Condensed Interim Financial Statements

Cannabis Growth Opportunity Corporation

For the Three Months Ended January 31, 2020
(Stated in Canadian Dollars)

Unaudited

NOTICE TO READER

The accompanying unaudited condensed interim financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these condensed interim financial statements.

Cannabis Growth Opportunity Corporation

Condensed Interim Statements of Financial Position
Unaudited - See Notice to Reader
Stated in Canadian dollars

	January 31, 2020	October 31, 2019 (Audited)
Assets		
Current assets		
Cash and cash equivalents	$ 420,039	$ 258,842
Interest receivable	273,976	267,622
Investments (notes 3, 10 (i))	36,070,165	39,266,818
Income tax receivable	14,229	-
Prepaid expenses	10,219	12,649
Total assets	$ 36,788,628	$ 39,805,931
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 (a), (d), (g))	$ 382,564	$ 332,255
Income tax payable	-	44,517
Total liabilities	382,564	376,772
Shareholders' equity		
Share capital (note 5)	28,185,433	28,185,433
Warrants (note 6)	-	7,892,480
Contributed surplus (note 7)	10,468,456	2,575,976
Retained earnings	(2,247,825)	775,270
Total shareholders' equity	36,406,064	39,429,159
Total liabilities and shareholders' equity	$ 36,788,628	$ 39,805,931

Subsequent events (note 12)

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

Approved on behalf of the Board

"Sean Conacher", Director "Paul Andersen", Director

Cannabis Growth Opportunity Corporation

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Three months ended January 31, 2020	Three months ended January 31, 2019
Income		
Interest income	$ 160,798	$ 85,997
Net realized loss on disposal of investments	(2,485,321)	(13,175)
Net change in unrealized appreciation (depreciation) on investments (note 3)	(355,519)	6,977,445
Loss on warrants exercised	(59,824)	-
Gain on conversion of convertible debentures	-	81,640
Other investment income	4,059	-
Total income (loss)	(2,735,807)	7,131,907
Expenses		
Operating, general, and administrative (notes 9, 10)	346,034	577,357
Total expenses	346,034	577,357
Net Income (Loss) before tax	(3,081,841)	6,554,550
Income tax recovery - current	58,746	-
Net Income (Loss) and Comprehensive Income (Loss)	$ (3,023,095)	$ 6,554,550
Net income (loss) per common share - Basic and diluted (note 8)	$ (0.19)	$ 0.42
Weighted average number of common shares outstanding - basic and diluted (note 8)	16,079,184	15,550,985

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

Cannabis Growth Opportunity Corporation

Condensed Interim Statements of Changes in Shareholders' Equity
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Share capital					
	Number of shares	**Amount**	**Warrants**	**Contributed surplus**	**Retained earnings**	**Total shareholders' equity**
Balance - November 1, 2018	15,652,140	$ 27,519,093	$ 7,892,531	$ 2,575,976	$ 3,480,920	$ 41,468,520
Net income	-	-	-	-	6,554,550	6,554,550
Shares purchased and cancelled	(190,700)	(369,820)	-	-	152,597	(217,223)
Shares purchased for future cancellation	(67,700)	(131,289)	-	-	13,950	(117,339)
Balance - January 31, 2019	15,393,740	$ 27,017,984	$ 7,892,531	$ 2,575,976	$ 10,202,017	$ 47,688,508

	Share capital					
	Number of shares	**Amount**	**Warrants**	**Contributed surplus**	**Retained earnings**	**Total shareholders' equity**
Balance - November 1, 2019	16,079,184	$ 28,185,433	$ 7,892,480	$ 2,575,976	$ 775,270	$ 39,429,159
Net income	-	-	-	-	(3,023,095)	(3,023,095)
Reclassification on expiry of warrants	-	-	(7,892,480)	7,892,480	-	-
Balance - January 31, 2020	16,079,184	$ 28,185,433	$ -	$ 10,468,456	$ (2,247,825)	$ 36,406,064

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

Cannabis Growth Opportunity Corporation

Condensed Interim Statements of Cash Flows
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Three months ended January 31, 2020	Three months ended January 31, 2019
Cash flows from operating activities		
Net income (loss)	$ (3,023,095)	$ 6,554,550
Items not involving cash:		
Net change in unrealized depreciation (appreciation) on investments	355,519	(6,977,445)
Net realized loss on disposal of investments	2,485,321	13,175
Gain on conversion of convertible debenture		(81,640)
Loss on warrants exercised	59,824	-
	(122,431)	(491,360)
Adjustments for:		
Interest receivable	(6,354)	25,437
Purchase of investments	(1,782,851)	(4,733,475)
Proceeds from disposal of investments	2,078,840	6,550,496
Prepaid expenses	2,430	15,288
Other assets	-	935
Income tax payable	(58,746)	(54,448)
Accounts payable and accrued liabilities	50,309	21,044
Net cash from operating activities	161,197	1,333,917
Cash flows from financing activities		
Bank indebtedness	-	(318,992)
Shares purchased and cancelled	-	(217,223)
Shares purchased for future cancellation	-	(117,339)
Net cash used by financing activities	-	(653,554)
Net increase in cash and cash equivalents	161,197	680,363
Cash and cash equivalents - beginning of period	258,842	111,762
Cash and cash equivalents - end of period	$ 420,039	$ 792,125

The accompanying notes form an integral part of these 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. The common shares of the Corporation are listed on the Canadian Securities Exchange under the symbol “CGOC”.

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 specific management services to the Corporation pursuant to a management agreement. The Corporation will make investment decisions with respect to the private portfolio. The Corporation and the Manager have engaged StoneCastle Investment Management Inc. (the “Investment Manager”) to act as the Corporation’s investment manager with respect to the public portfolio.

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

2. Basis of presentation and summary of significant accounting policies

a) Statement of compliance

The Corporation's unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Corporation for the year ended October 31, 2019, which have been prepared in accordance with IFRS. Accordingly, these condensed interim financial statements do not include all of the information and disclosures required under IFRS for the annual financial statements.

These condensed interim financial statements were approved by the Board of Directors on March 31, 2020.

b) Basis of measurement

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

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

2. Basis of presentation and summary of significant accounting policies (continued)

c) Reclassification

Certain amounts in the prior period have been reclassified to conform with the presentation of the current period financial statements. These reclassifications had no effect on the reported results of operations.

d) 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 judgments made when applying accounting policies are as follows:

Fair value of investments

Where the fair values of investments cannot be derived from active markets, management is required to make certain estimates and assumptions that are applied in valuation techniques to determine fair value. These include the most recently available financial statements of the investee, price for most recently completed financing, as well as closely comparable public companies and general market and economic conditions. The value which the Corporation could ultimately realize upon disposition of these investments may differ from their carrying value and such differences could be material.

Investments in options and warrants, which are not traded on a recognized securities exchange, do not have readily available market value. When there are sufficient and reliable observable market inputs, valuation models such as Black-Scholes valuation model are used to determine fair value. The market inputs used in these models include risk-free interest rate, market price as of the reporting date, expected dividend yield, expected life of the instrument and expected volatility of the underlying security based on historical volatility.

Investments in convertible debenture, which are not traded on a recognized securities exchange, and convertible promissory notes are valued using a combination of discounted cash flow model and option pricing model for the conversion feature.

2. Basis of presentation and summary of significant accounting policies (continued)

e) Application of new accounting standards and amendments issued

IFRS 16 Leases ("IFRS 16")

IFRS 16 replaced IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use.

The Corporation adopted the requirements under IFRS 16 effective November 1, 2019 which did not have an impact on the financial statements. The Corporation's only lease is a month to month lease for its office which is exempt from the requirements of this standard.

3. Fair value measurement

Fair value measurements are based on a three-level fair value hierarchy based on inputs used in determining the 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.

Stated in Canadian Dollars

3. Fair value measurement (continued)

The following table includes the disaggregation of unrealized appreciation (depreciation) on investments recorded on the statement of comprehensive income for the period ended January 31, 2020:

Net change in unrealized appreciation (depreciation) on investments	Three months ended January 31, 2020	Three months ended January 31, 2019
Reversal of previously recorded unrealized (appreciation) depreciation on investments	$ 2,759,016	$ (2,099,419)
Unrealized appreciation (depreciation) on investments held at period end	(3,118,456)	9,271,108
Unrealized foreign exchange gain (loss) on investments	3,921	(194,244)
	$ (355,519)	$ 6,977,445

Investments consisted of the following as at January 31, 2020:

Financial assets measured at fair value	Cost	Level 1	Level 2	Level 3	Total Fair Value
Equities	$ 26,619,756	$ 8,709,019	$ -	$ 16,660,325	$ 25,369,344
Warrants	4,783,692	201,782	945,138	1,312,523	2,459,443
Convertible debentures	7,781,250	654,000	2,598,605	4,988,773	8,241,378
	$ 39,184,698	$ 9,564,801	$ 3,543,743	$ 22,961,621	$ 36,070,165

Investments consisted of the following as at October 31, 2019:

Financial assets measured at fair value	Cost	Level 1	Level 2	Level 3	Total Fair Value
Equities	$ 28,798,200	$ 10,575,568	$ -	$ 17,665,306	$ 28,240,874
Warrants	4,946,385	248,640	1,003,921	1,671,329	2,923,890
Convertible debentures	8,281,250	656,000	2,498,782	4,947,272	8,102,054
	$ 42,025,835	$ 11,480,208	$ 3,502,703	$ 24,283,907	$ 39,266,818

Stated in Canadian Dollars

3. Fair value measurement (continued)

Changes in Level 3 investments

During the three months ended January 31, 2020, $971,469 of net change in unrealized depreciation on investments includes Level 3 investments held as at January 31, 2020.

Transfers out of Level 3 investments are due to changes in the observability of market data, such as a recent transaction, conversion of subscription receipts into underlying securities or due to a company going public.

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the three months ended January 31, 2020.

	Private equities	Convertible debentures	Warrants	Subscription receipts	Total fair value
Balance - November 1, 2019	$ 17,665,306	$4,947,272	$1,671,329	$ -	$ 24,283,907
Purchases	100,000	-	-	-	100,000
Realized losses	-	-	-	-	-
Unrealized gains (losses)	(1,383,386)	713,656	(301,739)	-	(971,469)
Transfers within Level 3	672,155	(672,155)	-	-	-
Transfers out of Level 3	(393,750)	-	(57,067)	-	(450,817)
Balance - January 31, 2020	$ 16,660,325	$4,988,773	$1,312,523	$ -	$ 22,961,621

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year ended October 31, 2019.

	Private equities	Convertible debentures	Warrants	Subscription receipts	Total fair value
Balance - November 1, 2018	$18,211,838	$ 772,271	$1,963,008	$ 407,604	$21,354,721
Purchases	8,160,650	4,853,663	250,000	2,322,164	15,586,477
Realized losses	(36,369)	-	-	-	(36,369)
Unrealized gains (losses)	760,627	(78,662)	291,998	-	973,963
Transfers out of Level 3	(9,431,440)	(600,000)	(833,677)	(2,729,768)	13,594,885)
Balance - October 31, 2019	$17,665,306	$4,947,272	$1,671,329	$ -	$24,283,907

Stated in Canadian Dollars

3. Fair value measurement (continued)

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 financings by the investee, entity-specific information, and 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:

	Valuation technique	**Fair value at January 31, 2020**	**Fair value at October 31, 2019**	**Key inputs**
Equities	Recent financing based upon per share valuation in most recent financing round	$ 11,588,391	$ 11,789,506	N/A
	Revenue multiple	5,071,934	5,670,000	Revenue multiple
Convertible debentures	Option pricing model and discounted cash flow	3,400,813	4,026,072	Volatility
	Transaction price	1,587,960	921,200	N/A
Warrants	Option pricing model	1,312,523	1,671,329	Volatility
Options	Transaction price	-	205,800	N/A
		$ 22,961,621	$ 24,283,907	

Recent financing was based on per share valuation in the most recent financing round from March 2019 to January 2020 to arm's length parties, and for October 31, 2019 fair values, recent financing was based on per share valuation in most recent financing round from March 2019 to October 2019.

Convertible debentures, options and warrants valued through option pricing models used weighted average volatility ranging from 96% to 126% (October 31, 2019 - 80% to 100%). As at January 31, 2020, a +/- 15% absolute change will result in a change in value of the investments of approximately $255,000 ($275,000).

A revenue multiple of 4.9 (October 31, 2019 - 6.2) was used to value these equity investments. As at January 31, 2020, a change of +2 or -2 would result in a increase or decrease in value of the investment of approximately $2,070,000.

3. Fair value measurement (continued)

For these Level 3 investments, the inputs used can be highly judgmental. As at January 31, 2020, 25% increase or decrease in the calculated fair value will result in a corresponding $5,740,405 (October 31, 2019 - $6,070,977) 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 of 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.

4. Investment in joint venture

During the year ended October 31, 2019, the Corporation entered into a joint venture agreement (the "agreement") with an investee company. Pursuant to the agreement, a new entity 2702099 Ontario Inc. ("Newco"), was incorporated to conduct research and develop a technology comprising an endogenous anti-addiction mechanism, based on a cannabinoid-like molecule for certain indications. The Corporation subscribed for 6,000,000 common shares of Newco in a series of tranches which upon completion of the final tranche (if no further securities are issued) represented 60% of the issued and outstanding common shares of Newco for a total aggregate investment of $1,440,890 (US $1,100,000). Under the agreement, the Board of Directors of Newco shall consist of two (2) directors of the Corporation and two (2) directors of the investee company.

The Corporation seeks to earn capital appreciation on this investment through either a third-party sale of its interest or a public listing. The Corporation recorded this investment at fair value through profit and loss and classified it as a Level 3 input on the fair value hierarchy in note 3.

Stated in Canadian Dollars

5. Share capital

a) Authorized:

Unlimited common shares

b) Common shares issued and outstanding are as follows:

	Number	Amount
Issued and outstanding - November 1, 2018	15,652,140	$ 27,519,093
Shares issued on exercise of warrants	100	301
Shares purchased and cancelled	(299,800)	(581,396)
Shares issued to acquire investments	726,744	1,250,000
Issuance costs	-	(2,565)
Issued and outstanding - October 31, 2019 and January 31, 2020	16,079,184	$ 28,185,433

Shares issued to acquire investments

On June 26, 2019, the Corporation acquired an additional 11,000,000 common shares of a public company at a price of $0.25 per common share for an aggregate investment of $2,750,000. Consideration for the investment consisted of $1,500,000 paid in cash and issuance of 726,744 common shares of the Corporation at a price of $1.72 per share for an aggregate subscription of $1,250,000. The Corporation incurred $2,565 in issuance costs as a result of this transaction.

Normal Course Issuer Bid ("NCIB")

On November 15, 2018, the Corporation announced its intention to commence a NCIB, to purchase up to an aggregate of 782,607 common shares, representing 5% of the issued and outstanding common shares. The NCIB expired on November 15, 2019. During the three months ended January 31, 2020, the Corporation did not purchase any common shares. During the year ended October 31, 2019, the Corporation purchased 299,800 common shares at an average cost of $1.35 per share for total cash consideration of $406,017.

Activities under the Corporation's NCIB are as follows:

	Three months ended January 31, 2020	Year ended October 31, 2019
Number of shares purchased and cancelled under NCIB	-	299,800
Cash consideration paid	$ -	$ 406,017
Discount on acquisition	-	175,379
Reduction in share capital	$ -	$ 581,396

Stated in Canadian Dollars

6. Warrants

A summary of changes in the Corporation's warrants is as follows:

	Number	Amount	Weighted average exercise price
Balance - November 1, 2018	15,513,250	$ 7,892,531	$ 2.50
Exercised	(100)	(51)	2.50
Balance - October 31, 2019	15,513,150	$ 7,892,480	$ 2.50
Expired	(15,513,150)	(7,892,480)	2.50
Balance - January 31, 2020	-	$ -	$ -

Each warrant entitled the holder thereof to purchase one common share at a price of $2.50 until January 26, 2020.

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. Contributed surplus

The following is a summary of changes in contributed surplus:

	Stock Options	Agent Compensation Options	Warrants	Total
Balance - November 1, 2018 and October 31, 2019	$ 1,792,100	$ 783,876	$ -	$ 2,575,976
Reclassification on expiry of warrants	-	-	7,892,480	7,892,480
Balance - January 31, 2020	$ 1,792,100	$ 783,876	$7,892,480	$10,468,456

Stated in Canadian Dollars

7. Contributed surplus (continued)

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.

A summary of changes to stock options is as follows:

	Number	Weighted Average Exercise Price
Balance - November 1, 2018 and October 31, 2019	1,500,000	$ 2.35
Expired	(75,000)	2.35
Balance - January 31, 2020	1,425,000	$ 2.35

During the three months ended January 31, 2020, 75,000 stock options expired as a result of a director's resignation. All outstanding options have fully vested and are exercisable on or before January 30, 2023.

The fair value of the options was estimated to be $1,792,100 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

Stated in Canadian Dollars

7. Contributed surplus (continued)

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 entitled 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.

All outstanding agent options have fully vested and are exercisable on or before January 26, 2020. A summary of changes to agent options is as follows:

	Number	Weighted average exercise price
Balance - November 1, 2018 and October 31, 2019	851,025	$ 2.50
Expired	(851,025)	2.50
Balance - January 31, 2020	-	$ -

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

c) Warrants

The Corporation's warrants expired on January 26, 2020 and upon expiry of the warrants, the balance was reclassified to contributed surplus. See note 6 for more information.

Stated in Canadian Dollars

8. Net income (loss) per share

During the three months ended January 31, 2020, basic and diluted net income per share has been calculated using the weighted average number of shares outstanding of 16,079,184 (2019 - 15,550,985). There were no dilutive items outstanding for the period as the Corporation's average common share stock price during the period was below the exercise price of the outstanding warrants (note 6), stock options (note 7 (a)) and agent compensation options (note 7 (b)).

Net income (loss) per share is presented as follows:

	Three months ended January 31, 2020	Three months ended January 31, 2019
Basic and diluted net income (loss) per share		
Net income (loss)	$ (3,023,095)	$ 6,554,550
Weighted average basic and diluted number of common shares outstanding	16,079,184	15,550,985
Basic and diluted net income (loss) per share	$ (0.19)	$ 0.42

9. Expenses by nature

Operating, general and administrative expenses includes the following:

	Three months ended January 31, 2020	Three months ended January 31, 2019
Directors' fees (note 10 (g))	$ 18,750	$ 25,000
Foreign exchange loss (gain)	(23)	8,422
Investment transaction costs	15,610	24,700
Listing and filing fees	10,293	71,975
Management fees (note 10 (a))	36,041	59,626
Marketing	78,006	148,182
Office and general	25,839	29,851
Professional fees (note 10 (d), (h))	161,391	209,601
Interest	127	-
	$ 346,034	$ 577,357

10. Related party transactions and balances

During the three months ended January 31, 2020, 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.

10. Related party transactions and balances (continued)

a) Management fees (continued)

During the three months ended January 31, 2020, the Corporation incurred management fees of $36,041 (2019 - $59,626). As at January 31, 2020, accounts payable and accrued liabilities included $10,063 (October 31, 2019 - $16,138) 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.

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 months ended January 31, 2020 and 2019, 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 months ended January 31, 2020, the Corporation reimbursed the Manager operating expenses of $Nil (2019 - $Nil).

d) During the three months ended January 31, 2020, the Corporation incurred accounting and regulatory compliance fees of $55,370 (2019 - $89,053) from an accounting firm in which the Corporation's CFO is a Partner. As at January 31, 2020, accounts payable and accrued liabilities included $63,054 (October 31, 2019 - $67,913) of fees payable to the accounting firm.

10. Related party transactions and balances (continued)

e) On behalf of the Corporation, during the thee months ended January 31, 2020, the President and COO paid $2,336 (2019 - $1,191) of reimbursable operating expenses for the period ended January 31, 2020. As at January 31, 2020, accounts payable and accrued liabilities included $Nil (October 31, 2019 - $Nil) of reimbursable expenses payable to the President and COO.

f) Compensation of key management and personnel was $Nil during the three months ended January 31, 2020 (2019 - $Nil).

g) During the three months ended January 31, 2020, the Corporation incurred directors' fees of $18,750 (2019 - $25,000) for the independent directors on the Corporation's Board of Directors. As at January 31, 2020, accounts payable and accrued liabilities included $118,750 (October 31, 2019 - $100,000) of directors' fees.

h) During the three months ended January 31, 2020, the Corporation incurred consulting fees of $Nil (2019 - $63,563) for management services from a company controlled by one of its independent directors. As at January 31, 2020, accounts payable and accrued liabilities included $Nil (October 31, 2019 - $Nil) of professional fees payable to the director's company.

i) As at January 31, 2020, the Corporation had investments in two entities that share the same CEO as the Corporation. The value of these investments is approximately $6,345,973 (October 31, 2019 - $7,500,000).

j) An additional related party transaction is disclosed in note 4.

During the three months ended January 31, 2020 and 2019, 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 primary business activities of the Corporation result in financial statements that are primarily comprised of financial instruments. As such, the Corporation is exposed to certain risks related to financial instruments:

a) Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Corporation is exposed to credit risk on its cash. The credit risk in cash is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. The Corporation is exposed to credit risk from its investments in convertible debentures and promissory notes of various entities in normal course of business and the related interest receivable on the principal. The credit risk on these investments is managed by investing in credit-worthy companies and establishing monitoring processes. The credit risk on interest receivable is partially mitigated through the ability to convert into underlying equity instruments of the investee.

11. Financial risk management (continued)

b) 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 the private portfolio. Disposal of investments in non-publicly traded companies could differ from the carrying value since an active-market does not exist.

As at January 31, 2020, 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 one year. The Corporation has sufficient liquid assets to satisfy its liabilities.

c) 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 are equity price risk and interest rate risk.

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 or the cannabis sub-market. The Corporation's investments are subject to fluctuations in fair value arising from changes in the equity market. As at January 31, 2020, should the equity prices of the Corporation's holdings increase or decrease by 5%, the impact on net income or loss would be approximately $435,451 (October 31, 2019 - $528,778).

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

11. Financial risk management (continued)

d) Currency risk

Currency risk is the risk that the fair value of future cash flows from the Corporation's operations will fluctuate due to changes in foreign exchange rates. The Corporation 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 January 31, 2020, should the U.S. dollar foreign exchange rate increase or decrease by 1%, the impact on net income or loss would be approximately $117,817 (October 31, 2019 - $115,954).

	January 31, 2020	October 31, 2019
Investments denominated in U.S dollars	$ 11,781,741	$ 11,595,364

12. Subsequent events

Subsequent to the period ended January 31, 2020, the following events occurred:

a) On February 10, 2020, the Corporation entered into separate share-swap agreements with two publicly listed companies to acquire $3,500,000 in common shares of those companies and in exchange issued 5,511,810 common shares at a deemed price of $0.635 per common share.

b) On February 28, 2020, the Corporation announced its intention to commence a normal course issuer bid, to purchase up to 5% of the issued and outstanding common shares over the next 12 months, with no more than 1% common shares purchased in any calendar month.

c) On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact the fair value of Corporation's investments. The Corporation has investments in companies that have operations in various jurisdictions internationally and are affected by the pandemic to varying degrees. At this time, the Corporation is unable to quantify the potential effects of the pandemic on its operations.

d) On March 17, 2020, the Corporation entered into a share-swap agreement with a publicly listed company to acquire $2,000,000 in common shares of the company and in exchange issued 3,149,606 common shares at a deemed price of $0.635 per common share.