds remaining from previously completed capital raising activities,
- the application for additional licenses and the grant of licenses or renewals of existing licenses for which the Company has applied or expects to apply,
- the rollout of new dispensaries, including as to the number of planned dispensaries to be opened in the future and the timing and location in respect of the same, and related forecasts,
- the expansion into additional markets,
- expectations as to the development and distribution of the Company's brands and products,
- new revenue streams,
- the impact of the Company's digital and online strategy,
- the implementation or expansion of the Company's in-store and curbside pickup services,
- the ability of the Company to successfully execute its strategic plans,
- any changes to the business or operations as a result of any potential future legalization of adult-use and/or medical cannabis under U.S. federal law,
- expectations of market size and growth in the United States and the states in which the Company operates or contemplates future operations and the effect that such growth will have on the Company's financial performance,
- statements that imply or suggest that returns may be experienced by investors or the level thereof,
- expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally, and
- other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on assumptions, estimates, analysis and opinions of management of the Company at the time they were provided or made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements.

Forward-looking information and statements are not a guarantee of future performance and are based upon estimates and assumptions of management at the date the statements are made including among other things estimates and assumptions about:

- the impact of epidemic diseases, such as the recent outbreak of the COVID-19 illness,
- contemplated dispositions being completed on the current terms and current contemplated timeline,
- development costs remaining consistent with budgets,
- the ability to raise sufficient capital to advance the business of the Company and to fund planned operating and capital expenditures and acquisitions,
- the ability to manage anticipated and unanticipated costs,
- achieving the anticipated results of the Company's strategic plans,
- increasing gross margins, including relative to increases in revenue,
- the amount of savings expected from cost-cutting measures and divestitures of non-core assets, including the impact on Corporate SG&A (Non-IFRS) and EBITDA,
- favorable equity and debt capital markets,
- the availability of future funding under the Company's equity and debt finance facilities,
- stability in financial and capital markets,
- the ability to sustain negative operating cash flows until profitability is achieved,

- the ability to satisfy operational and financial covenants under the Company's existing debt obligations,
- favorable operating and economic conditions,
- political and regulatory stability,
- obtaining and maintaining all required licenses and permits,
- receipt of governmental approvals and permits,
- sustained labor stability,
- favorable production levels and sustainable costs from the Company's operations,
- consistent or increasing pricing of various cannabis products,
- the ability of the Company to negotiate favorable pricing for the cannabis products supplied to it,
- the level of demand for cannabis products, including the Company's and third-party products sold by the Company,
- the continuing availability of third-party service providers, products and other inputs for the Company's operations, and
- the Company's ability to conduct operations in a safe, efficient and effective manner.

While the Company considers these estimates and assumptions to be reasonable, the estimates and assumptions are inherently subject to significant business, social, economic, political, regulatory, public health, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information and statements. Many estimates and assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others:

- uncertain and changing U.S. regulatory landscape and enforcement related to cannabis, including political risks,
- risks and uncertainties related to the recent outbreak of COVID-19 and the impact it may have on the global economy and retail sector, particularly the cannabis retail sector in the states in which the Company operates, and on regulation of the Company's activities in the states in which it operates, particularly if there is any resurgence of the pandemic in the future,
- the inability to raise necessary or desired funds,
- risks related to future acquisitions or dispositions, resulting in unanticipated liabilities,
- reliance on the expertise and judgment of senior management of the Company,
- adverse changes in public opinion and perception of the cannabis industry,
- risks relating to anti-money laundering laws and regulation,
- risks of new and changing governmental and environmental regulation,
- risk of costly litigation (both financially and to the brand and reputation of the Company and relationships with third parties),
- risks related to contracts with and the inability to satisfy obligations to third-party service providers,
- risks related to the unenforceability of contracts,
- the limited operating history of the Company,
- risks inherent in an agricultural business,
- risks related to proprietary intellectual property and potential infringement by third parties,
- risks relating to financing activities including leverage,
- the inability to effectively manage growth,
- errors in financial statements and other reports,
- costs associated with the Company being a publicly-traded company,
- the dilutive impact of raising additional financing through equity or convertible debt given the decline in the Company's share price,
- increasing competition in the industry,

- increases in energy costs,
- risks associated with cannabis products manufactured for human consumption, including potential product recalls,
- inputs, suppliers and skilled labor being unavailable or available only at uneconomic costs,
- breaches of and unauthorized access to the Company's systems and related cybersecurity risks,
- constraints on marketing cannabis products,
- fraudulent activity by employees, contractors and consultants,
- tax and insurance related risks, including any changes in cannabis or cultivation tax rates,
- risks related to the economy generally,
- conflicts of interest of management and directors,
- failure of management and directors to meet their duties to the Company, including through fraud or breaches of their fiduciary duties,
- risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada,
- sales by existing shareholders negatively impacting market prices,
- the limited market for securities of the Company,
- limited research and data relating to cannabis.

Readers are cautioned that the foregoing lists are not exhaustive of all factors, estimates and assumptions that may apply to or impact the Company's results. Although the Company has attempted to identify important factors that could cause actual results to differ materially from the forward-looking information and statements contained in this MD&A, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented to assist readers in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this MD&A represent the Company's views and expectations as of the date of this MD&A unless otherwise indicated. The Company anticipates that subsequent events and developments may cause its views and expectations to change. However, while the Company may elect to update such forward-looking information and statements at a future time, it has no current intention of and assumes no obligation for doing so, except to the extent required by applicable 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 is a cannabis operating company with licences for distribution and retail in the State of California, the largest cannabis consumer market in the USA. Currently, the Company has two 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 budtender 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 brand.

During the past financial year, Captor made several adjustments to its retail model, chiefly an increased focus on delivery service and online orders. Chai Cannabis has released an updated e-commerce site featuring several enhancements and improvements, most notably on the user interface and experience. The Company has seen a significant increase in online orders after debuting the new website and instituting a curbside pick-up option in response to COVID-19. The Company is currently evaluating a number of advertising and marketing options to increase customer awareness surrounding the new and improved e-commerce platform.

Subsequent to June 30, 2020, the Company entered into a joint venture with Three Habitat Consulting Holdco Inc. and now holds a 51 per cent stake in Captor Retail Group Inc. ("CRG"). CRG operates the two Chai branded dispensaries and three operating OnePlant dispensaries, and holds four additional cannabis retail licences. The Company also wholly owns Mellow Extracts, which is not yet operational. In line with a new operations strategy - and upon regulatory approval from the city - the Company intends to move the facility to Antioch, California. The decision to move Mellow Extracts to Antioch is a strategic one as Captor seeks to create a centralized hub for retail, manufacturing, and distribution.

By owning manufacturing, distribution, and retail infrastructure the Company will achieve a base of operations from which it can scale to support revenue growth. The existing infrastructure, particularly the retail base, gives the Company a strategic advantage in the launch of its own brands into the market. Captor's cannabis retail operations are sophisticated retail outlets, utilizing proprietary analytics to increase efficiencies and profitability. As retail dispensaries are opened, Captor will benefit from economies of scale and will realize a direct impact to EBITDA while maintaining their consumer-focused approach.

Captor also benefits from both the geographic location of its dispensaries and the footprint of the physical buildings that house the retail dispensaries. Geographically, the retail locations are well-positioned in mature counties in California where adult-use is legal. Moreover, the physical locations are ideal to support a robust delivery platform, allowing for immediate access to some of California's most densely populated markets without the burden of paying premium rents.

Highlights

- On May 5, 2020, the Company announced a normal course issuer bid ("NCIB") to expend up to an aggregate of $5 million on the purchase of common shares of the Company. The actual number of shares that may be purchased under the NCIB, the value of the consideration per share, and the exact timing of any such purchases will be determined by the Company. All NCIB purchases are reported monthly on Captor Capital CSE Form 7 filings.

- On August 10, 2020, the Company announced that it entered into a joint venture (the "Joint Venture") with California based Three Habitat Consulting Holdco Inc. ("Three Habitat"), which owns and operates a retail chain of dispensaries in California under the brand One Plant®. Captor and Three Habitat have set up a joint venture company called CRG, which is owned 51 per cent by Captor and 49 per cent by Three Habitat. Under the terms of a contribution agreement entered into between Captor and Three Habitat (the "Contribution Agreement"), Captor will contribute USD$2million in cash along with its two Chai branded dispensaries in Santa Cruz and Castroville in exchange for its 51% interest in CRG. Three Habitat will contribute its seven One Plant dispensaries to CRG in exchange for its 49% interest in CRG. Of the seven dispensaries being contributed to the Joint Venture by Three Habitat, the retail dispensaries in Salinas, Atwater, and El Sobrante are licensed and open for business. The locations in Antioch, Goleta, Lompoc, and Palm Springs are licensed and currently under construction, and are expected to be operational soon.

  Once all dispensaries become operational and CRG holds all of the requisite regulatory licenses, Captor will hold an interest in 51% of 9 operating cannabis dispensaries in northern California. To the extent that any dispensary license is unable to be successfully transferred to CRG, the party who was supposed to contribute the relevant dispensary to CRG under the Contribution Agreement will have their equity ownership in CRG scaled back on a proportionate basis. There can be no assurance that the requisite regulatory approval will be received to permit the transfer of all nine dispensary licenses to CRG.

- On August 10, 2020, the Company entered into a stock purchase and sale agreement with Wealthcraft Capital Corp. ("Wealthcraft") whereby Wealthcraft would acquire 100% of the issued and outstanding shares of ICH Washington Holdings Ltd., a wholly owned subsidiary of Captor. As consideration for the sale, Wealthcraft will issue 2,250,000 common shares from its treasury and issue a $117,500 promissory note to Captor which shall bear no interest and mature in five years from the date of closing.

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 cannabis retailer and distributor of self-branded cannabis products in the lucrative California market.

As the market develops the Company will seek to expand into the value chain through supportive strategies such as manufacturing and licensing of proprietary cannabis products, expanding its retail portfolio 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. The time frame for these supporting strategies has not been determined.

Corporate Update

Adam Wilks, COO of Three Habitat, has assumed the role of CEO of Captor Retail Group and will manage the day-to-day operations of all operational CRG dispensaries, as well as oversee the transfer of the dispensary licences to CRG and the construction and licencing of the four One Plant dispensaries that are currently under construction. Mr. Wilks brings more than a dozen years of experience, in the quick service restaurant (QSR) industry having worked with brands including Yogen Früz®, Pinkberry®, Cold Stone Creamery® and Buy N Bulk®. Mr. Wilks currently oversees Three Habitat's chain of dispensaries and real estate portfolio in California.

Mr. Wilks will be bringing together the Chai and OnePlant experienced teams with strong backgrounds in retail operations as well as highly educated, well-trained budtenders to lead the frontline customer engagement. Retail managers and front-line leadership from Captor are blending a select breed of operators that hail from cannabis retail and food and beverage ("F&B") -service backgrounds, combining strong operations efficacy, extensive cannabis sector expertise, and corporate management experience.

COVID-19 Response

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. In response, Captor has shifted its strategic approach and the manner in which it operates its business to continue providing affordable and high quality products to its customers, and ensure that its workplace and stores have appropriate measures in place to limit social interactions and enforce social distancing measures. The Company has also taken steps to alter its marketing methods, conserve cash, and align its overall strategic direction to preserve the health of its business.

In March 2020, following the successful lobbying of local government by a cannabis industry group in Santa Cruz County led by Oliver Summers, head of Captor Capital's CHAI retail operations in Santa Cruz and Monterey County, the Company implemented certain initiatives in response to the impact of the COVID-19 pandemic. Such initiatives aim to allow the Company to continue offering affordable and high quality products in a safe environment, with additional measures in place to allow its customers to access its products while limiting social interactions, and enforcing social distancing measures throughout its retail stores. These initiatives have allowed the Company to operate mostly uninterrupted and to implement its business continuity plan. Some of the measures that Captor initiated included: (i) increasing curbside pick-up at all of its retail locations; (ii) expanding home delivery services to customers located in Castroville and Santa Cruz areas; and (iii) enhancing its in-store safety and sanitation protocols. CHAI released an updated e-commerce site featuring several enhancements and improvements, most notably on the user interface and experience. The Company is currently evaluating a number of advertising and marketing options to increase customer awareness surrounding the new and improved website.

As of the issuance of this report, the Company's operations have not been significantly impacted as cannabis has been deemed an essential service in the state of California since March, 2020. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

As a result of the COVID-19 global pandemic, Captor has decided to delay its AGM until the fall, assuming circumstances related to the pandemic improve by that time. Captor will provide further communication regarding its delayed AGM in due course.

Retail Opportunities

During the financial year ended March 31, 2020, Captor Capital formally divested itself of most of its investment in MedMen. The Company had previously sold its two MedMen branded dispensaries in Los Angeles owned by Captor subsidiary I5-Holdings for $38 million equivalent in MedMen shares. Subsequently, the Company dispensed of the majority of its shares in MedMen, realizing a loss of $23 million. With that chapter now closed, Captor has been able to focus on its strong base position in the Northern California cannabis market as a direct result of having sourced prime retail locations at Chai Santa Cruz and Chai Castroville.

Subsequent to June 30, 2020, Captor continued to grow its retail presence to include the Bay Area, Santa Cruz, Monterey and Santa Barbara markets with a joint venture with Three Habitat in August 2020. The combined retail footprint consists of five (5) operating dispensaries and an additional four (4) dispensaries licensed and in various stages of development and construction. Captor's retail footprint allows for both in store as well as delivery transactions. The Company has maximized opportunities to expand its e-commerce platform to capitalize on a fluid technology retail marketplace. Online ordering, delivery and express pickup have allowed Captor to service their customers in a manner that other mature retail and F&B sectors have obtained.

The acquisition is in line with Captor's strategy of building a leading cannabis retail, e-commerce, and delivery hub in the lucrative, but less competitive and costly Northern California market. The resulting retail footprint of nine stores will make Captor one of the largest retailers in Northern California, expanding the team of experienced operators, benefitting from increased buying power and economies of scale while leveraging expertise and established infrastructure to support the retail network. Captor continues to source opportunities for acquisition and remains focused on the efficient buildout of its current licenses.

Ancillary Revenue Opportunities

The Company will also be investing in additional resources and support to expand and improve its current direct to consumer delivery service, which has tremendous growth potential. 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 in its branded dispensaries and beyond although certain products that the Company owns will only be sold in Captor owned dispensaries and through Company 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 substantial new customer acquisition. The time frame for this strategy has not been determined.

Manufacturing Opportunities

Captor announced the acquisition of Mellow Extracts LLC ("Mellow") on September 12, 2018. Mellow received its conditional use permit (CUP) from the city of Costa Mesa. Subsequent to June 30, 2020, and in line with the new retail and operations strategy, upon obtaining all of the required regulatory approval from Antioch, the Company intends to move Mellow into a 10,000 sq. ft. location attached to the Antioch OnePlant dispensary. Captor will retain 100 per cent ownership of Mellow and its ownership will not be transferred to CRG as part of the joint venture.

Due to uncertainty surrounding the magnitude of the COVID-19 pandemic and its impact on retail operations (both existing and planned) in its core markets, the Company is not able to provide any forward looking guidance on projected revenues of the Mellow operations.

Upon regulatory approval, and upon completing the move from southern California to Northern California, Mellow will be strategically located within a 90-minute drive to the majority of the current and future CRG dispensary locations. Captor intends Mellow to be a supplier of oils, concentrates, and edibles for the Company's dispensary network as well as a distributor of third-party products. Mellow will also have the ability to produce premium oil for white labeled product sales and co-packing services.

The Company is in the process of assessing the build out cost associated with the new Mellow facility in Antioch, California.

Overall Outlook

Taking into account the changing retail landscape due to COVID-19, Captor maintains a cautionary approach to its growth strategy and a keen focus on maximizing revenues from its current investments. Captor's retail footprint will support top line revenue expansion while strict standard operating procedures, centralized business activities, and a comprehensive enterprise mentality will correlate to income statement improvements and stabilize the assets earlier in their life cycle.

Developing retail locations in mature, high-density markets, Captor will continue to benefit from brand awareness and social engagement. Economies of scale will drive down costs and create value as product purchasing power increases. Captor is well positioned for profitability and will continue to draw top talent from the cannabis sector while engaging a growing client base because of its organized retail strategies that remain in line with the ethos of the California cannabis culture.

Captor Strategy

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.

Captor benefits from efficiencies created through growth and low capital investment optimizing existing revenue streams. Driving top line revenue are highly educated budtenders and the ability to consistently exceed our customers' expectations. Talent, infrastructure, purchasing power, marketing and industry relationships all contribute to maintaining a strong balance sheet allowing Captor to continue to evaluate opportunities and target assets for acquisition that create synergies with Captor's existing operations. Our retail stores are supported by Captor's proprietary cannabis retail analytics platform as best practices adopted into the cannabis sector are executed, allowing Captor to drive profitability and manage costs.

The table below represents the Company's ownership interest as at June 30, 2020:

Name	Company's % ownership interest	Accounted for ownership	Category of cannabis operations	Classification of cannabis activities	Number of sales licenses, cultivation licenses, or other licenses held	Operational status
Captor Acquisition Corp.	100%	Consolidation	n/a	n/a	n/a	Holding company
Chai Cannabis Co.	100%	Consolidation	Medicinal & Adult Use - California	Direct	1 retail license	Operational
Higher Level of Care	100%	Consolidation	Medicinal & Adult Use - California	Direct	1 retail license	Operational
Mellow Extracts, LLC	100%	Consolidation	Medicinal & Adult Use - California	Direct	1 Type 6 (non volatile) manufacturing license; 1 distribution license	Pre-revenue, pre-license
Captor Cash Management Inc.	100%	Consolidation	n/a	n/a	n/a	Holding company
CAC Consumer Services LLC	100%	Consolidation	n/a	n/a	n/a	Holding company
CAC Consumer Group LLC	100%	Consolidation	n/a	n/a	n/a	Holding company
Fesanta Investments Ltd.	100%	Consolidation	n/a	n/a	n/a	Holding company
I-5 Holdings Ltd.	100%	Consolidation	n/a	n/a	n/a	Holding company
ICH Holdings Ltd.	100%	Consolidation	n/a	n/a	n/a	Holding company
ICH Washington Holdings Ltd.	100%	Consolidation	n/a	n/a	n/a	Inactive
Northwest Minerals Mexico, S.A. de C.V.	100%	Consolidation	n/a	n/a	n/a	Inactive
MedMen Enterprises Inc.	< 5%	Fair value accounted investment	Medicinal & Adult Use - US	Direct	> 30 retail licenses	Actively publicly traded
Canuc Resources Corporation	< 5%	Fair value accounted investment	n/a	n/a	n/a	Actively publicly traded
Azimut Exploration Inc.	< 5%	Fair value accounted investment	n/a	n/a	n/a	Actively publicly traded
Kure Technologies Inc	< 5%	Fair value accounted investment	n/a	n/a	n/a	Actively publicly traded
Handa Mining Corporation	< 5%	Fair value accounted investment	n/a	n/a	n/a	Actively publicly traded
Hyperblock Inc.	< 5%	Fair value accounted investment	n/a	n/a	n/a	Actively publicly traded - Halted
Torque Esports Corp.	< 5%	Fair value accounted investment	n/a	n/a	n/a	Actively publicly traded
Enthusiast Gaming Holdings Inc.	< 5%	Fair value accounted investment	n/a	n/a	n/a	Actively publicly traded
Ianthus Capital Holdings	< 5%	Fair value accounted investment	Medicinal and adult use -US	Direct	28 retail licenses and 5 cultivation licenses	Actively publicly traded
Liberty Health Sciences	< 5%	Fair value accounted investment	Medicinal only - US	Direct	30 retail licenses and 1 cultivation license	Actively publicly traded
Neptune Wellness Solutions	< 5%	Fair value accounted investment	Recreational use - Canada and US	Direct and ancillary	1 Manufacturing license	Actively publicly traded
Bank of Cyprus	< 5%	Fair value accounted investment	n/a	n/a	n/a	Actively publicly traded
Mainstem Inc.	< 10%	Fair value accounted investment	Medicinal and adult use - US	Ancillary	n/a	Private company
QC CLB I, LLC	< 5%	Fair value accounted investment	Medical and recreational testing US	Ancillary	1 laboratory license	Private company
URU Metals	Approx. 15%	Equity accounted	n/a	n/a	n/a	Actively publicly traded

Summary of Quarterly Results

Three Months Ended	Revenue ($)	Income or (Loss) Total ($)	Income or (Loss) Basic and diluted income (loss) per share [9] ($)	Total assets ($)
June 30, 2020	3,767,851	2,653,611 [1]	0.07	46,297,557
March 31, 2020	3,582,787	(2,327,085) [2]	(0.06)	45,165,429
December 31, 2019	2,111,949	(10,915,073) [3]	(0.28)	47,951,135
September 30, 2019	3,931,382	(12,443,153) [4]	(0.32)	60,829,476
June 30, 2019	2,868,679	(7,189,142) [5]	(0.18)	71,953,073
March 31, 2019	5,865,687	(34,476,774) [6]	(0.88)	81,445,838
December 31, 2018	Nil	(3,668,578) [7]	(0.09)	107,961,426
September 30, 2018	Nil	(3,751,014) [8]	(0.10)	109,455,446

(1) Net income of $2,653,611 consisted primarily of unrealized gain on investments at fair value $3,442,725 and gross profit of $1,251,336 offset by general and administrative expenses of $1,776,059.

(2) Net loss of $2,327,085 consisted primarily of general and administrative expenses of $2,722,480, transaction costs of $1,013,356, realized loss on investments at fair value of $16,704,443 and income tax of $489,564 offset by gross profit of $1,020,343 and unrealized gain on investments at fair value $17,237,608.

(3) Net loss of $10,915,073 consisted primarily of realized loss on investments at fair value $6,733,616, unrealized loss on investments at fair value $836,517 and general and administrative expenses of $3,476,941 offset by gross profit of $312,615.

(4) Net loss of $12,443,153 consisted primarily of unrealized loss on investments at fair value $11,846,479 and general and administrative expenses of $3,225,183 offset by gross profit of $1,723,877.

(5) Net loss of $7,189,142 consisted primarily of unrealized loss on investments at fair value $4,988,394 and general and administrative expenses of $1,478,007 offset by gross profit of $341,131.

(6) Net loss of $34,719,125 consisted primarily of loss on disposition of subsidiary of $26,244,153, unrealized loss on investments at fair value $4,264,939, general and administrative expenses of $18,303,404 offset by gross profit of $1,619,356 and foreign exchange gain of $1,554,250.

(7) Net loss of $3,668,578 consisted primarily of unrealized loss on investments at fair value $3,486,822, and general and administrative expenses of $1,283,365 offset by foreign exchange gain of $1,091,890.

(8) Net loss of $3,751,014 consisted primarily of realized loss in investments at fair value of $1,327,276 and general and administrative expenses of $6,239,241 offset by unrealized loss on investments of $4,067,966.

(9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Results of Operations

For the three months ended June 30, 2020 compared with the three months ended June 30, 2019:

For the three months ended June 30, 2020, the Company's net income was $2,653,611 ($0.07 per share), compared to net loss of $7,189,142 ($0.18 per share) for the three months ended June 30, 2019. The increase in net income of $9,842,753 is a result of the following:

- Unrealized gain on investment at fair value increased to $3,442,725 for the three months ended June 30, 2020 from a loss of $4,988,394 for the three months ended June 30, 2019 due to changes in the fair value of the Company's investments.
- During the three months ended June 30, 2020, the Company recorded a gross profit of $1,251,336 from the sale of cannabis at its retail dispensaries compared to $341,131 in the 2019 comparative period.

A breakdown of general and administrative expenses for the three months ended June 30, 2020 and 2019 is provided below.

Three Months Ended June 30,	2020 ($)	2019 ($)	Variance ($)
Management and administrative services	211,542	242,497	(30,955)
Professional fees (i)	541,037	208,586	332,451
Business advisory fees (ii)	-	154,013	(154,013)
Operational expenses (iii)	869,456	776,482	92,974
Travel expenses	6,593	8,011	(1,418)
Shareholder information	1,316	3,123	(1,807)
Regulatory fees	5,141	2,998	2,143
Interest and penalty	406	39,921	(39,515)
Depreciation	14,166	42,376	(28,210)
Accretion	32,362	-	32,362
Amortization – right of use	94,040	-	94,040
	1,776,059	**1,478,007**	**298,052**

(i) There was an increase in professional fees of $332,451 in 2020 compared to the 2019 comparable period. Professional fees include legal fees, audit and accounting fees and various consulting fees. The increase in the 2020 period resulted from an increase need for professional services compared to the 2019 period.

(ii) The Company incurred business advisory fees in the 2019 period to facilitate the transition to the retail cannabis business. These services were not needed in the 2020 period.

(iii) There was an increase in operational expenses of $92,974 in 2020 compared to the 2019 comparable period. Operational expenses include insurance, indirect costs of the retail cannabis operations and various administrative costs of the Company. The increase in the 2020 period resulted from various costs associated with retail cannabis business.

Liquidity and Financial Position

As at June 30, 2020, the Company had a consolidated cash balance of $18,493,586 compared to $19,766,334 at March 31, 2020. The Company had a working capital of $23,537,956 as at June 30, 2020, compared to a working capital of $20,652,754 at March 31, 2020.

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

Current liabilities decreased from $7,813,052 at March 30, 2020 to $7,028,203 as at June 30, 2020. The decrease is primarily a result of decreased payables from general operations and the repayments of promissory notes during the period.

As of June 30, 2020, 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, 2020, the Company's current liabilities consisted primarily of trade payables, loans payable, lease liabilities 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 as it develops the needed infrastructure, and its cannabis related acquisitions. 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, 2020 $	Three Months Ended June 30, 2019 $
Kyle Appleby (1)	15,000	9,000
Bryan Reyhani (1)	15,000	nil
Mark Klein (1)	15,000	nil
Alexander Dementev (1)(5)	nil	9,000
Alegana Enterprises Ltd. ("Alegana") (2)	55,000	54,999
2249872 Ontario Ltd. (1)(3)	15,000	17,000
Marrelli Support Services Inc. ("MSSI") (4)	4,500	4,500
Roeedo Enterprise LLC (7)	41,451	nil
Totals	**160,951**	**94,499**

(1) Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at June 30, 2020, is $60,000 (March 31, 2020 - $60,000) 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 June 30, 2020 owing to Alegana was $610,810 (March 31, 2020 - $610,810).

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. 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 June 30, 2020 is $7,585 (March 31, 2020 – $2,978) owing to MSSI. The Company has no ongoing contractual obligation or commitment to MSSI.

(5) Alexander Dement'ev, a former director of Captor, was paid consulting fees for consulting services performed for the Company. Included in accounts payable and accrued liabilities at June 30, 2020 is $38,010 (March 31, 2020 - $38,010) 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.

(7) Roeedo Enterprises LLC is a company controlled by Mark Klein, a director of Captor for consulting services performed for the Company.

(8) The Company is owed $25,576 (March 31, 2020 - $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 for those disclosed in "Highlights" above.

New Accounting Policies

Business Combinations

On October 22, 2018, the IASB issued amendments to the guidance in IFRS 3 - Business Combinations ("IFRS 3"), revising the definition of a business and providing for the addition of an optional 'concentration test' to determine if the acquisition is a business. To be considered a business under the amendments to IFRS 3, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The three elements of a business are defined as follows:

- Input - Any economic resource that creates outputs, or has the ability to contribute to the creation of outputs, when one or more processes are applied to it.
- Process - Any system, standard, protocol, convention or rule that, when applied to an input or inputs, creates outputs or has the ability to contribute to the creation of outputs.
- Output - The result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income or generate other income from ordinary activities.

The optional 'concentration test' permits a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event. If the concentration test is met, the sets of activities and assets is determined not to be a business and no further assessment is needed.

Effective April 1, 2020, the Company adopted the new IFRS 3 accounting standard and will apply it prospectively. Under this approach, there is no impact on the Company's unaudited condensed interim consolidated financial statements and the comparatives remain as previously reported.

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 October 13, 2020 are as follows:

Securities	As at October 13, 2020
Common shares outstanding	38,634,239
Total securities	**38,634,239**

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, 2020, available on SEDAR at **www.sedar.com**.

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 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 financial statements; and (ii) the 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.