CANNABIS STRATEGIES ACQUISITION CORP.
INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited interim financial statements of Cannabis Strategies Acquisition Corp. (the "Corporation") have been prepared by and are the responsibility of management. The unaudited interim financial statements have not been reviewed by the Corporation's auditors.

Cannabis Strategies Acquisition Corp.

Interim Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at December 31, 2017	As at September 30, 2017
ASSETS		
Current		
Cash and cash equivalents	**$ 1,785,372**	$ 10
Prepaid expenses	**22,600**	-
	1,807,972	10
Restricted cash and short-term investments held in escrow (note 5)	**125,030,822**	-
Total assets	**$ 126,838,794**	$ 10
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	**$ 551,347**	$ -
Due to related party (note 11)	**576,137**	-
	1,127,484	-
Deferred underwriters' commission (note 9)	**4,375,000**	-
Class A Restricted Voting Shares subject to redemption (note 6)	**115,625,000**	-
Warrant liability (note 7)	**11,437,500**	-
Total liabilities	**132,564,984**	-
Shareholders' deficiency		
Share capital (note 8(a))	**2,181,061**	10
Deficit	**(7,907,251)**	-
Total shareholders' deficiency	**(5,726,190)**	10
Total liabilities and shareholders' deficiency	**$ 126,838,794**	$ 10

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

Organization and nature of operations (note 1)
Subsequent event (note 14)

Approved on behalf of the Board:

"Jonathan Sandelman", Director

"Kamaldeep Thindal", Director

Cannabis Strategies Acquisition Corp.

Interim Statement of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

Three months ended December 31, 2017	
Revenue	
Interest income	**$ 30,822**
Expenses	
Transaction costs (note 9)	**8,546,051**
General and administrative (note 10)	**17,022**
Net unrealized gain on changes in the fair value of financial liabilities (note 7)	**(625,000)**
	7,938,073
Net loss and comprehensive loss for the period	**$ (7,907,251)**
Basic and diluted net loss per Class B share	**$ (11.23)**
Weighted average number of Class B Shares outstanding (basic and diluted)	**703,869**

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

Cannabis Strategies Acquisition Corp.

Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

Three months ended December 31, 2017	
Operating activities	
Net loss for the period	**$ (7,907,251)**
Non-cash items included in net loss and other adjustments:	
Interest income	**(30,822)**
Transaction costs associated with financing activities	**8,546,051**
Net unrealized gain on changes in the fair value of financial liabilities	**(625,000)**
Changes in non-cash working capital items:	
Prepaid expenses	**(22,600)**
Accounts payable and accrued liabilities	**15,317**
Due to related party	**576,137**
Net cash provided by operating activities	**551,832**
Investing activities	
Investment in restricted cash and short-term investments held in escrow	**(125,000,000)**
Net cash used in investing activities	**(125,000,000)**
Financing activities	
Proceeds from issuance of Class B Shares to Founders	**25,000**
Proceeds from issuance of Class B Units	**2,500,000**
Proceeds from issuance of Warrants to Founders	**2,500,000**
Proceeds from issuance of Class A Restricted Voting Units	**125,000,000**
Transaction costs	**(3,791,470)**
Net cash provided by financing activities	**126,233,530**
Net change in cash and cash equivalents during the period	**1,785,362**
Cash and cash equivalents, beginning of period	**10**
Cash and cash equivalents, end of period	**$ 1,785,372**

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

Cannabis Strategies Acquisition Corp.

Interim Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)
Unaudited

	Class B Shares			
	Number	**Amount**	**Deficit**	**Total**
From commencement of operations on July 31, 2017	**-**	**$ -**	**$ -**	**$ -**
Issuance of Class B Shares in connection with organization of the Corporation (note 8(a))	1	10	-	10
Balance, September 30, 2017	**1**	**10**	**-**	**10**
Issuance of Class B Shares to Founders (note 1 and note 8(a))	3,662,109	25,000	-	25,000
Issuance of Class B Units to Sponsor (note 1 and note 8(a))	250,000	2,500,000	-	2,500,000
Allocation of proceeds received pursuant to the Offering and attributed to Warrants (note 1 and note 8(a))	-	(187,500)	-	(187,500)
Transaction costs (note 9)		(156,449)	-	(156,449)
Net loss and comprehensive loss for the period	-		(7,907,251)	(7,907,251)
Balance, December 31, 2017	**3,912,110**	**$ 2,181,061**	**$ (7,907,251)**	**$ (5,726,190)**

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

1. Organization and nature of operations

Cannabis Strategies Acquisition Corp. ("Cannabis Strategies" or the "Corporation") is a special purpose acquisition corporation which was incorporated for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving the Corporation (a "Qualifying Transaction"). The Corporation's business activities are carried out in a single business segment.

The Corporation was incorporated on July 31, 2017 under the Business Corporations Act (Ontario), commenced operations on July 31, 2017, and is domiciled in Canada. The registered office of the Corporation is located at 199 Bay Street, Suite 5300, Commerce Court West, Toronto, Ontario, M5L 1B9. The head office of the Sponsor (as defined below) is located at 590 Madison Avenue, 26th Floor, New York, New York, 10022.

On December 21, 2017, the Corporation completed its initial public offering (the "Offering") of 12,500,000 Class A Restricted Voting Units at $10.00 per Class A Restricted Voting Unit. Each Class A Restricted Voting Unit consisted of one Class A restricted voting share ("Class A Restricted Voting Share") of the Corporation, one share purchase warrant (each, a "Warrant") and one right (each, a "Right"). Each Class A Restricted Voting Share, unless previously redeemed, will be automatically converted into one Class B Share following the closing of a Qualifying Transaction. All Warrants will become exercisable at a price of $11.50 per share, commencing 65 days after the completion of a Qualifying Transaction and will expire on the day that is five years after the completion of a Qualifying Transaction or may expire earlier if a Qualifying Transaction does not occur within the permitted timeline of 18 months ("Permitted Timeline") (subject to extension, as further described herein) from the closing of the Offering or if the expiry date is accelerated. Each Warrant is exercisable to purchase one Class A Restricted Voting Share (which, following the closing of the Qualifying Transaction, will become one Class B Share of Cannabis Strategies and each Right would represent the entitlement to automatically receive, for no additional consideration, one-tenth (1/10) of one Class A Restricted Voting Share (following the closing of a Qualifying Transaction, which at such time will be one-tenth (1/10) of a Class B Share).

In connection with the Offering, the Corporation granted the underwriter a 30-day non-transferable option to purchase up to an additional 1,875,000 Class A Restricted Voting Units, at a price of $10.00 per Class A Restricted Voting Unit, to cover over-allotments, if any, and for market stabilization purposes.

Concurrent with the completion of the Offering, Mercer Park CB, L.P. (the "Sponsor"), a limited partnership formed under the laws of the State of Delaware, indirectly controlled by Mercer Park, L.P., a privately-held family office based in New York, New York and Kamaldeep Thindal and Charles Miles (or persons or companies controlled by them) (collectively with the Sponsor, the "Founders") purchased an aggregate of 3,662,109 Class B Shares ("Founders' Shares"), consisting of 3,642,109 Class B Shares purchased by the Sponsor, 10,000 Class B Shares purchased by Kamaldeep Thindal, and 10,000 Class B Shares purchased by Charles Miles, in each case assuming that the over-allotment option is exercised in full. In addition, the Sponsor purchased an aggregate of 250,000 Class B Units (the "Class B Units") at $10.00 per Class B Unit and 2,500,000 Warrants ("Founders' Warrants") at $1.00 per Founders' Warrant. Each Class B Unit consists of one Class B Share, one Warrant and one Right. The Founders' Warrants will be subject to the same terms and conditions as the Warrants underlying the Class A Restricted Voting Units and Class B Units. The Rights underlying the Class B Units will be subject to the same terms and conditions as the Rights underlying the Class A Restricted Voting Units.

On January 19, 2018, the underwriter exercised its over-allotment option to purchase an additional 975,000 Class A Restricted Voting Units for aggregate proceeds of $9,750,000. As a result of the exercise of the over-allotment option, an aggregate of 13,475,000 Class A Restricted Voting Units of the Corporation were issued for aggregate proceeds of $134,750,000. Due to the partial exercise of the over-allotment option, an aggregate of 227,812 Class B Shares (also known as Founders' Shares) were forfeited without compensation by the Founders on January 19, 2018. As a result, following the exercise of the over-allotment option and forfeiture of the 227,812 Founders' Shares, the Founders own an aggregate of 3,434,297 Class B Shares, 262,188 Class B Units and 2,621,870 Founders' Warrants.

1. Organization and nature of operations (continued)

Each Class A Restricted Voting Unit commenced trading on December 21, 2017 on the Aequitas NEO Exchange Inc. (the "Exchange") under the symbol "CSA.UN", and separated into Class A Restricted Voting Shares, Warrants and Rights following the close of business on January 30, 2018, being 40 days following the closing of the Offering, which trade under the symbols "CSA.A", "CSA.WT" and "CSA.RT", respectively. The Class B Shares issued to the Founders and the Class B Units and Founders' Warrants issued to the Sponsor will not be listed prior to the Qualifying Transaction.

The proceeds of $134,750,000 from the Offering and over-allotment are held by Odyssey Trust Company, as Escrow Agent, in an escrow account (the "Escrow Account") at a Canadian chartered bank or subsidiary thereof, in accordance with the escrow agreement. Subject to applicable law and payment of certain taxes, permitted redemptions and certain expenses, as further described herein, none of the funds held in the Escrow Account will be released to the Corporation prior to the closing of a Qualifying Transaction. The escrowed funds will be held to enable the Corporation to (i) satisfy redemptions made by holders of Class A Restricted Voting Shares (including in the event of a Qualifying Transaction or an extension to the Permitted Timeline or up to 36 months with shareholder approval from the holders of Class A Restricted Shares and the Corporation's board of directors, or in the event a Qualifying Transaction does not occur within the Permitted Timeline), (ii) fund a Qualifying Transaction with the net proceeds following payment of any such redemptions and deferred underwriting commissions, and/or (iii) pay taxes on amounts earned on the escrowed funds and certain permitted expenses. Such escrowed funds and all amounts earned, subject to such obligations and applicable law, will be assets of the Corporation. These escrowed funds will also be used to pay the deferred underwriting commissions in the amount of $4,375,000, 50% of which will be payable by the Corporation to the underwriter only upon the closing of a Qualifying Transaction (subject to availability, failing which any short fall would be required to be made up from other sources and the remaining 50% of which (or, if a lessor amount, the balance of the non-redeemed shares' portion of the Escrow Account, less tax liabilities on amounts earned on the escrowed funds and certain expenses directly related to redemptions) will be payable by the Corporation as it sees fit, including for payment to other agents or advisors who have assisted with or participated in the sourcing, diligence and completion of its Qualifying Transaction).

In connection with consummating a Qualifying Transaction, the Corporation will require (i) approval by a majority of the directors unrelated to the Qualifying Transaction, and (ii) approval by a majority of the holders of the Class A Restricted Voting Shares and Class B Shares, voting together as if they were a single class of shares, at a shareholders meeting held to consider the Qualifying Transaction, if required by the Exchange's rules at the time of the Qualifying Transaction. Irrespective of whether they vote for or against, or do not vote on, the proposed Qualifying Transaction, holders of Class A Restricted Voting Shares may elect to redeem all or a portion of their Class A Restricted Voting Shares at a per share price, payable in cash, equal to the pro-rata portion per Class A Restricted Voting Share of: (A) the escrowed funds available in the Escrow Account at the time of the shareholders meeting (if required by the rules of the Exchange at the time of the Qualifying Transaction, or if no such shareholders' meeting is required, at the time immediately prior to the redemption deposit timeline), including interest and other amounts earned thereon; less (B) an amount equal to the total of (i) applicable taxes payable by the Corporation on such interest and other amounts earned in the Escrow Account and (ii) actual and expected direct expenses related to the redemption, each as reasonably determined by the Corporation, subject to certain limitations. Each holder of Class A Restricted Voting Shares, together with any affiliate of such holder or any other person with whom such holder or affiliate is acting jointly or in concert, will be subject to a redemption limitation of an aggregate 15% of the number of Class A Restricted Voting Shares issued and outstanding. Class B Shares will not be redeemable in connection with a Qualifying Transaction or an extension to the Permitted Timeline and holders of Class B Shares shall not be entitled to access the Escrow Account should a Qualifying Transaction not occur within the Permitted Timeline.

1. Organization and nature of operations (continued)

If the Corporation is unable to complete its Qualifying Transaction within the Permitted Timeline (or an extension of the Permitted Timeline), the Corporation will liquidate and dissolve and distribute its assets in the Escrow Account to the holders of the Class A Restricted Voting Shares. In such case, each holder of a Class A Restricted Voting Share will receive for an amount, payable in cash, equal to the pro-rata portion per Class A Restricted Voting Share of: (A) the Escrow Account, including any interest and other amounts earned; less (B) an amount equal to the total of (i) any applicable taxes payable by the Corporation on such interest and other amounts earned in the Escrow Account, (ii) any taxes of the Corporation arising in connection with the redemption of the Class A Restricted Voting Shares, and (iii) up to a maximum of $50,000 of interest and other amounts earned to pay actual and expected expenses related to the dissolution and certain other related costs as reasonably determined by the Corporation. The underwriter will have no right to the deferred underwriting commissions held in the Escrow Account in such circumstances.

2. Basis of presentation

These unaudited interim financial statements of the Corporation as at December 31, 2017 and for the three months ended December 31, 2017 (the “December 2017 Interim Financial Statements”) have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and with interpretations of the International Financial Reporting Interpretations Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Chartered Professional Accountants of Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard 34, “Interim Financial Reporting”. The December 2017 Interim Financial Statements were authorized for issuance by the Board of Directors on February 8, 2018.

The same accounting policies and methods of computation are followed in the December 2017 Interim Financial Statements as compared with the most recent audited financial statements as at September 30, 2017 and from commencement of operations on July 31, 2017 to September 30, 2017, except as disclosed in note 3. Any subsequent changes to IFRS that are given effect in the Corporation’s annual financial statements for the year ending September 30, 2018 could result in restatement of the December 2017 Interim Financial Statements.

The Corporation does not believe that any accounting standards that have been recently issued but which are not yet effective would have a material effect on the December 2017 Interim Financial Statements if such accounting standards were currently adopted.

3. Summary of significant accounting policies

The significant accounting policies adopted by the Corporation in the preparation of its financial statements are set out below.

Basis of presentation

These financial statements have been prepared under the historical cost convention, except for the carrying value of Class A Restricted Voting Shares subject to redemption and warrant liability, which are measured at fair value as determined at each reporting date. The Corporation's functional and presentation currency is the Canadian dollar.

3. Summary of significant accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or are assigned and the Corporation has transferred substantially all risks and rewards of ownership in respect of the asset. Financial liabilities are derecognized when the related obligation is discharged, cancelled or expires.

Classification of financial instruments in the Corporation's financial statements depends on the purpose for which the financial instruments were acquired or incurred. Management determines the classification of financial instruments at initial recognition.

Financial assets are classified as fair value through profit or loss ("FVTPL") or loans and receivables. Financial liabilities are classified as FVTPL or other financial liabilities.

Financial instruments are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than at FVTPL are added to the carrying amount of the asset or liability. The fair value of financial instruments is generally determined by reference to quoted market prices at the close of trading where an active market exists. The Company uses the last traded price if it falls within the day's bid-ask spread. If the last traded price falls outside of the day's bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Where an active market is not available for a financial instrument, the fair value is determined using valuation techniques.

Financial instruments classified as FVTPL are carried at fair value in the statement of financial position and any gains or losses are recorded in net income (loss) in the period in which they arise. Financial instruments classified as FVTPL include Class A Restricted Voting Shares subject to redemption, and warrant liability.

Loans and receivables and other financial liabilities are recognized at amortized cost using the effective interest rate method. Such accounts include accounts payable and accrued liabilities, due to related party and deferred underwriters' commission.

All financial instruments recognized at fair value in the statement of financial position are classified into one of three levels in the fair value hierarchy as follows:

- Level 1 – Valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 – Valuation techniques with significant unobservable market inputs.

3. Summary of significant accounting policies (continued)

Impairment of Financial Assets at Amortized Cost

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Objective evidence may include significant financial difficulty of the obligor or delinquencies in interest and principal payments. If such evidence exists, the Corporation recognizes an impairment loss equal to the difference between the carrying value of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate for the financial asset. An impairment of a financial asset carried at amortized cost is reversed in subsequent periods if the amount of the loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized.

Income taxes

The Corporation follows the balance sheet liability method to provide for income taxes on all transactions recorded in its financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled.

The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in net income or loss in the period that includes the substantive enactment date. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Corporation will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing laws in each applicable jurisdiction. Future taxable income is also significantly dependent upon the Corporation completing a Qualifying Transaction, the underlying structure of a Qualifying Transaction, and the resulting nature of operations. To the extent that future cash flows and/or the probability, structure and timing, and the nature of operations of a future Qualifying Transaction differ significantly from estimates made, the ability of the Corporation to realize a deferred income tax asset could be materially impacted.

Earnings (loss) per share

Basic earnings or loss per share is computed by dividing the net earnings or loss attributable to shareholders by the weighted average number of shares outstanding during the period, excluding Class A Restricted Voting Shares subject to redemption. Diluted earnings or loss per share, where applicable, is calculated by adjusting the weighted average number of shares outstanding for dilutive instruments by applying the treasury stock method.

4. Critical accounting judgments, estimates and assumptions

The preparation of these unaudited interim financial statements requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Corporation's reported amounts of assets, liabilities, and items in net income or loss, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on various assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net income or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Corporation has made in the preparation of its December 2017 Interim Financial Statements.

Fair Value of Financial Instruments

Certain financial instruments are recorded in the Corporation's statement of financial position at values that are representative of or approximate their fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price. If the financial instrument does not trade on an active market, the Corporation will use an option-pricing model to measure the fair value of the financial instrument. Application of the option-pricing model requires estimates in expected dividend yields, expected volatility in the underlying assets and the expected life of the financial instrument. Changes in the underlying trading value or estimates may significantly affect the amount of net income or loss for a particular period. Furthermore, the quoted market price or option price of a financial liability may not be equal to the amount that the Corporation may have to pay in settlement of the underlying obligation, should such obligation become immediately payable. The Corporation reviews assumptions relating to financial instruments on an ongoing basis to ensure that the basis for determination of fair value is appropriate.

Warrant Valuations

Pursuant to the Corporation's Offering of Class A Restricted Voting Units, the Corporation issued Warrants. The Company also issued Warrants as part of the Class B Units issued to Founders and has also issued the Founders Warrants. Estimating the fair value of warrants requires determining the most appropriate valuation model that is dependent on the terms and conditions of the Warrant. The Corporation applies an option-pricing model to measure the fair value of the Warrants issued. Application of the option-pricing model requires estimates in expected dividend yields, expected volatility in the underlying assets and the expected life of the Warrant. These estimates may ultimately be different from amounts subsequently realized, resulting in an overstatement or understatement of net income or loss.

5. Restricted cash and short-term investments held in escrow

December 31, 2017	
Investments in Flexible Guaranteed Investment Certificate due December 31, 2018	$125,000,000
Accrued interest	30,822
Restricted cash and short-term investments held in escrow	**$125,030,822**

6. Class A restricted voting shares subject to redemption

Authorized

The Corporation is authorized to issue an unlimited number of Class A Restricted Voting Shares. The holders of Class A Restricted Voting Shares have no pre-emptive rights or other subscription rights and there are no sinking fund provisions applicable to these shares.

Voting rights

Prior to the consummation of a Qualifying Transaction, holders of Class A Restricted Voting Shares are not entitled to vote at, or receive notice of or meeting materials in respect of customary annual general meeting matters, including the election and removal of directors and auditors. The holders of Class A Restricted Voting Shares would, however, be entitled to vote on and receive notice of meeting materials on all other matters requiring shareholder approval, including approval of an extension of the Permitted Timeline and of a proposed Qualifying Transaction and in the latter case, the holders of the Class A Restricted Voting Shares would vote together with the Class B Shares as if they were a single class of shares.

Redemption rights

The holders of Class A Restricted Voting Shares are entitled to redeem their shares, subject to certain conditions, and are entitled to receive the escrow proceeds, net of applicable taxes and other permitted deductions, from the Escrow Account: (i) in the event that the Corporation does not complete a Qualifying Transaction within the Permitted Timeline; (ii) in the event of a Qualifying Transaction; and (iii) in the event of an extension to the Permitted Timeline. Upon such redemption, the rights of holders of Class A Restricted Voting Shares as shareholders will be completely extinguished.

Fair value of Class A restricted voting shares subject to redemption

The redemption rights embedded in the terms of the Corporation’s Class A Restricted Voting Shares are considered by the Corporation to be outside of the Corporation’s control and subject to uncertain future events. Accordingly, the Corporation has classified its “Class A Restricted Voting Shares subject to redemption” as financial liabilities at FVTPL.

Fair value of Class A restricted voting shares subject to redemption -- issued and outstanding

	Number	Amount
From commencement of operations on July 31, 2017	**-**	**$ -**
Issuance of Class A Restricted Voting Shares pursuant to the Offering	12,500,000	115,625,000
Balance, December 31, 2017	**12,500,000**	**$115,625,000**

7. Warrant liability

As at December 31, 2017, the Corporation had 15,250,000 Warrants issued and outstanding, comprised of 12,500,000 Warrants forming part of the Class A Restricted Voting Units, 2,500,000 Founders' Warrants, and 250,000 Warrants forming part of the Class B Units.

All Warrants will become exercisable only commencing 65 days after the completion of our Qualifying Transaction. Each Warrant is exercisable to purchase one Class A Restricted Voting Share (which, following the closing of the Qualifying Transaction, will become one Class B Share) at a price of $11.50 per share, subject to the following adjustments. The Warrant Agreement will provide that the exercise price and number of Class B Shares issuable on exercise of the Warrants may be adjusted in certain circumstances, including in the event of a stock dividend, Extraordinary Dividend or a recapitalization, reorganization, merger or consolidation. The Warrants will not, however, be adjusted for issuances of Class B Shares at a price below their exercise price. Once the Warrants become exercisable, the Corporation may accelerate the expiry date of the outstanding Warrants (excluding the Founders' Warrants but only to the extent still held by our Sponsor at the date of public announcement of such acceleration and not transferred prior to the accelerated expiry date, due to the anticipated knowledge by our Sponsor of material undisclosed information which could limit their flexibility) by providing 30 days' notice if, and only if, the closing share price of the Class B Shares equals or exceeds $18.00 per Class B Share (as adjusted for stock splits or combinations, stock dividends, Extraordinary Dividends, reorganizations and recapitalizations and the like) for any 20 trading days within a 30-trading day period, in which case the expiry date shall be the date which is 30 days following the date on which such notice if provided.

The Warrants will not be entitled to the proceeds from the Escrow Account. The Warrant holders do not have the rights or privileges of holders of shares and any voting rights until they exercise their Warrants and receive corresponding Class B Shares of the Corporation. After the issuance of corresponding Class B Shares upon exercise of the Warrants, each holder is expected to be entitled to one vote for each Class B Share held of record on all matters to be voted on by shareholders.

Restrictions on Transfer of Founders' Warrants

The Founders have agreed not to transfer any of their Founders' Warrants until after the closing of the Qualifying Transaction, except for transfers required due to the structuring of the Qualifying Transaction, in which case such restriction will apply to the securities received in connection with the Qualifying Transaction. Following completion of the Corporation's Qualifying Transaction, the Founders' Warrants, including Class B Shares issuable on exercise of the Founders' Warrants, may be subject to certain sale or transfer restrictions in accordance with applicable securities laws.

Fair value of Warrants

As the number of common shares to be issued by the Corporation upon exercise of the Warrants is not fixed and fail the "fixed-for-fixed" criteria for equity classification, the Warrants have been classified as derivative liabilities to be measured at FVTPL. The Corporation applies an option-pricing model to measure the fair value of the Warrants issued. Application of the option-pricing model requires estimates in expected dividend yields, expected volatility in the underlying assets and the expected life of the Warrants. These estimates may ultimately be different from amounts subsequently realized, resulting in an overstatement or understatement of net income or loss.

(Expressed in Canadian Dollars)

7. Warrant liability (continued)

Warrants - Issued and Outstanding

	Number	Amount
From commencement of operations on July 31, 2017	**-**	**$ -**
Warrants issued in connection with:		
Issuance to Founders	2,500,000	2,500,000
Issuance of Class A Restricted Voting Units pursuant to the Offering	12,500,000	9,375,000
Issuance of Class B Units to Sponsor	250,000	187,500
	15,250,000	12,062,500
Adjusted for:		
Fair value adjustment	-	(625,000)
Balance, December 31, 2017	**15,250,000**	**$ 11,437,500**

8. Shareholders' deficiency

a) Class B Shares

Authorized

The Corporation is authorized to issue an unlimited number of Class B Shares without nominal or par value. The holders of Founders' Shares have no pre-emptive rights or other subscription rights and there are no sinking fund provisions applicable to these shares.

Voting rights

Holders of Class B Shares are entitled to vote at all meetings of shareholders and on all matters requiring a shareholder vote, with the exception of a vote to approve an extension of the Permitted Timeline within which the Corporation is required to complete its Qualifying Transaction, which will only be voted upon by holders of Class A Restricted Voting Shares.

Redemption rights

Holders of Class B Shares do not have any redemption rights with respect to its Class B Shares, or rights to distributions from the Escrow Account if the Corporation fails to complete a Qualifying Transaction within the Permitted Timeline.

(Expressed in Canadian Dollars)

8. Shareholders' deficiency (continued)

a) Class B Shares (continued)

Restrictions on transfer, assignment or sale of Founders' Shares

The holders of the Founders' Shares have agreed not to transfer, assign or sell any of their Founders' Shares prior to completion of the Corporation's Qualifying Transaction, and following completion of a Qualifying Transaction, they have agreed not to sell or transfer any of their Founders' Shares until the earliest of:

i. with respect to 100% of the Founders' Shares, one year following completion of the Qualifying Transaction and the date on which the closing share price of the Class B Shares equals or exceeds $12.00 per share (as adjusted for share splits, share capitalizations, reorganizations, Extraordinary Dividends, reorganizations and recapitalizations and the like) for any 20 trading days within a 30-trading day period at any time following the closing of the Qualifying Transaction, subject to certain exceptions; and

ii. with respect to 100% of the Founders' Shares, the date following the closing of the Qualifying Transaction on which the Corporation completes a liquidation, merger, arrangement, share exchange or other similar transaction that results in all of the holders of Class B Shares receiving in exchange for or having the right to exchange their shares of the Corporation for cash, securities or other property.

In addition to the foregoing transfer restrictions, the Founders' Shares will be subject to forfeiture on the fifth anniversary of the Qualifying Transaction unless the closing share price of the Class B Shares exceeds $13.00 (as adjusted for stock splits or combinations, stock dividends, Extraordinary Dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period at any time following the closing of the Qualifying Transaction.

Following completion of the Corporation's Qualifying Transaction, the Founders' Shares, including the Class B Shares into which the Founders' Shares are convertible, may be subject to certain sale or transfer restrictions in accordance with applicable securities laws.

Class B Shares - Issued and Outstanding

	Number	Amount
From commencement of operations on July 31, 2017	**-**	**$ -**
Issuance of Class B Shares in connection with organization of the Corporation	1	10
Issuance of Class B Shares to Founders	3,662,109	25,000
Issuance of Class B Shares to Sponsor pursuant to Class B Units	250,000	2,500,000
	3,912,110	2,525,010
Adjusted for:		
Allocation of proceeds received pursuant to the Offering and attributed to Warrants (note 7)	-	(187,500)
Transaction costs	-	(156,449)
Balance, December 31, 2017	**3,912,110**	**$ 2,181,061**

(Expressed in Canadian Dollars)

8. Shareholders' deficiency (continued)

b) Rights

As at December 31, 2017, the Corporation had 12,750,000 Rights issued and outstanding, comprised of 12,500,000 Rights forming part of the Class A Restricted Voting Units, and 250,000 Rights forming part of the Class B Units.

Each Right will entitle the holder to receive one-tenth (1/10) of a Class A Restricted Voting Share following the closing of the Qualifying Transaction (which at such time will represent one-tenth (1/10) of a Class B Share, subject to adjustment under the terms of the Qualifying Transaction).

The Rights will expire if a Qualifying Transaction does not occur within the Permitted Timeline. The Rights will not have any access to, or benefit from, the proceeds in the Escrow Account, and will not possess any redemption or distribution rights. The Rights will expire worthless if we fail to consummate a Qualifying Transaction within the Permitted Timeline. Any Right that has not been converted within two (2) years after the completion of our Qualifying Transaction shall be null and void.

Restrictions on Transfer of Founders' Rights

The Founders have agreed not to transfer any of their Founders' Rights until after the closing of the Qualifying Transaction, except for transfers required due to the structuring of the Qualifying Transaction, in which case such restriction will apply to the securities received in connection with the Qualifying Transaction. Following completion of the Corporation's Qualifying Transaction, the Founders' Rights, including Class B Shares issuable on exercise of the Founders' Rights, may be subject to certain sale or transfer restrictions in accordance with applicable securities laws.

c) Common shares

The Corporation is authorized to issue an unlimited number of common shares without nominal or par value. No common shares may be issued prior to the closing of a Qualifying Transaction, except in connection with such closing.

9. Transaction costs

Transaction costs consist principally of legal, accounting and underwriting costs incurred through to the date of the statement of financial position that are directly related to the Offering.

Transaction costs incurred amounted to $8,702,500 (including $7,500,000 in underwriters' commission of which $4,375,000 is deferred and payable only upon completion of a Qualifying Transaction). Transaction costs were expensed to the statement of operations as incurred, except for $156,449 of transaction costs that were allocated to shareholders' deficiency as they were determined to be in respect of the issuance of Class B Shares.

Transaction costs incurred from commencement of operations on July 31, 2017 to December 31, 2017 were allocated as follows:

	Class B Shares	Statement of Operations	Equity/ Total
Underwriter's commission	$ 56,179	$ 3,068,821	**$ 3,125,000**
Deferred underwriter's commission	78,651	4,296,349	**4,375,000**
Professional fees (legal, accounting, etc.)	11,906	650,351	**662,257**
Underwriter's out-of-pocket expenditures	2,697	147,303	**150,000**
Management out-of pocket expenses	7,016	383,227	**390,243**
	$ 156,449	$ 8,546,051	**$ 8,702,500**

(Expressed in Canadian Dollars)

9. Transaction costs (continued)

Underwriter's commission

In consideration for its services in connection with the Offering, the Corporation has agreed to pay the underwriter a commission equal to 6.0% of the gross proceeds of the Class A Restricted Voting Units issued under the Offering. The Corporation paid $3,125,000, representing $0.25 per Class A Restricted Voting Unit to the underwriter upon closing of the Offering. Upon completion of a Qualifying Transaction, the remaining $4,375,000 (representing $0.35 per Class A Restricted Voting Unit), 50% of which will be payable by the Corporation to the underwriter only upon the closing of a Qualifying Transaction (subject to availability, failing which any short fall would be required to be made up from other sources and the remaining 50% of which (or, if a lessor amount, the balance of the non-redeemed shares' portion of the Escrow Account, less tax liabilities on amounts earned on the escrowed funds and certain expenses directly related to redemptions) will be payable by the Corporation as it sees fit, including for payment to other agents or advisors who have assisted with or participated in the sourcing, diligence and completion of its Qualifying Transaction).

10. General and administrative expenses

Three months ended December 31, 2017		
Public company filing and listing costs	$	1,695
General office expenses		15,327
	$	**17,022**

11. Related party transactions

The Corporation has entered into an administrative services agreement with the Sponsor for an initial term of 18 months, subject to possible extension, for office space, utilities and administrative support, which may include payment for services of related parties, for, but not limited to, various administrative, managerial or operational services or to help effect a Qualifying Transaction. The Corporation has agreed to pay $10,000 per month, plus applicable taxes for such services. As at December 31, 2017, the Corporation accrued $3,226 in respect of these services.

As at December 31, 2017, the amount due to the Sponsor was $579,363, for out-of-pocket expenses paid by the Sponsor on behalf of the Corporation. The amounts due to the Sponsor are non-interest bearing and are payable no later than the date of the consummation of a Qualifying Transaction. Due to the short-term nature of this arrangement, the fair value of the amounts due to related party approximates their carrying amount.

The Sponsor has executed a make whole agreement and undertaking in favour of the Corporation, whereby the Sponsor has agreed to indemnify the Corporation in certain limited circumstances where the funds held in the Escrow Account are reduced to below $10.00 per Class A Restricted Voting Share.

(Expressed in Canadian Dollars)

12. Financial instruments

Fair value measurements

The following table summarizes those assets and liabilities that are included at their fair values in the Corporation's statement of financial position as at December 31, 2017, or those assets and liabilities for which fair value is otherwise disclosed in the accompanying notes to the December 31, 2017 Interim Financial Statements. These assets and liabilities have been categorized into hierarchal levels, according to the significance of the inputs used in determining fair value measurements.

	Carrying value as at December 31, 2017 ($)	Fair value as at December 31, 2017 Level 1 ($)	Level 2 ($)	Level 3 ($)
Financial assets				
Cash and cash equivalents	**1,785,372**	**1,785,372**	**-**	**-**
Restricted cash and short-term investments held in escrow	**125,030,822**	**125,030,822**	**-**	**-**
Financial liabilities				
Class A Restricted Voting Shares subject to redemption	**115,625,000**	-	**115,625,000**	**-**
Warrant liability	**11,437,500**	**-**	**11,437,500**	**-**

The Corporation is exposed to financial risks due to the nature of its business and the financial assets and liabilities that it holds. The Corporation's overall risk management strategy seeks to minimize potential adverse effects of the Corporation's financial performance.

Market risk

Market risk is the risk that a material loss may arise from fluctuations in the fair value of a financial instrument. For purposes of this disclosure, the Corporation segregates market risk into three categories: fair value risk, interest rate risk and currency risk.

Fair value risk

Fair value risk is the potential for loss from an adverse movement, excluding movements relating to changes in interest rates and foreign exchange rates, because of changes in market prices. The Corporation is exposed to fair value risk in respect of its Class A Restricted Voting Shares subject to redemption and warrant liability, which are carried in the Corporation's financial statements at their fair value. A 1% increase in the fair value of Class A Restricted Voting Shares and warrant liability would result in an increase in net loss for the three months ended December 31, 2017 of $1,270,625. A 1% decrease in the fair value of Class A Restricted Voting Shares and warrant liability would result in a decrease in net loss for the three months ended December 31, 2017 of $1,258,045.

Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to the fixed interest rate on the Corporation's restricted cash and short-term balance held in escrow, its exposure to interest rate risk is nominal.

(Expressed in Canadian Dollars)

12. Financial instruments (continued)

Currency risk

Currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates relative to the Corporation's presentation currency of the Canadian dollar. The Corporation does not currently have any exposure to currency risk as the Corporation does not transact in any currency other than the Canadian dollar.

13. Capital management

(a) The Corporation defines the capital that it manages as its shareholders' deficiency, net of its Class A Restricted Voting Shares subject to redemption and warrant liability. The following table summarizes the carrying value of the Corporation's capital as at December 31, 2017:

Shareholders' deficiency	$ (5,726,190)
Class A Restricted Voting Shares subject to redemption	115,625,000
Warrant liability	11,437,500
Balance, December 31, 2017	**$121,336,310**

The Corporation's primary objective in managing capital is to ensure capital preservation in order to benefit from acquisition opportunities as they arise.

(b) Liquidity

As at December 31, 2017, the Corporation had $1,785,372 in cash and cash equivalents. The Corporation expects to incur significant costs in pursuit of its acquisition plans.

To the extent that the Corporation may require additional funding for general ongoing expenses or in connection with sourcing a proposed Qualifying Transaction, the Corporation may obtain such funding by way of unsecured loans from the Sponsor and/or its affiliates, subject to consent of the Exchange, which loans would, unless approved otherwise by the Exchange, bear interest at no more than the prime rate plus 1%. The Sponsor would not have recourse under such loans against the Escrow Account, and thus the loans would not reduce the value of such Escrow Account. Such loans would collectively be subject to a maximum principal amount of $1,000,000 in the aggregate, and may be repayable in cash following the closing of a Qualifying Transaction and may only be convertible into Class B Shares and/or Warrants in connection with the closing of a Qualifying Transaction, subject to Exchange consent.

Otherwise, and subject to any relief granted by the Exchange, the Corporation may seek to raise additional funds through a rights offering in respect of shares available to its shareholders, in accordance with the requirements of applicable securities legislation, and subject to placing the required funds raised in the Escrow Account in accordance with applicable Exchange rules.

14. Subsequent event

On January 19, 2018, the underwriter exercised its over-allotment option to purchase an additional 975,000 Class A Restricted Voting Units for aggregate proceeds of $9,750,000. As a result of the exercise of the over-allotment option, an aggregate of 13,475,000 Class A Restricted Voting Units of the Corporation were issued for aggregate proceeds of $134,750,000.

Concurrent with the exercise of the over-allotment option, the Sponsor purchased an additional 121,870 Founders' Warrants (for an aggregate purchase price of $121,870) and 12,188 Class B Units (for an aggregate purchase price of $121,880) for aggregate proceeds of $243,750.

Due to the partial exercise of the over-allotment option, an aggregate of 227,812 Class B Shares (also known as Founders' Shares) were forfeited without compensation by the Founders on January 19, 2018. As a result, following the exercise of the over-allotment option and forfeiture of the 227,812 Founders' Shares, the Founders own an aggregate of 3,434,297 Class B Shares, 262,188 Class B Units and 2,621,870 Founders' Warrants.