Condensed Interim Financial Statements

Cannabis Growth Opportunity Corporation

For the Six Months Ended April 30, 2018
(Stated in Canadian Dollars)

Unaudited

Cannabis Growth Opportunity Corporation

Condensed Interim Statements of Financial Position
Unaudited
Stated in Canadian dollars

	April 30, 2018	October 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	$ 3,488,607	$ 2.50
Investments receivable (note 4)	2,000,000	-
Interest receivable	64,083	-
Investments (note 4)	28,698,640	-
Prepaid asset	66,309	-
	34,317,639	2.50
Intangible Assets	2,351	-
	$ 34,319,990	$ 2.50
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	$ 550,277	$ -
Shareholders' Equity		
Share capital (note 5)	27,519,093	2.50
Warrants (note 6)	7,892,531	-
Contributed surplus (note 7)	2,575,976	-
Accumulated deficit	(4,217,887)	-
	33,769,713	2.50
	$ 34,319,990	$ 2.50

Subsequent events (note 12)

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

Approved on behalf of the Board

"Jamie Blundell", Director   "Paul Andersen", Director

Cannabis Growth Opportunity Corporation

Condensed Interim Statements of Loss and Comprehensive Loss
Unaudited
Stated in Canadian dollars

	Three months ended April 30, 2018	Six months ended April 30, 2018
Income		
Interest income	$ 87,586	$ 87,586
Net realized loss on disposal of investments	(8,501)	(8,501)
Net change in unrealized depreciation on investments	(2,057,609)	(2,148,715)
Net change in unrealized foreign exchange loss on investments	(41,375)	(41,375)
	(2,019,899)	(2,111,005)
Expenses		
Operating, general, and administrative (notes 9, 10)	289,985	314,782
Stock-based compensation (note 7(a))	-	1,792,100
	289,985	2,106,882
Net Loss and Comprehensive Loss	$ (2,309,884)	$ (4,217,887)
Loss per common share - Basic and Diluted (note 8)	$ (0.15)	$ (0.52)
Weighted average number of common shares outstanding - Basic and Diluted (note 8)	15,519,493	8,059,675

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

Cannabis Growth Opportunity Corporation

Condensed Interim Statements of Changes in Shareholders' Equity
Unaudited
Stated in Canadian dollars

	Share capital					
	Number of shares	Amount	Warrants	Contributed surplus	Accumulated deficit	Total equity
Balance - November 1, 2017	1	$ 2.50	$ -	$ -	$ -	$ 2.50
Net comprehensive loss	-	-	-	-	(4,217,887)	(4,217,887)
Shares and warrants issued from initial public offering	15,513,250	30,084,504	8,698,621	-	-	38,783,125
Shares issued to acquire investments	138,889	250,000	-	-	-	250,000
Share and warrant issuance costs (note 5, 6, 7(b))	-	(2,815,414)	(806,090)	783,876	-	(2,837,628)
Stock-based compensation (note 7 (a))	-	-	-	1,792,100	-	1,792,100
Balance - April 30, 2018	15,652,140	$ 27,519,093	$ 7,892,531	$ 2,575,976	$ (4,217,887)	$ 33,769,713

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

Cannabis Growth Opportunity Corporation

Condensed Interim Statements of Cash Flows
Unaudited
Stated in Canadian dollars

		Six months ended April 30, 2018
Cash provided by (used in):		
Cash Flows from Operating Activities		
Net loss and comprehensive loss	$	(4,217,887)
Items not involving cash		
Net change in unrealized depreciation on investments		2,148,715
Net realized loss on disposal of investments		8,501
Stock-based compensation		1,792,100
Net change in unrealized foreign exchange loss on investments		41,375
		(227,196)
Adjustments for:		
Investments receivable		(2,000,000)
Interest receivable		(64,083)
Purchase of investments		(31,513,533)
Proceeds from disposal of investments		866,302
Prepaid asset		(66,309)
Intangible assets		(2,351)
Accounts payable and accrued liabilities		550,277
		(32,456,893)
Cash Flows from Financing Activities		
Proceeds from issuance of shares		30,084,504
Share issuance costs		(2,207,353)
Proceeds from issuance of warrants		8,698,621
Warrant issuance costs		(630,275)
		35,945,497
Change in cash and equivalents		3,488,604
Cash and cash equivalents - beginning of period		2.50
Cash and cash equivalents - end of period	$	3,488,607
Significant Non-Cash Transactions		
Shares issued to acquire investments (note 5)	$	250,000
Share and warrant issuance costs - agent compensation options (note 7 (b))	$	(783,876)

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

1. Nature of operations and formation of the Corporation

Cannabis Growth Opportunity Corporation (the "Corporation") is an investment corporation incorporated under the laws of Canada on October 29, 2017. On January 26, 2018, the Corporation completed its initial public offering (the "Offering"). Pursuant to the Offering, the Corporation issued 15,513,250 Units at a price of $2.50 per Unit for gross proceeds of $38,783,125. Each Unit consisted of one common share and one warrant in the capital of the Corporation. The common shares and warrants are listed on the Canadian Securities Exchange under the symbols “CGOC” and “CGOC.WT” respectively.

The Corporation’s investment objectives are to provide shareholders long-term total return through capital appreciation by investing in an actively managed portfolio of securities of public and private companies operating in or that derive a significant portion of their revenue or earnings from products or services related to the cannabis industry.

CGOC Management Corp. (the “Manager”) will act as the manager and promoter of the Corporation and will provide all management services to the Corporation. The Corporation will make investment decisions with respect to the portfolio of private companies and StoneCastle Investment Management Inc. (the “Investment Manager”) will act as the Corporation’s investment manager with respect to the portfolio of public companies.

The Corporation's head office is located at 240 Richmond St. W, Suite 4164, Toronto, Ontario, M5V 1V6.

2. Basis of presentation

a) Statement of compliance

These unaudited condensed interim financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The following is a summary of significant accounting policies followed by the Corporation in preparation of its financial statement.

These financial statements were approved by the Board of Directors on June 29, 2018.

b) Consolidation and equity accounted investees

In accordance with IFRS 10, the Corporation prepares its financial statements on a consolidation basis if the Corporation has control over an investee. The Corporation achieves control over an investee if the Corporation has:

2. Basis of presentation (continued)

b) Consolidation and equity accounted investees (continued)

i) power over the investee: rights, which exist and give the Corporation the ability to direct relevant current activities of the investee,

ii) exposure or rights to variable returns from the Corporation's involvement with the investee, or,

iii) the Corporation has the ability to use its power to influence the investee and affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Corporation holds less than a majority of the outstanding voting shares or similar rights of an investee, the Corporation will consider all relevant facts and circumstances when assessing whether it has power over an investee. Based on management's consideration of all relevant factors and circumstances, as at April 30, 2018 there are no investments that meet the criteria for control over the investee.

Investees in which the Corporation has significant influence, but it does not control or jointly control, the Corporation uses the equity method in accordance with IAS 28 in order to account for these investments. The investments are recognized initially at cost, and re-measured subsequently to include the investee's share of the profit or loss and other comprehensive income until the date on which significant influence or joint control ceases. The Corporation is presumed to have significant control over an investee if the Corporation has directly or indirectly (i.e. through subsidiaries), 20% or more of the voting power of the investee. The existence of significant influence is further evidenced through:

i) representation on the board of directors,

ii) material transactions between the Corporation and the investee; or

iii) interchange of managerial personnel.

In assessing whether the Corporation has significant influence over an investee, management examines all facts and circumstances related to the investment. As at April 30, 2018, there are no investments that meet the criteria for significant influence.

c) Basis of measurement

The Corporation's financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair value.

d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

2. Basis of presentation (continued)

e) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from estimates calculated. Significant judgements made when applying accounting policies are as follows:

i) Fair value of investments not quoted in an active market or investments in private companies

Where the fair values of investments cannot be derived from active markets, the Corporation uses valuation models to determine fair value. Where possible, the Corporation uses inputs derived from observable market data for the models. Where observable market data is not available, the Corporation uses judgment to establish fair value.

ii) Fair value of financial derivatives

Investments in options and warrants, which are not traded on a recognized securities exchange, do not have readily available market value. When observable and reliable market inputs exist, the Corporation uses valuation techniques to determine fair value. If such market inputs do not exist, the Corporation values the warrants and options at intrinsic value.

iii) Stock-based compensation expense

The Corporation uses the Black-Scholes Model to determine the fair value of stock options issued in order to calculate compensation expense. The Black-Scholes Model requires six key inputs to determine a value for a warrant: risk-free interest rate, exercise price, market price at date of issuance, expected yield, expected life, and expected volatility. Certain of the inputs are estimates, which involve considerable judgment and are or could be affected by significant factors that are out of the Corporation's control.

iv) Warrants

The Corporation uses the Black-Scholes Model to calculate the value of warrants issued as part of the Corporation's public and/or private placements. The Black-Scholes Model requires six key inputs to determine a value for a warrant: risk-free interest rate, exercise price, market price at date of issuance, expected yield, expected life, and expected volatility. Certain of the inputs are estimates, which involve considerable judgment and are or could be affected by significant factors that are out of the Corporation's control. Proceeds from unit placements, net of issuance costs, are allocated between common shares and warrants issued according to their relative fair value.

3. Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a) Foreign currency transactions

Transactions in foreign currencies are initial recorded in the Corporation's functional currency at the rate in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the Corporation's functional currency spot rate of exchange in effect at the reporting date. Non-monetary assets and liabilities are measured at historical cost in a foreign currency and are translated using the exchange rates as at the date of initial transaction. All exchange differences are recognized in the statement of comprehensive income.

b) Financial instruments

On initial recognition, a financial asset is classified as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost. Purchases and sales of financial assets are recorded on a settlement date basis.

Subsequent to initial recognition, all investments are measured at fair value. All gains and losses arising from changes in fair value of the investments are presented in comprehensive loss within changes in unrealized depreciation/appreciation of investments in the period in which the gains and losses arise. The Corporation would only reclassify a financial asset when the Corporation changes its business model for managing the financial asset. All reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

i) Cash and cash equivalents

Cash and cash equivalents comprise of deposits in banks and highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and are not subject to a significant risk of changes in value.

ii) Financial assets classified at fair value through profit and loss

Financial assets are classified as FVTPL if the asset is an equity investment, if the Corporation has not elected to classify the equity investment as FVOCI, or if the Corporation's business model for holding the investment is achieved other than by both collecting contractual cash flows and by selling the assets.

FVTPL assets are initially recorded at fair value with realized gains and losses on disposition and subsequent changes in fair value recorded in net income. Directly attributable transaction costs are reported in net income as incurred.

3. Significant accounting policies (continued)

b) Financial instruments (continued)

iii) Non-derivative financial liabilities

Non-derivative financial liabilities are recognized initially on the date the Corporation becomes a party to the contractual obligations of the financial instrument. All non-derivative financial liabilities are recognized initially at fair value along with directly attributable transaction costs. Subsequent to initial measurement, non-derivative financial liabilities are measured at amortized cost using the effective interest rate method.

iv) Derivative financial instruments - warrants and options

A financial derivative such as warrants or options that will be settled with the Corporation's own equity instruments will be classified as an equity instrument if the derivative is to acquire a fixed number of the Corporation's own equity instruments for a fixed amount of Canadian dollars.

A financial derivative will be considered a financial liability at fair value through profit or loss if it's to acquire either a variable number of equity instruments and the options/warrants were not offered pro-rata to all existing owners of the case class of non-derivative equity instruments.

The following table presents the Corporation's classification of financial assets and financial liabilities as at April 30, 2018:

Financial assets/ financial liability	**Classification**
Cash and cash equivalents	FVTPL
Investments receivable	FVTPL
Interest receivable	Amortized cost
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost

c) Revenue recognition

All realized gains and losses from disposal of investments and all changes in unrealized appreciation and depreciation on investments from changes in fair value are recorded within the statement of comprehensive loss.

Dividend income is recognized when the shareholder's right to receive payment is established, which is the ex-dividend date. Interest income and other income is recognized on an accrual basis.

3. Significant accounting policies (continued)

d) Current tax

Current taxes are recognized for estimated income taxes payable or recoverable for the current period and any adjustments to taxes payable in respect to prior periods. Current taxes payable or recoverable are offset when they relate to income taxes imposed by the same taxation authority when the taxation authority permits receiving of making a single net payment.

e) Deferred tax

Deferred tax is recognized for temporary differences at the reporting date between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred taxes are measured using currently enacted or substantively enacted income tax rates expected to apply to taxable income in the periods in which the temporary differences reverse. Measurement of deferred tax reflects the tax consequences that would follow the manner in which the Corporation expects at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it's probable the Corporation will have sufficient taxable income in which to offset. The Corporation reviews deferred tax assets each reporting period and would be reduced to the extent that it's no longer probable that the benefit arising from the unused tax loss, tax credit, or deductible temporary difference will be realized.

f) Stock-based compensation

The Corporation has a stock option plan whereby management, including officers and directors of the Corporation receive remuneration in the form of stock options granted within the plan for services rendered. The cost of options is recognized as an increase to contributed surplus over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant optionee becomes fully entitled to the award (the "vesting date").

Stock-based awards are recognized as an expense to the extent that management expects such awards to vest based on service and performance conditions attached to the stock-based awards.

g) Share and warrant capital

Common shares and warrants are classified as equity in the financial statements. Incremental costs directly attributable to the issuance of common shares and warrants are recognized as a deduction from equity.

3. Significant accounting policies (continued)

h) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is applied to all fair value measurements including non-financial assets and liabilities, which are measured at or based on fair value. The Corporation's fair value hierarchy is disclosed in note 4.

i) Loss per common share

The Corporation presents basic and diluted loss per share for its common shares. Basic loss per common share is determined by dividing the Corporation's net loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per common share is determined by adjusting the weighted average number of shares outstanding for the impact of all dilutive potential shares, which are comprised of stock-based compensation awards granted.

j) Accounting standards and amendments issued but not yet applied

Amendments to IFRS 2 Share-Based Payment ("IFRS 2")

On June 20, 2016, the IASB, published final amendments to IFRS 2 that clarify the classification and measurement of share-based payments transactions. The amendments pronounce requirements related to accounting for:

i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share based payments;

i) share-based payment transactions with a net settlement feature for withholding tax obligations; and

i) the effect of a modification of the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Corporation is currently assessing the impact the Amendments to IFRS 2 will have on its financial statements.

IFRS 16 Leases ("IFRS 16")

This standard specifies the recognition, measurement, presentation and disclosure of leases. This standard is effective for annual periods beginning on or after January 1, 2019. The Corporation is currently assessing any effect on its financial statements from the adoption of this standard. The Corporation is currently assessing the impact the Amendments to IFRS 16 will have on its financial statements.

Stated in Canadian Dollars

4. Fair value measurement

Fair value measurements are based on a three-level fair value hierarchy based on inputs used in determining fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Transaction costs are expensed as incurred for financial instruments classified as fair value through profit and loss. For other financial instruments, transaction costs are capitalized on initial recognition.

Investments consisted of the following at April 30, 2018:

Financial assets measured at fair value	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Equities	$ 21,548,879	$ 11,804,177	$ -	$ 9,091,070	$ 20,895,247
Warrants	3,010,961	299,375	857,331	452,897	1,609,603
Convertible debentures	4,778,740	1,794,900	2,500,000	348,740	4,643,640
Subscription receipts	1,550,150	-	-	1,550,150	1,550,150
	$ 30,888,730	$ 13,898,452	$ 3,357,331	$ 11,442,857	$ 28,698,640

Subscription receipts

As at April 30, 3018, subscription receipts represent investments in private companies that are in the process of completing a public transaction. Once the public transaction is complete, each subscription right entitles the Corporation to receive, without payment of additional consideration, one unit of the newly formed entity. If the public transaction does not complete, the subscription receipts become void, and the total subscription price is returned to the Corporation. Due to the short-term nature of the holding period of subscription rights, the carrying value is approximated to be the fair market value.

Investments receivable

Investments receivable represents funds advanced by the Corporation pursuant to a subscription agreement, which had not settled as at April 30, 2018.

The Corporation did not hold any investments as at October 31, 2017.

Stated in Canadian Dollars

4. Fair value measurement (continued)

The Corporation did not transfer any financial instruments between Level 1, 2 or 3 during the six months ended April 30, 2018.

Changes in Level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the six months ended April 30, 2018:

	Private equities	Convertible debentures	Warrants	Subscription Receipts	Total Fair Value
Balance - November 1, 2017	$ -	$ -	$ -	$ -	$ -
Purchases	9,127,617	348,740	461,033	1,550,150	11,487,540
Unrealized gains (losses)	(36,547)		(8,136)		(44,683)
Balance - April 30, 2018	$ 9,091,070	$ 348,740	$ 452,897	$ 1,550,150	$ 11,442,857

Significant unobservable inputs

The key assumptions, the Corporation used in the valuation of level 3 investments include and are not limited to the value of recently completed financing by the investee, entity-specific information, publicly available information of comparable entities.

The following table summarizes valuation techniques and significant unobservable inputs used for the Corporation's investments classified in Level 3 of the fair value hierarchy as at April 30, 2018:

	Fair value at April 30, 2018	Valuation technique	Unobservable inputs	Range of inputs
Private equities	$ 9,091,070	Recent financing	Transaction price	N/A
Convertible debentures	348,740	Higher of face value or conversion value	Transaction price	N/A
Warrants	452,897	Black-Scholes model	Trends in comparable companies	66% to 81%
Subscription receipts	1,550,150	Recent financing	Transaction price	N/A
	$ 11,442,857			

Stated in Canadian Dollars

4. Fair value measurement (continued)

For these Level 3 investments, the inputs used can be highly judgemental. A 25% increase or decrease in the assumptions will result in a corresponding $2,860,714 change to the total fair value of Level 3 investments.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range if reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments.

5. Share capital

a) Authorized:

Unlimited common shares

b) Common Shares issued and outstanding

	Number	Amount
Balance - November 1, 2017	1	$ 2.50
Initial public offering	15,513,250	30,084,504
Shares issued to acquire investments	138,889	250,000
Issuance costs	-	(2,815,414)
Balance - April 30, 2018	15,652,140	$ 27,519,093

Initial public offering

On January 26, 2018, the Corporation completed its initial public offering and issued 15,513,250 units at a price of $2.50 per unit for gross proceeds of $38,783,125. Each Unit consists of one common share and one warrant in the capital of the Corporation. The corporation allocated $30,084,504 of the gross proceeds to common shares and $8,698,621 of the proceeds to warrants.

Shares issued to acquire investments

On April 26, 2018, the Corporation acquired 400,000 shares of a private entity at a purchase price of $1,000,000 or $2.50 per share. Consideration for the acquisition consisted of $750,000 paid in cash and issuance of 138,889 common shares of the Corporation issued at $1.80 per share.

Stated in Canadian Dollars

6. Warrants

A summary of the status of the Corporation's warrants as at April 30, 2018 and changes during the period is as follows:

	Number	Amount	Weighted Average Exercise Price
Balance - November 1, 2017	-	$ -	$ -
Initial public offering	15,513,250	8,698,621	2.50
Issuance costs	-	(806,090)	-
Balance - April 30, 2018	15,513,250	$ 7,892,531	$ 2.50

The fair value of the Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.43%
Expected life	2 years
Expected volatility	66%*
Share price	$1.94

*Based on volatility of comparable companies

7. Stock based compensation and agent compensation options

a) Stock-based compensation

The Board of Directors has adopted a stock-based compensation plan for the Corporation (the “Plan”). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase common shares to directors, officers, and consultants of the Corporation.

Under the Plan, the aggregate number of common shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding common shares at the time of granting the options. Options shall expire no later than five years after the date of grant.

The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the common shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the common shares are listed. The options shall vest and may be exercised as determined by a resolution of the board of directors.

Stated in Canadian Dollars

7. Stock based compensation and agent compensation options (continued)

a) Stock-based compensation (continued)

A summary of changes to stock options is as follows:

	Number	Amount	Weighted Average Exercise Price
Balance - November 1, 2017	-	$ -	$ -
Granted and outstanding	1,500,000	1,792,100	2.35
Balance - April 30, 2018	1,500,000	$ 1,792,100	$ 2.35

All outstanding options have fully vested and are exercisable.

The fair value of the options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.64%
Expected life	5 years
Expected volatility	66%*
Share price	$2.20

*Based on volatility of comparable companies

b) Agent compensation options

Pursuant to the Agency Agreement, on January 26, 2018 the Corporation granted Agent compensation options (the "Agent's Options") equal to 5.5% of the number of units sold under the initial public offering.

Each Agent’s Option will entitle the Agent to purchase one Unit, at an exercise price equal to $2.50 per Unit for a period of 24 months from the closing date. In the event that the Agent’s Option is not exercised prior to the expiry time, the Agent will only be entitled to receive the Common Shares underlying the Units upon any subsequent exercise of the Agent’s Option. The Warrants underlying the Units issuable upon exercise of the Agent’s Option will be void and of no value at the Expiry Time.

Stated in Canadian Dollars

7. Stock based compensation and agent compensation options (continued)

b) Agent compensation options (continued)

A summary of changes to agent options is as follows:

	Number		Amount		Weighted Average Exercise Price
Balance - November 1, 2017	-	$	-	$	-
Granted and outstanding	851,025		783,876		2.50
Balance - April 30, 2018	851,025	$	783,876	$	2.50

All outstanding agent options have fully vested and are exercisable. The total cost of agent options granted is allocated as share and warrant issuance costs of $783,876, which comprises $608,061 of share issuance costs and $175,815 of warrant issuance costs.

The fair value of the agent options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.43%
Expected life	2 years
Expected volatility	66%*
Unit price	$2.50

*Based on volatility of comparable companies

8. Loss per share

Basic and diluted loss per share has been calculated using the weighted average number of shares outstanding of 8,059,675. There were no dilutive items outstanding as at April 30, 2018. Diluted loss per share does not take into account any outstanding warrants or options as the impact would be anti-dilutive.

Loss per share is presented as follows:

		Six months ended April 30, 2018
Basic and diluted loss per share		
Net loss	$	(4,217,887)
Weighted average basic and diluted number of common shares outstanding		8,059,675
Basic and diluted loss per share	$	(0.52)

Stated in Canadian Dollars

9. Expenses by nature

Operating, general and administrative expenses includes the following:

	Three months ended April 30, 2018	Six months ended April 30, 2018
Directors' fees	$ 25,000	$ 25,000
Investment transaction costs	31,021	31,021
Listing and filing fees	3,461	3,461
Management fees	80,374	85,137
Marketing	78,687	78,687
Office and general	25,942	35,806
Professional fees	45,500	55,670
	$ 289,985	$ 314,782

10. Related party transactions and balances

During the three and six months ended April 30, 2018, the Corporation reported the following related party transactions:

a) Management fees

The Corporation is required to pay the Manager an annual management fee (the "Management Fee") fee of 1.0% of the market capitalization of the Corporation based on the daily volume-weighted average price of the common shares calculated. The Management Fee is accrued daily and paid by the Corporation to the Manager monthly in arrears. The Manager will pay the Investment Manager and the officers and directors of the Corporation provided by the Manager (other than the independent directors) out of the Management Fee.

During the three and six months ended April 30, 2018, the Corporation incurred management fees of $80,374 and $85,136. As at April 30, 2018, accounts payable and accrued liabilities included $85,136 of management fees payable to the Manager.

b) Performance fee

As soon as practicable following the final Business Day of each calendar quarter (each such date, a "Performance Fee Payment Date" and each such period, a "Performance Fee Period"), the Corporation is required to pay the Manager a quarterly performance fee (the "Performance Fee") in respect of the outstanding Common Shares equal to 20% of the amount by which the sum of (i) the "weighted average market price" of the Common Shares on the Canadian Securities Exchange (the "CSE) (or such other principal market on which the Common Shares are quoted for trading) during the 15 trading days preceding the end of the Performance Fee Period, plus (ii) distributions on such Common Shares during such period, exceeds 101.25% of the Threshold Amount (the "Hurdle Rate"). The Threshold Amount will be the greater of (i) $2.60; and (ii) the weighted average market price of the Common Shares on the Performance Fee Payment Date in the last quarter for which a Performance Fee was paid.

10. Related party transactions and balances (continued)

b) Performance fee (continued)

For the period from the Closing Date to the end of the quarter, which includes the Closing Date, the Hurdle Rate will be reduced proportionately to reflect the number of days remaining in the quarter from the Closing Date to the end of that quarter. In the event that new Common Shares are issued, the Hurdle Rate application to the Performance Fee payable with respect to those Common Shares will be reduced proportionately to reflect the number of days remaining in that quarter and the Threshold Amount in respect of such Common Shares for that quarter will be the greater of (i) the issue price of the Common Shares; and (ii) the then current Threshold Amount.

During the three and six months ended April 30, 2018, the Hurdle rate was not reached; therefore, the Corporation did not incur performance fees.

c) Operating expenses

The Corporation will reimburse the Manager for all reasonable and necessary actual out-of-pocket costs and expenses paid by the Manager in connection with the performance of the services described in the Management Agreement, as well as certain specified expenses ancillary to the operations of the Manager, including travel on behalf of the Corporation and office space and services. During the three and six months ended April 30, 2018, the Corporation reimbursed the Manager operating expenses of $Nil.

d) The Corporation incurred accounting and regulatory compliance fees of $20,340 and $30,510 for the three and six months ended April 30, 2018 from Forbes Andersen LLP, the accounting firm in which the Corporation's CFO is a Partner. As at April 30, 2018, accounts payable and accrued liabilities included $16,950 of fees payable to the accounting firm.

e) On behalf of the Corporation, the President and COO paid $Nil and $28,285 of reimbursable operating expenses for the three and six months ended April 30, 2018. As at April 30, 2018, accounts payable and accrued liabilities included $8,489 of reimbursable expenses payable to the President and COO.

f) The stock-based compensation expense for the six months ended April 30, 2018 related to stock options issued and immediately vested to directors and management was $1,792,100.

g) Other than the stock-based compensation, compensation of key management and personnel was $Nil during the three and six months ended April 30, 2018.

h) The Corporation incurred directors' fees of $25,000 for the three and six months ended April 30, 2018. As at April 30, 2018, accounts payable and accrued liabilities included $25,000 of directors' fees.

10. Related party transactions and balances (continued)

During the three and six months ended April 30, 2018, all related party transactions were in the normal course of operations and all services provided by related parties were made on terms equivalent to those which prevail with arm's length transactions.

11. Financial risk management

The primarily business activities of the Corporation result in financial statements that are primarily comprised by financial instruments. As such, the Corporation is exposed to certain risk related to financial instruments:

a) Liquidity risk

Liquidity risk refers to the risk that the Corporation will have insufficient cash resources to meet its financial obligations when they become due. The Corporation manages liquidity risk by reviewing resources to ensure that it will have sufficient liquidity to meet liabilities as they become due and to support business strategies.

The Corporation generates cash flow from the disposal of investments, financing activities, and dividend and interest income. The Corporation primarily invests in equity and debt instruments of publicly traded cannabis companies. The Corporation is also permitted to invest up to 40% of capital in non-publicly traded cannabis companies. Disposal of investments in non-publicly traded companies could differ from the carrying value since an active-market does not exist.

As at April 30, 2018, the Corporation's contractual cash flows, which were payable under financial liabilities in these financial statements consisted of accounts payable and accrued liabilities with payments due in less than 1 year. All of the Corporations financial assets as reported on the April 30, 2018 statement of financial position are considered liquid and convertible into cash in less than 1 year.

b) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. The market risks to which the Corporation is exposed is equity price risk and interest rate risk.

11. Financial risk management (continued)

b) Market risk (continued)

i) Equity price risk

The Corporation is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Corporation's investments are subject to fluctuations in fair value arising from changes in the equity market. As at April 30, 2018, should the equity prices of the Company's holdings increase or decrease by 5%, the impact on net loss would be approximately $590,209.

ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Corporation's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents and fixed income securities held.

Fair value of the Corporation's cash and cash equivalents and investments affected by changes of interest rates is minimal.

c) Currency risk

Currency risk is the risk that the fair value of future cash flows from the Company's operations will fluctuate due to changes in foreign exchange rates. The Corporation's holds investments denominated in United States dollars, ("U.S. dollar"). A change in the U.S. dollar foreign exchange rate versus the Corporation's functional and presentation currency may have an adverse effect on the Corporation's investments. As at April 30, 2018, should the U.S. dollar foreign exchange rate increase or decrease by 1%, the impact on net loss and comprehensive loss would approximate $28,832.

	April 30, 2018
Investments denominated in U.S dollars	$ 2,883,190

Stated in Canadian Dollars

11. Financial risk management (continued)

d) Concentration risk

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the Corporation's operating results. As at April 30, 2018, the Corporation invested entirely in equities, fixed income securities, and warrants of public and non-publicly listed companies in the Canadian cannabis industry. The allocation of investments between public and non-publicly listed companies follows:

	Cost	Fair value	Percentage
Publicly listed companies	$ 19,401,190	$ 17,255,783	60%
Non-publicly listed companies	11,487,540	11,442,857	40%
	$ 30,888,730	$ 28,698,640	100%

12. Subsequent events

On June 21, 2018, the Corporation announced that it has entered into a strategic partnership with Battalion Consol Corp. ("Battalion") to accelerate the monetization of mutual private investments and share new investment opportunities. As part of this agreement, Battalion has agreed to subscribe for 200,000 units in the Corporation at a purchase price of $2.50 per unit. Each unit will consist of one common share and one half common share purchase warrant. Battalion will issue $500,000 of face value senior convertible notes to the Corporation. The completion of the partnership is subject to the receipt of all necessary regulatory approvals, including the approval of the Canadian Stock Exchange.