
**CANNABIS STRATEGIES ACQUISITION CORP.
CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice To Reader

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

Cannabis Strategies Acquisition Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at March 31, 2019	As at December 31, 2018
ASSETS		
Current		
Cash	\$ 48,584	\$ 149,996
Deposit	20,172	375,000
	68,756	524,996
Restricted cash and short-term investments held in escrow (note 3)	136,291,243	135,989,244
Total assets	\$ 136,359,999	\$ 136,514,240
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 4,878,797	\$ 3,395,625
Due to related parties (note 9)	818,368	731,732
	5,697,165	4,127,357
Deferred underwriters' commission (note 7)	4,716,250	4,716,250
Class A Restricted Voting Shares subject to redemption (note 4)	269,500,000	198,756,250
Warrant liability (note 5)	142,487,395	32,718,116
Total liabilities	422,400,810	240,317,973
Shareholders' deficiency		
Share capital (note 6(a))	2,287,620	2,287,620
Deficit	(288,328,431)	(106,091,353)
Total shareholders' deficiency	(286,040,811)	(103,803,733)
Total liabilities and shareholders' deficiency	\$ 136,359,999	\$ 136,514,240

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

Organization and nature of operations (note 1)

Approved on behalf of the Board:

"Jonathan Sandelman", Director

"Charles Miles", Director

Cannabis Strategies Acquisition Corp.**Condensed Interim Consolidated Statements of Operations and Comprehensive loss****(Expressed in Canadian Dollars)****Unaudited**

Three Months Ended March 31,	2019	2018
Revenue		
Interest income	\$ 302,000	\$ 294,076
Expenses		
Transaction costs (note 7)	-	584,766
General and administrative (note 8)	2,048,311	200,808
Foreign exchange	(22,262)	-
Net unrealized loss (gain) on changes in the fair value of financial liabilities (notes 6 and 5)	180,513,029	(616,732)
	182,539,078	168,842
Net (loss) income and comprehensive (loss) income for the period	\$ (182,237,078)	\$ 125,234
Basic and diluted net (loss) income per Class B share	\$ (49.30)	\$ 0.03
Weighted average number of Class B Shares outstanding (basic and diluted)	3,696,486	3,742,007

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

Cannabis Strategies Acquisition Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

Three Months Ended March 31,	2019	2018
Operating activities		
Net (loss) income and comprehensive (loss) income for the period	\$ (182,237,078)	\$ 125,234
Non-cash items included in net loss and other adjustments:		
Interest income	(302,000)	(294,076)
Transaction costs associated with financing activities (note 9)	-	584,766
Net unrealized loss on changes in the fair value of financial liabilities	180,513,029	(616,732)
Changes in working capital items:		
Prepaid expenses	-	6,075
Deposit	354,829	-
Accounts payable and accrued liabilities	1,483,172	(266,814)
Due to related parties	86,636	56,106
Net cash (used in) provided by operating activities	(101,412)	(405,441)
Investing activities		
Investment in restricted cash and short-term investments held in escrow (note 5)	-	(9,750,000)
Net cash used in investing activities	-	(9,750,000)
Financing activities		
Proceeds from issuance of Class B Units (note 8)	-	121,880
Proceeds from issuance of Warrants to Founders (note 7)	-	121,870
Proceeds from issuance of Class A Restricted Voting Units (notes 6 and 7)	-	9,750,000
Transaction costs (note 9)	-	(249,696)
Net cash provided by financing activities	-	9,744,054
Net change in cash during the period	(101,412)	(411,387)
Cash, beginning of period	149,996	1,785,372
Cash, end of period	\$ 48,584	\$ 1,373,985

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

Cannabis Strategies Acquisition Corp.**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency****(Expressed in Canadian Dollars)****Unaudited**

	<u>Class B Shares</u>			
	<u>Number</u>	<u>Amount</u>	<u>Deficit</u>	<u>Total</u>
Balance, December 31, 2017	3,912,110	\$ 2,181,061	\$ (7,907,251)	\$ (5,726,190)
Issuance of Class B Units to Sponsor (note 1 and note 6(a))	12,188	121,880	-	121,880
Allocation of proceeds received pursuant to the Offering, over-allotment option and attributed to Warrants (note 1 and note 6(a))	-	(9,141)	-	(9,141)
Transaction costs (note 7)	-	(6,180)	-	(6,180)
Forfeiture of Founders Class B Shares (note 1)	(227,812)	-	-	-
Net income and comprehensive income for the period	-	-	125,234	125,234
Balance, March 31, 2018	3,696,486	\$ 2,287,620	\$ (7,782,017)	\$ (5,494,397)
Balance, December 31, 2018	3,696,486	\$ 2,287,620	\$ (106,091,353)	\$ (103,803,733)
Net income and comprehensive income for the period	-	-	(182,237,078)	(182,237,078)
Balance, March 31, 2019	3,696,486	\$ 2,287,620	\$ (288,328,431)	\$ (286,040,811)

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

Cannabis Strategies Acquisition Corp.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

Unaudited

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 changed its financial year-end to December 31 to better synchronize its financial reporting with that of its proposed target businesses in connection with its proposed Qualifying Transaction.

The Corporation was incorporated on July 31, 2017 under the Business Corporations Act (Ontario) 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 Corporation is located at 590 Madison Avenue, 26th Floor, New York, New York, 10022.

On September 12, 2018, the Corporation incorporated a wholly owned subsidiary in Nevada, USA, CSAC Holdings Inc., to facilitate the proposed Qualifying Transaction. On September 17, 2018, CSAC Holdings Inc. incorporated a wholly owned subsidiary in Nevada, USA, CSAC Acquisition Inc.

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). At the option of the warrant holder, the Warrants may be exercised through cashless exercise.

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 was exercised in full for total proceeds of \$25,000. 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.

Cannabis Strategies Acquisition Corp.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

Unaudited

1. Organization and nature of operations (continued)

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 and the Sponsor subscribed for 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. 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.

Each Class A Restricted Voting Unit commenced trading on December 21, 2017 on the Neo Exchange Inc., formerly the Aequis NEO Exchange Inc. (the "Exchange") under the symbol "CSA.UN", and were 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 issued to the Sponsor are not listed.

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 of 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 \$4,716,250, 50% of which will be payable to the Underwriter and the remaining 50% will be payable by the Corporation at its discretion.

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.

Cannabis Strategies Acquisition Corp.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

Unaudited

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), all of the Class A Restricted Voting Shares will be automatically redeemed and each holder of a Class A Restricted Voting Share will receive 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.

The shareholders of the Corporation have approved the concurrent acquisition of the target businesses of Washoe Wellness, LLC, The Canopy NV, LLC, Sira Naturals, Inc., LivFree Wellness, LLC and CannaPunch of Nevada LLC (the "Transaction") at the special meeting of the Corporation held on March 18, 2019. The Transaction is intended to constitute the Corporation's Qualifying Transaction. In connection with the Transaction, the Corporation intends to grant to the Founders the right, immediately prior to the closing of the Transaction, to have a one-time option to convert their existing Class B Shares on a one-for-one basis into new multiple voting shares of the Corporation (the "Multiple Voting Shares") carrying 25 votes per Multiple Voting Share, the Class B Shares would then have their terms amended and be re-named as subordinate voting shares of the Corporation (the "Subordinated Voting Shares"), and any non-redeemed Class A Restricted Voting Shares would be converted into Subordinate Voting Shares at the closing of the Transaction. The Qualifying Transaction is subject to regulatory approvals.

Please refer to the Corporation's final non-offering prospectus dated February 15, 2019 (the "QT Prospectus") and the Corporation's management information circular dated February 19, 2019 for further information on the Transaction, including risk factors associated thereto.

2. Significant Accounting Policies

Statement of Compliance

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRSs issued and outstanding as of May 6, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the period ended December 31, 2018. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2019 could result in restatement of these unaudited condensed consolidated interim financial statements.

Cannabis Strategies Acquisition Corp.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2019
(Expressed in Canadian Dollars)
Unaudited

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

March 31, 2019

Restricted cash	\$136,291,243
Restricted cash held in escrow	\$136,291,243

December 31, 2018

Restricted cash	\$126,155,821
Investments in Flexible Guaranteed Investment Certificate due January 21, 2019	9,750,000
Accrued interest	83,423
Restricted cash and short-term investments held in escrow	\$135,989,244

4. Class A restricted voting shares subject to redemption

Authorized

The Corporation is authorized to issue an unlimited number of Class A Restricted Voting Shares (and Class B 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 (in which case the redemption is automatic); (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.

Cannabis Strategies Acquisition Corp.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2019
(Expressed in Canadian Dollars)
Unaudited

4. Class A restricted voting shares subject to redemption (continued)

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

	Number	Amount
From incorporation on July 31, 2017	-	\$ -
Issuance of Class A Restricted Voting Shares pursuant to the Offering	12,500,000	115,625,000
Issuance of Class A Restricted Voting Shares pursuant to the over-allotment option	975,000	9,018,750
	13,475,000	124,643,750
Adjusted for:		
Fair value adjustment	-	144,856,250
Balance, March 31, 2019	13,475,000	\$269,500,000

The fair value of the Company's Class A restricted voting shares increased to \$269,500,000 as the Class A Restricted Voting Shares bid price on March 31, 2019 was \$20.00.

	Number	Amount
From incorporation on July 31, 2017	-	\$ -
Issuance of Class A Restricted Voting Shares pursuant to the Offering	12,500,000	115,625,000
Issuance of Class A Restricted Voting Shares pursuant to the over-allotment option	975,000	9,018,750
	13,475,000	124,643,750
Adjusted for:		
Fair value adjustment	-	74,112,500
Balance, December 31, 2018	13,475,000	\$198,756,250

5. Warrant liability

As at December 31, 2018 and September 30, 2018, the Corporation had 16,359,058 Warrants issued and outstanding, comprised of 13,475,000 Warrants forming part of the Class A Restricted Voting Units, 2,621,870 Founders' Warrants, and 262,188 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 (as defined in the QT Prospectus) 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 the 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 the 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 is provided.

Cannabis Strategies Acquisition Corp.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2019
(Expressed in Canadian Dollars)
Unaudited

5. Warrant liability (continued)

The Warrant holders 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

With certain exemptions, 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 Class B 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 when 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.

Warrants - Issued and Outstanding

	Number	Amount
From incorporation on July 31, 2017	-	\$ -
Warrants issued in connection with:		
Issuance to Founders	2,621,870	2,621,870
Issuance of Class A Restricted Voting Units pursuant to the Offering	12,500,000	9,375,000
Issuance of Class A Restricted Voting Units pursuant to the over-allotment option	975,000	731,250
Issuance of Class B Units to Sponsor	262,188	196,641
	16,359,058	12,924,761
Adjusted for:		
Fair value adjustment	-	129,562,634
Balance, March 31, 2019	16,359,058	\$142,487,395

The fair value of the Company's Warrants increased to \$142,487,395 as the Warrant's bid price on March 31, 2019 was \$8.71.

Cannabis Strategies Acquisition Corp.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

Unaudited

5. Warrant liability (continued)

	Number	Amount
From incorporation on July 31, 2017	-	\$ -
Warrants issued in connection with:		
Issuance to Founders	2,621,870	2,621,870
Issuance of Class A Restricted Voting Units pursuant to the Offering	12,500,000	9,375,000
Issuance of Class A Restricted Voting Units pursuant to the over-allotment option	975,000	731,250
Issuance of Class B Units to Sponsor	262,188	196,641
	16,359,058	12,924,761
Adjusted for:		
Fair value adjustment	-	19,793,355
Balance, December 31, 2018	16,359,058	\$ 32,718,116

6. Shareholders' deficiency

a) Class B Shares

Authorized

The Corporation is authorized to issue an unlimited number of Class B Shares (and Class A Restricted Voting Shares) without nominal or par value. The holders of Class B 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.

Restrictions on transfer, assignment or sale of Founders' Shares

With certain exceptions, 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 earlier of: (A) one year following completion of the Qualifying Transaction, and (B) 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.

In addition to the foregoing transfer restrictions, 25% of 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.

Cannabis Strategies Acquisition Corp.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2019
(Expressed in Canadian Dollars)
Unaudited

6. Shareholders' deficiency (continued)

a) Class B Shares (continued)

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 incorporation 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	262,188	2,425,239
	3,924,298	2,450,249
Adjusted for:		
Transaction costs	-	(162,629)
Forfeiture of Founders Class B Shares (note 1)	(227,812)	-
Balance, December 31, 2018 and March 31, 2019	3,696,486	\$ 2,287,620

b) Rights

As at March 31, 2019 and December 31, 2018, the Corporation had 13,737,188 Rights issued and outstanding, comprised of 13,475,000 Rights forming part of the Class A Restricted Voting Units, and 262,188 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 a Qualifying Transaction is not consummated 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

With certain exceptions, the Founders have agreed not to transfer any of their 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.

Cannabis Strategies Acquisition Corp.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2019
(Expressed in Canadian Dollars)
Unaudited

7. Transaction costs

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

Transaction costs incurred amounted to \$9,293,446 (including \$8,085,000 in underwriters' commission of which \$4,716,250 is deferred and payable only upon completion of a Qualifying Transaction). Transaction costs were expensed to the statements of operations as incurred, except for \$162,629 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 March 31, 2019 were allocated as follows:

	Class B Shares	Statement Shareholders' of Operations	Deficiency
Underwriter's commission	\$ 58,951	\$ 3,309,799	\$ 3,368,750
Deferred underwriter's commission	82,531	4,633,719	4,716,250
Professional fees (legal, accounting, etc.)	11,693	656,510	668,203
Underwriter's out-of-pocket expenditures	2,625	147,375	150,000
Management out-of-pocket expenses	6,829	383,414	390,243
	\$ 162,629	\$ 9,130,817	\$ 9,293,446

There were \$nil transaction costs from January 1, 2019 to March 31, 2019.

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 \$3,368,750, 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 \$4,716,250 (representing \$0.35 per Class A Restricted Voting Unit), 50% of which will be payable to the underwriter and the remaining 50% will be payable by the Corporation at its discretion.

8. General and administrative expenses

Three Months Ended March 31,	2019	2018
Public company filing and listing costs	\$ 143,380	\$ 19,003
Professional fees	1,832,269	173,171
General office expenses	72,662	8,634
	\$ 2,048,311	\$ 200,808

Cannabis Strategies Acquisition Corp.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2019
(Expressed in Canadian Dollars)
Unaudited

9. 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 March 31, 2019 and December 31, 2018, the Corporation accrued \$152,314 and \$122,314, respectively, in respect of these services.

As at March 31, 2019 and December 31, 2018, the amount payable to the Corporation's Chief Executive Officer was \$666,054 and \$609,418, respectively for out-of-pocket expenses paid on behalf of the Corporation with respect to the Qualifying Transaction. The amounts due to the Sponsor and the Corporation's Chief Executive Officer are unsecured, non-interest bearing and are payable no earlier than the date of the consummation of a Qualifying Transaction, with no recourse against the funds held in the Escrow Account. Due to the short-term nature of this arrangement, the fair value of the amounts due to related parties 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.

During the three months ended March 31, 2019, the Corporation paid professional fees of \$8,688 (three months ended March 31, 2018 - \$11,624) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which the Corporation's Chief Financial Officer, is President. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at March 31, 2019 and December 31, 2018, Marrelli Support was owed \$14,862 and \$5,836, respectively, these amounts are included in accounts payable and accrued liabilities on the Corporation's consolidated statements of financial position.