CANOPY RIVERS INC.

(FORMERLY AIM2 VENTURES INC.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2018 AND FOR THE THREE MONTHS AND 249 DAYS ENDED DECEMBER 31, 2017

(IN CANADIAN DOLLARS)

CANOPY RIVERS INC.

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in CDN $000's)	Notes	As at December 31, 2018	As at March 31, 2018
Assets			
Current assets			
Cash		$ 46,929	$ 46,299
Interest and royalty receivable	6,7,8	1,678	300
Other receivables		440	220
Prepaid expenses and other assets		302	-
		49,349	**46,819**
Finance lease receivable	5	2,678	2,633
Loan receivable	6	40,000	-
Investments in associates and joint venture	7	53,355	4,754
Financial assets at fair value through profit or loss	8	41,876	52,098
Financial assets at fair value through other comprehensive income	9	111,491	102,835
Other long-term assets		90	-
		249,490	**162,320**
Total assets		**$ 298,839**	**$ 209,139**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 2,256	$ 4,705
Other current liabilities	8e	-	704
		2,256	**5,409**
Deferred tax liability		4,219	11,500
		4,219	**11,500**
		6,475	**16,909**
Shareholders' equity			
Share capital	10	189,625	80,959
Share-based payment reserve		20,093	6,262
Contributed surplus		58,627	30,045
Retained earnings		24,019	74,964
		292,364	**192,230**
Total liabilities and shareholders' equity		**$ 298,839**	**$ 209,139**

CANOPY RIVERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME (LOSS)

(Expressed in CDN $000's, except for per share amounts)	Notes	Three months ended December 31, 2018	Three months ended December 31, 2017	Nine months ended December 31, 2018	249 days ended December 31, 2017
Operating income					
Income on finance lease receivable	5	$ 161	$ 147	$ 480	$ 147
Income on loan receivable	6	471	-	471	-
Share of loss from equity method investees	7	(1,271)	(47)	(2,619)	(47)
Income on financial assets at fair value through profit or loss	8	652	230	1,358	353
Net changes in fair value of financial assets at fair value through profit or loss	8	8,365	30,153	32,649	30,177
Net changes in fair value of off-market commitment	8e	-	38	56	38
Total operating income		**8,378**	**30,521**	**32,395**	**30,668**
Operating expenses					
Consulting and professional fees		788	292	1,787	727
General and administrative expenses		651	7	1,232	48
Share-based compensation	10, 11	5,193	1,727	19,919	4,147
Total operating expenses		**6,632**	**2,026**	**22,938**	**4,922**
Net operating income		**1,746**	**28,495**	**9,457**	**25,746**
Other expenses					
Interest expense		-	-	-	58
Other expenses (income), net		(796)	-	(272)	-
Income before taxes		**2,542**	**28,495**	**9,729**	**25,688**
Income tax expense	12	1,119	4,021	3,985	3,917
Net income		**1,423**	**24,474**	**5,744**	**21,771**
Other comprehensive income (loss) not subsequently reclassified to net income					
Net change in fair value of financial assets at fair value through other comprehensive income, net of tax of $(12,364) and $(8,658) (2017 - $1,484 and $1,484)	9	(80,948)	9,710	(56,689)	9,710
Total comprehensive income (loss)		**$ (79,525)**	**$ 34,184**	**$ (50,945)**	**$ 31,481**
Earnings per share - basic	16	**$ 0.01**	**$ 0.23**	**$ 0.04**	**$ 0.25**
Earnings per share - diluted	16	**$ 0.01**	**$ 0.23**	**$ 0.04**	**$ 0.25**

CANOPY RIVERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in CDN $000's)	Notes		Nine months ended December 31, 2018		249 days ended December 31, 2017
Cash flows from operating activities					
Net income		$	5,744	$	21,771
Adjustments for:					
Income on finance lease receivable	5		(480)		(147)
Share of loss from equity method investees	7		2,619		47
Net changes in fair value of financial assets and liabilities at fair value through profit or loss	8		(32,649)		(30,177)
Net changes in fair value of off-market commitment	8e		(56)		(38)
Share-based compensation	10,11		19,919		4,147
Interest expense			-		58
Income tax expense (recovery)	12		3,985		3,917
Other non-cash expenses (income)			(334)		-
Increase in interest and royalty receivable			(1,378)		(213)
Increase in other receivables			(220)		(157)
Increase in prepaid expenses			(302)		-
Increase / (decrease) in accounts payable and accrued liabilities			(181)		714
Net cash used in operating activities		**$**	**(3,333)**	**$**	**(78)**
Cash flows from investing activities					
Investment in loan receivable	6		(40,000)		-
Purchase of investments in associates and joint venture	7,18	$	(22,215)	$	(5,000)
Purchase of financial assets at fair value through profit or loss	8,18		(25,584)		(11,132)
Purchase of financial assets at fair value through other comprehensive income	9,18		(9,723)		(12,333)
Distributions from equity method investees	7		613		64
Payments from finance lease receivable			435		136
Purchase of investment property			-		(2,610)
Purchase of other long-term assets			(93)		-
Net cash used in investing activities		**$**	**(96,567)**	**$**	**(30,875)**
Cash flows from financing activities					
Proceeds from issuance of convertible debenture		$	-	$	20,000
Proceeds from issuance of Subordinated Voting Shares	10		105,296		36,680
Proceeds from exercise of stock options and warrants	10		325		-
Share issuance costs			(5,091)		(1,567)
Net cash provided by financing activities		**$**	**100,530**	**$**	**55,113**
Net increase in cash		$	630	$	24,160
Cash, beginning of fiscal period			46,299		-
Cash, end of fiscal period		**$**	**46,929**	**$**	**24,160**

CANOPY RIVERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in CDN $000's, except for share amounts)	Number of Multiple Voting Shares	Number of Subordinated Voting Shares	Share capital	Share-based payment reserve	Contributed surplus	Retained earnings	Shareholders' equity
Balance at April 26, 2017	-	-	$ -	$ -	$ -	$ -	$ -
Issuance of Multiple Voting Shares to Canopy Growth Corp.	1	-	-	-	-	-	-
Equity financing – May 12, 2017 – net of share issue costs of $nil	-	9,000,000	450	-	-	-	450
Equity financing – June 16, 2017 – net of share issue costs of $1,643	-	61,497,970	35,256	-	-	-	35,256
Issuance of Multiple Voting Shares ($20,000 convertible debenture exercise, incl. interest of $58)	36,468,317	-	20,058	-	-	-	20,058
Share-based compensation (Subordinated Voting Shares - seed capital)	-	-	-	443	-	-	443
Other comprehensive income	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(584)	(584)
Balance at June 30, 2017	36,468,318	70,497,970	$ 55,764	$ 443	$ -	$ (584)	$ 55,623
Share-based compensation (Subordinated Voting Shares - seed capital)	-	-	$ -	$ 1,977	$ -	$ -	$ 1,977
Other comprehensive income	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(2,119)	(2,119)
Balance at September 30, 2017	**36,468,318**	**70,497,970**	**$ 55,764**	**$ 2,420**	**$ -**	**$ (2,703)**	**$ 55,481**
Share-based compensation (Subordinated Voting Shares - seed capital)	-	-	$ -	$ 1,574	$ -	$ -	$ 1,574
Share-based compensation (Subordinated Voting Shares)	-	-	-	153	-	-	153
Difference between fair value and cost on initial recognition of Vert Mirabel (Note 8(e))	-	-	-	-	30,045	-	30,045
Other comprehensive income	-	-	-	-	-	9,710	9,710
Net income	-	-	-	-	-	24,474	24,474
Balance at December 31, 2017	**36,468,318**	**70,497,970**	**$ 55,764**	**$ 4,147**	**$ 30,045**	**$ 31,481**	**$ 121,437**
Balance at March 31, 2018	36,468,318	94,134,333	$ 80,959	$ 6,262	$ 30,045	$ 74,964	$ 192,230
Equity financing – April 6, 2018 – net of share issue costs of $nil	-	454,545	500	-	-	-	500
Repayment of share purchase loans – May 8, 2018	-	-	288	-	-	-	288
Issuance of Subordinated Voting Shares pursuant to repayment of share purchase loans	-	5,750,000	6,037	(6,037)	-	-	-
Share-based compensation (Subordinated Voting Shares – seed capital)	-	-	-	4,333	-	-	4,333
Share-based compensation (Subordinated Voting Shares)	-	-	-	2,421	-	-	2,421
Other comprehensive loss	-	-	-	-	-	(2,371)	(2,371)
Net loss	-	-	-	-	-	(6,628)	(6,628)
Balance at June 30, 2018	36,468,318	100,338,878	$ 87,784	$ 6,979	$ 30,045	$ 65,965	$ 190,773
Equity financing – July 6, 2018 – net of share issue costs of $3,742	-	30,136,229	$ 101,735	$ -	$ 88	$ -	$ 101,823
Share-based compensation (Subordinated Voting Shares – seed capital)	-	-	-	1,938	-	-	1,938
Share-based compensation (Subordinated Voting Shares)	-	-	-	6,034	-	-	6,034
Warrant Issuance (PharmHouse)	-	-	-	-	28,512	-	28,512
Other comprehensive income	-	-	-	-	-	26,630	26,630
Net income	-	-	-	-	-	10,949	10,949
Balance at September 30, 2018	36,468,318	130,475,107	$ 189,519	$ 14,951	$ 58,645	$ 103,544	$ 366,659
Exercise of options	-	25,700	$ 101	$ (51)	$ (16)	-	$ 34
Exercise of warrants	-	1,222	5	-	$ (2)	-	3
Share-based compensation (Subordinated Voting Shares)	-	-	-	5,193	-	-	5,193
Other comprehensive loss	-	-	-	-	-	(80,948)	(80,948)
Net income	-	-	-	-	-	1,423	1,423
Balance at December 31, 2018	**36,468,318**	**130,502,029**	**$ 189,625**	**$ 20,093**	**$ 58,627**	**$ 24,019**	**$ 292,364**

1. DESCRIPTION OF BUSINESS

Canopy Rivers Inc. (the "Company" or "Canopy Rivers"), formerly AIM2 Ventures Inc. ("AIM2"), is the parent company of Canopy Rivers Corporation ("CRC"). The Company is controlled by Canopy Growth Corporation ("CGC"), a publicly-traded corporation listed on the Toronto Stock Exchange ("TSX") under the trading symbol "WEED" and on the New York Stock Exchange ("NYSE") under the trading symbol "CGC". Canopy Rivers is a growth capital and strategic support platform that pursues investment opportunities in the global cannabis sector. The Company works collaboratively with CGC to identify strategic counterparties seeking financial and/or operating support, and seeks to provide investor returns through dividends, interest, rent, royalties, and capital appreciation. Canopy Rivers is a publicly-traded corporation on the TSX Venture Exchange ("TSXV") under the trading symbol "RIV".

The Company was incorporated under the name "AIM2 Ventures Inc." by articles of incorporation pursuant to the *Business Corporations Act* (Ontario) on October 31, 2017. The principal business of the Company at the time of incorporation was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as such term is defined in Policy 2.4 of the TSXV Corporate Finance Manual (the "Manual"). On February 14, 2018, the Company completed its initial public offering and became a Capital Pool Company (as defined in Policy 2.4 of the Manual) listed on the TSXV under the trading symbol "AIMV.P" (amended on February 21, 2018, to "AIMB.P").

On September 17, 2018, AIM2 completed its acquisition of CRC by way of a three-cornered acquisition and amalgamation among AIM2, CRC, and 10859150 Canada Inc., a wholly-owned subsidiary of AIM2 (the "Qualifying Transaction"). Immediately prior to the Qualifying Transaction, the Company changed its name from AIM2 Ventures Inc. to Canopy Rivers Inc. In connection with the acquisition and amalgamation transaction, the amalgamated entity (CRC) is a wholly-owned subsidiary of the Company.

After giving effect to a share consolidation, AIM2 had 361,372 common shares, 36,137 options, and 18,821 broker warrants issued and outstanding immediately prior to the closing of the Qualifying Transaction. Upon the completion of the Qualifying Transaction, the Company had 166,943,425 common shares and 29,966,626 options and warrants issued and outstanding, with the former CRC shareholders holding 166,582,053 common shares, and the former CRC option holders and warrant holders holding 29,911,668 options and warrants (approximately 99.8% on a dilutive basis).

The Qualifying Transaction does not qualify as a business combination under IFRS 3, because the accounting acquiree (AIM2) did not meet the definition of a business. As a result, for accounting purposes, the Qualifying Transaction is being accounted for as a reverse takeover asset acquisition with CRC being identified as the acquirer and the net assets of AIM2 being treated as the acquired assets, and a share-based payment under IFRS 2 related to the acquisition of the public company listing. Accordingly, the condensed interim consolidated financial statements are presented as a continuation of CRC, which has a financial year-end of March 31. Additional information on the Qualifying Transaction is disclosed in Note 4.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements of the Company for the three and nine months ended December 31, 2018, were prepared in accordance with *International Accounting Standard ("IAS") 34, Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the annual financial statements for the 340 days ended March 31, 2018, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these condensed interim consolidated financial statements for the three and nine months ended December 31, 2018, should be read together with the annual financial statements for the 340 days ended March 31, 2018.

The preparation of condensed interim consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in the notes to the annual financial statements for the 340 days ended March 31, 2018.

These condensed interim consolidated financial statements were authorized for issue by the Company's Board of Directors (the "Board") on February 27, 2019.

(b) Basis of measurement

These condensed interim consolidated financial statements have been prepared in Canadian dollars on a historical cost basis, except for certain financial instruments that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods purchased and services provided.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Please refer to Notes 8, 9, and 13 for fair value considerations.

(c) Early adoption of accounting standards

The Company early adopted *IFRS 9, Financial Instruments* ("IFRS 9"), which was issued to replace *IAS 39, Financial Instruments: Recognition and Measurement*, as of April 26, 2017. IFRS 9 includes requirements on: (1) classification and measurement of financial assets and liabilities; (2) impairment of financial assets; and (3) general hedge accounting. IFRS 9 also provides the ability to make an irrevocable election at initial recognition of a financial asset, on an asset-by-asset basis, to designate an equity investment that would otherwise be classified as fair value through profit or loss ("FVTPL") and that is neither held for trading nor a contingent consideration arising from a business combination to be classified as fair value through other comprehensive income ("FVTOCI"). Please refer to Notes 8 and 9 for further information.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) New and revised IFRS issued but not yet effective

IFRS 16, Leases

IFRS 16, Leases ("IFRS 16") was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present, and disclose leases. IFRS 16 eliminates the classification as an operating lease for lessees and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, the new accounting standard: (i) sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; (ii) changes the accounting for sale and leaseback arrangements; (iii) largely retains the approach under *IAS 17, Leases* for lessor accounting; and (iv) introduces new disclosure requirements. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

Based on the limited circumstances in which the Company is an operating lessee, the Company does not expect the impact, if any, to be material on its consolidated financial statements.

4. REVERSE TAKE OVER TRANSACTION

On September 17, 2018, the Company, formerly AIM2, completed its Qualifying Transaction, which was effective pursuant to an agreement between AIM2, CRC, and 10859150 Canada Inc., a wholly-owned subsidiary of AIM2. After giving effect to a 26.565:1 share consolidation, AIM2 had 361,372 common shares, 36,137 options, and 18,821 broker warrants issued and outstanding immediately prior to the closing of the Qualifying Transaction. Upon the completion of the Qualifying Transaction, the Company had 166,943,425 common shares and 29,966,626 options and warrants issued and outstanding, with the former CRC shareholders holding 166,582,053 common shares and the former CRC option holders and warrant holders holding 29,911,668 options and warrants (approximately 99.8% on a dilutive basis).

(Expressed in CDN $000's except share amounts)

The Qualifying Transaction is a reverse acquisition of AIM2 and has been accounted for under *IFRS 2, Share-based Payments*. Accordingly, the Qualifying Transaction has been accounted for at the fair value of the equity instruments granted by the shareholders of CRC to the shareholders, option holders, and warrant holders of AIM2. Consideration paid by the acquirer (CRC) is measured at the fair value of the equity issued to the shareholders, option holders and warrant holders of AIM2, which was estimated to be $1,353 (361,372 shares at $3.50 per share, and 36,137 options and 18,821 broker warrants measured using the Black-Scholes option pricing model), with the excess amount above the fair value of the net assets acquired treated as a listing expense in profit or loss. Transaction costs of $773 occurred in connection with the Qualifying Transaction have been allocated between the listing expense and share issue costs incurred in conjunction with a concurrent equity raise by CRC. Please refer to Note 10 for additional details on the equity raise.

The fair values of the assets acquired, and liabilities assumed as at the acquisition date are estimated as follows:

		Amount
Consideration	$	1,353
(+) Transaction costs paid		773
(-) Transaction costs attributable to equity raise		(298)
	$	**1,828**
Identifiable assets acquired (cash):		584
Listing expense	**$**	**1,244**

5. FINANCE LEASE RECEIVABLE

On August 16, 2017, the Company entered into an agreement to acquire a building located in New Brunswick, Canada. The building was leased to Spot Therapeutics Inc. ("Spot"), a late-stage license applicant under the Cannabis Act and wholly-owned subsidiary of CGC, under a financing lease agreement for a period of 20 years commencing on October 6, 2017, for an aggregate total of minimum payments due of $14,773.

		As at December 31, 2018		As at March 31, 2018
Non-current finance lease receivable	$	2,678	$	2,633
Total	**$**	**2,678**	**$**	**2,633**

Scheduled collections of minimum monthly lease payments based on the contractual terms as at December 31, 2018 and March 31, 2018, are presented in the following schedules:

	As at December 31, 2018			
		Minimum Lease Payments		Applied to Principal
No later than one year	$	563	$	(73)
Later than one year and not later than 5 years		2,396		(371)
Later than 5 years		11,119		3,122
	$	14,078	$	2,678
Less: Unearned finance income		(11,400)		-
Present value of minimum lease payments	$	2,678	$	2,678
Allowance for uncollectible lease payments		-		-
	$	**2,678**	**$**	**2,678**

(Expressed in CDN $000's except share amounts)

	As at March 31, 2018	
	Minimum Lease Payments	**Applied to Principal**
No later than one year	$ 563	$ (61)
Later than one year and not later than 5 years	2,309	(392)
Later than 5 years	11,628	3,086
	$ 14,500	$ 2,633
Less: Unearned finance income	(11,867)	-
Present value of minimum lease payments	$ 2,633	$ 2,633
Allowance for uncollectible lease payments	-	-
	$ 2,633	**$ 2,633**

The unguaranteed residual value of the building under lease is estimated to be $2,609 (March 31, 2018 – $2,609).

The interest rate inherent in the lease is fixed at the contract date for the entire lease term at a rate of approximately 23.4%.

Finance income of $161 and $480 (inclusive of management fee income) was recognized for the three and nine months ended December 31, 2018 (three months and 249 days ended December 31, 2017 – $147). The finance lease receivable as at December 31, 2018, and March 31, 2018, are neither past due nor impaired.

6. LOAN RECEIVABLE

On November 21, 2018, the Company entered into a shareholder loan agreement with PharmHouse pursuant to which the Company committed to advance to PharmHouse up to $40,000 of secured debt financing with a three-year term and an annual interest rate of 12%, calculated monthly and payable quarterly after receipt of the license to sell cannabis at PharmHouse's initial production and processing facility. Proceeds from the shareholder loan to PharmHouse are expected to be utilized to supplement personnel and logistics resources for domestic and international distribution, capital expenditures related to the ongoing upgrade and retrofit of PharmHouse's nursery, processing and greenhouse infrastructure, working capital and other general corporate purposes. The amount available under the shareholder loan agreement is inclusive of $5,000 advanced to PharmHouse by the Company pursuant to a demand note on October 11, 2018.

As at December 31, 2018, the Company has advanced the entire $40,000 pursuant to the shareholder loan agreement (March 31, 2018 – $nil). Interest income of $471 was recognized for the three and nine months ended December 31, 2018 (three months and 249 days ended December 31, 2017 – $nil). As at December 31, 2018, the Company has $471 interest receivable relating to the Company's loan receivable from PharmHouse (March 31, 2018 – $nil).

Concurrent with entering into the shareholder loan agreement, the Company, PharmHouse, and the PharmHouse JV Partner (as defined in Note 7(c)) amended the terms of the Company's global non-competition agreement with the PharmHouse JV Partner to include additional rights in favour of the Company in the event the PharmHouse JV Partner commences operations in the U.S. cannabis market.

Please refer to Note 7(c) for additional details on the Company's investment in PharmHouse.

(Expressed in CDN $000's except share amounts)

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

Details of each of the Company's material associates and joint venture at the end of the reporting period are as follows:

Name of Associate or Joint Venture	Note	Principal Activity	Place of Incorporation and Principal Business	Proportion of Ownership Interest / Voting Rights Held
Radicle	7(a)	Vertically-integrated cannabis operations	Canada	25%(i)
Civilized	7(b)	Media company and lifestyle brand	Canada	17%(ii)
PharmHouse	7(c)	Cannabis Act license applicant	Canada	49%(iii)
Canapar	7(d)	Hemp cultivation and organic CBD extraction	Italy	44%(iv)

(i) The Company had previously provided debt financing in the form of a debenture that converted into approximately 24% of the equity of Radicle during the three months ended December 31, 2018. Additionally, the Company has the right to designate 20% of the director nominees.

(ii) The Company has provided debt financing in the form of a debenture that is convertible into approximately 17% of the equity of Civilized. Additionally, the Company has the right to designate 20% of the director nominees.

(iii) The Company has a 49% equity interest in PharmHouse and has the right to designate 40% of the director nominees.

(iv) The Company has a 44% equity interest in Canapar Corp., a private company incorporated in Canada that owns 100% of the issued and outstanding common shares of Canapar SrL, an Italian entity. This ownership interest in Canapar Corp. was increased from 35% during the three months ended December 31, 2018. Additionally, the Company has the right to designate one nominee to Canapar Corp.'s three-member board of directors; the Company's nomination right increases to two nominees in the event that the number of members of Canapar Corp.'s board of directors increases above five members.

Entity	Balance at March 31, 2018	Additions	Share of net income / (loss)	Dividend / interest income	Gain / (loss) on dilution	Balance at December 31, 2018
Radicle	$ 4,754	$ -	$ (716)	$ (157)	$ -	$ 3,881
Civilized	-	3,665	(1,789)	(456)	386	1,806
PharmHouse	-	39,032	(87)	-	-	38,945
Canapar	-	8,750	(27)	-	-	8,723
Total	**$ 4,754**	**$ 51,447**	**$ (2,619)**	**$ (613)**	**$ 386**	**$ 53,355**

Entity	Balance at April 26, 2017	Additions	Share of net income / (loss)	Dividend / interest income	Gain / (loss) on dilution	Balance at March 31, 2018
Radicle	$ -	$ 5,000	$ (121)	$ (125)	$ -	$ 4,754
Total	**$ -**	**$ 5,000**	**$ (121)**	**$ (125)**	**$ -**	**$ 4,754**

(Expressed in CDN $000's except share amounts)

The summarized financial information set out below represents amounts shown in the associates' and joint venture's financial statements prepared in accordance with IFRS (adjusted by the Company for accounting purposes). In accordance with *IAS 28, Investments in Associates and Joint Ventures*, the Company has elected to account for its investments in associates and joint venture one quarter in arrears. For Radicle, the figures summarized in the tables below are based upon values as at September 30, 2018, for the period ended December 31, 2018, and as at December 31, 2017, for the period ended March 31, 2018, but account for any significant transactions that have occurred since the reporting period end. For Civilized, the figures summarized in the tables below are based upon values as at November 30, 2018, for the period ended December 31, 2018, but account for any significant transactions that have occurred since the reporting period end. For PharmHouse and Canapar, the figures summarized in the tables below are based upon values as at September 30, 2018, for the period ended December 31, 2018, but account for any significant transactions that have occurred since the reporting period end. In particular, the non-current assets and non-current liabilities of PharmHouse have been increased by $40,000 to reflect the advancement of the shareholder loan that occurred during the three months ended December 31, 2018.

For the period ended December 31, 2018						
Entity	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Revenue**	**Income / (loss)**
Radicle	$ 5,040	$ 7,238	$ 220	$ 10,183	$ -	$ (1,955)
Civilized	722	134	1,333	5,107	787	(4,204)
PharmHouse	3,205	56,803	186	40,000	-	(178)
Canapar	1,169	266	20	(4)	-	(72)

For the period ended March 31, 2018						
Entity	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Revenue**	**Income / (loss)**
Radicle	$ 2,576	$ 4,376	$ 94	$ 7,167	$ -	$ (506)

The Company assessed its investments in associates and joint venture for indicators of impairment as at December 31, 2018, and March 31, 2018, and determined that no such indicators were present.

INVESTMENTS HELD IN PRIOR PERIODS

a) Radicle

Radicle Medical Marijuana Inc. ("Radicle") is a company licensed to cultivate, process, and sell cannabis under the Cannabis Act. Between August 4, 2017, and November 23, 2017, the Company advanced $5,000 to Radicle pursuant to a convertible debenture agreement. On November 16, 2018, Radicle received its license to sell cannabis under the Cannabis Act and the principal amount of $5,000 advanced to Radicle pursuant to the convertible debenture agreement converted into approximately 24% of the fully diluted common shares of Radicle. Accordingly, as at December 31, 2018, the Company owns 17,588,424 common shares of Radicle (March 31, 2018 – nil).

For the three and nine months ended December 31, 2018, the Company recognized its share of Radicle's net loss in the amounts of $451 and $716, respectively (three months and 249 days ended December 31, 2017 – $47). For the three and nine months ended December 31, 2018, the Company did not receive any dividends from Radicle (three months and 249 days ended December 31, 2017 – $nil). As at December 31, 2018, the Company has $nil interest receivable relating to the Company's convertible debenture investment in Radicle (March 31, 2018 – $63). Please refer to Note 8(c) for additional details.

b) Civilized

Civilized Worldwide Inc. ("Civilized") is a modern media company and lifestyle brand focused on elevating cannabis culture. On May 7, 2018, the Company advanced $5,000 to Civilized pursuant to a convertible debenture agreement. The convertible debenture earns interest at 14% per annum and is currently convertible into 397,227 class A common shares of Civilized, which represents approximately 17% of the fully diluted common shares of Civilized (excluding the warrants held by the Company). The debenture shall automatically convert into common shares of Civilized upon the occurrence of certain limited circumstances, provided that, among other things, the common shares of Civilized are listed on a recognized stock exchange. As part of the investment, the Company also received common share purchase warrants in Civilized. Upon initial recognition, the total cost of the investment in Civilized of $5,000 was bifurcated between the convertible debenture and the warrants. Refer to Note 8(f) for further details.

For the three and nine months ended December 31, 2018, the Company recognized its share of Civilized's net loss in the amounts of $706 and $1,789, respectively (three months and 249 days ended December 31, 2017 – $nil). As at December 31, 2018, the Company has $456 interest receivable relating to the Company's convertible debenture investment in Civilized (March 31, 2018 – $nil).

During the three months ended December 31, 2018, Civilized completed an equity offering, which diluted the Company's potential ownership interest. Accordingly, for the three and nine months ended December 31, 2018, the Company recognized a gain on dilution in other income of $386 (three months and 249 days ended December 31, 2017 – $nil).

c) PharmHouse

PharmHouse Inc. ("PharmHouse") is a joint venture created on May 7, 2018, through an agreement between the Company and 2615975 Ontario Limited (the "PharmHouse JV Partner"), with the intent of PharmHouse becoming a company licensed to cultivate, process, and sell cannabis under the Cannabis Act. In exchange for equity financing of $9,800, which was advanced by the Company to PharmHouse on July 19, 2018, and the issuance of 14,400,000 warrants of the Company to the PharmHouse JV Partner, the Company received a 49% interest in PharmHouse and a global non-competition agreement from the PharmHouse JV Partner (with certain carve-outs for the United States). At the time of issuance, the fair value of the warrants issued to the PharmHouse JV Partner was estimated to be $29,232 using a Black-Scholes option pricing model and was included in the cost of the Company's investment in PharmHouse. Please refer to Note 10(d) for additional details.

As part of the joint venture agreement, the Company is required to arrange for buyers to purchase approximately 25% of the cannabis produced by PharmHouse at fixed prices until December 31, 2020, and PharmHouse has agreed to provide the Company with a right of first offer on up to approximately 50% of the cannabis produced by PharmHouse. The terms of this right of first offer agreement stipulate that this percentage may be reduced in future years dependent upon the extent of the future exercise of these rights by the Company.

For the three and nine months ended December 31, 2018, the Company recognized its share of PharmHouse's net loss in the amount of $87 (three months and 249 days ended December 31, 2017 – $nil). For the three and nine months ended December 31, 2018, the Company did not receive any distributions from PharmHouse (three months and 249 days ended December 31, 2017 – $nil).

Please refer to Note 6 for additional details on the Company's investment in PharmHouse.

d) Canapar

Canapar Corp. ("Canapar"), through its wholly-owned subsidiary, Canapar SrL ("Canapar Italy"), is a Sicily-based company focused on organic hemp cultivation and extraction in Italy. Canapar has a partnership with the Department of Agriculture of the University of Catania, which carries out significant research regarding agricultural and food production, including the growing of hemp, and works alongside farmers in Sicily on organic hemp cultivation. Canapar Italy intends to purchase this hemp on a wholesale basis from the farmers and extract organic cannabidiol ("CBD") oil from the hemp.

On July 24, 2018, the Company completed a subscription for 10,500,000 common shares of Canapar for $750, which represented approximately 35% of the fully diluted common shares of Canapar. The Company has the right to designate one nominee to Canapar's three-member board of directors; the Company's nomination right increases to two nominees if the number of members of Canapar's board of directors increases above five members. As part of the investment, the Company received a call option to purchase 100% of Canapar's interest in its investees. Refer to Note 8(g) for additional details.

(Expressed in CDN $000's except share amounts)

On December 6, 2018, the Company completed a subscription for an additional 8,888,888 common shares of Canapar for $8,000. Accordingly, as at December 31, 2018, Company owns 19,388,888 common shares of Canapar (March 31, 2018 – nil), representing an equity interest of approximately 44%.

For the three and nine months ended December 31, 2018, the Company recognized its share of Canapar's net loss in the amount of $27 (three months and 249 days ended December 31, 2017 – $nil). For the three and nine months ended December 31, 2018, the Company did not receive any distributions from Canapar (three months and 249 days ended December 31, 2017 – $nil).

Please refer to Notes 8(g) and 17 for additional details on the Company's investment in Canapar.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following tables outline changes in financial assets measured at FVTPL for the nine months ended December 31, 2018, and for the 340 days ended March 31, 2018:

Entity	Instrument	Note	Balance at Mar. 31, 2018	Add.	Net change in fair value	Reclass./ derecog-nition	Balance at Dec. 31, 2018	Dividend / interest / royalty income	Dividend / interest / royalty receivable
Agripharm	Royalty interest	8(a)	$ 2,326	$ 9,000	$ (401)	$ -	$ 10,925	$ 725	$ 504
Agripharm	Warrants	8(a)	447	-	116	-	563	-	-
JWC	Royalty interest	8(b)	2,662	-	(13)	-	2,649	367	122
JWC	Warrants	8(b)	813	177	(577)	-	413	-	-
Radicle	Royalty interest	8(c)	3,075	2,000	(3)	-	5,072	266	125
TerrAscend	Warrants	8(d)	37,577	-	18,236	(55,813)	-	-	-
Vert Mirabel	Preferred shares	8(e)	5,198	8,897	2,311	-	16,406	-	-
Civilized	Warrants	8(f)	-	1,335	13	-	1,348	-	-
Canapar	Call option	8(g)	-	-	4,500	-	4,500	-	-
LiveWell	Common shares	9(d)	-	-	2,275[(i)]	(2,275)	-	-	-
Solo Growth	Common shares	9(e)	-	-	6,192[(i)]	(6,192)	-	-	-
Total			**$ 52,098**	**$ 21,409**	**$ 32,649**	**$ (64,280)**	**$ 41,876**	**$ 1,358**	**$ 751**

(i) Gains upon initial recognition of $2,275 and $6,192 related to the Company's investments in LiveWell common shares and Solo Growth common shares, respectively, are classified as net changes in fair value of financial assets at FVTPL, irrespective of the election to subsequently measure these investments at FVTOCI.

Included in interest receivable on the condensed interim consolidated statement of financial position as at December 31, 2018 is $471 relating to the Company's loan receivable with PharmHouse and $456 relating to the Company's convertible debenture investment in Civilized.

(Expressed in CDN $000's except share amounts)

Entity	Instrument	Note	Balance at Apr. 26, 2017	Add.	Net change in fair value	Reclass./ derecog-nition	Balance at Mar. 31, 2018	Dividend / interest / royalty income	Dividend / interest / royalty receivable
Agripharm	Royalty interest	8(a)	$ -	$ 2,414	$ (88)	$ -	$ 2,326	$ 163	$ 163
Agripharm	Warrants	8(a)	-	586	(139)	-	447	-	-
JWC	Royalty interest	8(b)	-	2,500	162	-	2,662	127	48
JWC	Warrants	8(b)	-	112	701	-	813	-	-
Radicle	Repayable debenture	8(c)	-	3,000	75	-	3,075	31	26
TerrAscend	Common shares	8(d)	-	8,470	14,533	(23,003)	-	-	-
TerrAscend	Warrants	8(d)	-	3,770	33,807	-	37,577	-	-
Vert Mirabel	Preferred shares	8(e)	-	4,996	202	-	5,198	-	-
Total			**$ -**	**$ 25,848**	**$ 49,253**	**$ (23,003)**	**$ 52,098**	**$ 321**	**$ 237**

INVESTMENTS HELD AS AT SEPTEMBER 30, 2018

(a) Agripharm

Agripharm Corp. ("Agripharm") is a company licensed to cultivate, process, and sell cannabis under the Cannabis Act. As at December 31, 2018, the Company has advanced to Agripharm $3,000 pursuant to a royalty agreement (March 31, 2018 – $3,000) and $9,000 pursuant to a repayable debenture agreement (March 31, 2018 – $nil), which automatically converted to a royalty interest pursuant to the royalty agreement on December 1, 2018. The Company has committed to advance up to an additional $8,000 pursuant to the repayable debenture agreement. The repayable debenture and royalty interest are being accounted for as one instrument, which is being measured at FVTPL based upon estimated future cash flows to be received under the repayable debenture agreement and royalty agreement discounted to present value at a market rate of interest. As at December 31, 2018, the fair value of the royalty interest was estimated to be $10,925 (March 31, 2018 – $2,326). Please refer to Note 13 for additional details.

The Company also has a warrant to acquire 4% of Agripharm for $5,000. The warrant represents a derivative financial instrument that is initially measured at fair value and subsequently measured at FVTPL. As at December 31, 2018, the fair value of the warrant was estimated to be $563 (March 31, 2018 – $447). The fair value of the warrant was estimated using a Black-Scholes option pricing model by applying the following assumptions:

Agripharm Warrant Valuation	Initial Recognition	March 31, 2018	December 31, 2018
Share price	$32.88	$32.88	$32.88
Exercise price	$53.51	$53.51	$53.51
Risk-free interest rate	1.4%	1.8%	1.9%
Expected life (years)	1.5	1.1	0.9
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	87%

(Expressed in CDN $000's except share amounts)

(b) JWC

James E. Wagner Cultivation Ltd. ("JWC") is a publicly-traded company licensed to cultivate, process, and sell cannabis under the Cannabis Act, listed on the TSXV under the trading symbol "JWCA". As at December 31, 2018, the Company has advanced to JWC $2,500 pursuant to a repayable debenture agreement (March 31, 2018 – $2,500), which automatically converted to a royalty interest pursuant to a royalty agreement on March 29, 2018. The royalty interest is being measured at FVTPL based upon estimated future cash flows to be received under the royalty agreement discounted to present value at a market rate of interest. As at December 31, 2018, the fair value of the royalty interest was estimated to be $2,649 (March 31, 2018 – $2,662). Please refer to Note 13 for additional details.

As at December 31, 2018, the Company owned 12,513,041 common shares of JWC (March 31, 2018 – 9,973,911, after giving effect to JWC's share split). The Company has elected to account for its investment in the common shares of JWC at FVTOCI at initial recognition. Please refer to Note 9(a) and Note 13 for additional details.

As at December 31, 2018, the Company also owns 2,347,826 common share purchase warrants of JWC (March 31, 2018 – 1,347,826, after giving effect to JWC's share split). The warrants represent a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As of December 31, 2018, the fair value of the warrants was estimated to be $413 (March 31, 2018 – $813). The fair value of the warrants was estimated using the Black-Scholes option pricing model by applying the following assumptions:

JWC Warrant Valuation	Initial Recognition	March 31, 2018	December 31, 2018
Share price	$0.39	$1.06	$0.70
Exercise price	$0.46	$0.46	$0.46-1.50
Risk-free interest rate	1.2%	1.8%	1.9%
Expected life (years)	1.0	0.4	0.3-0.7
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	85-88%

(c) Radicle

As at December 31, 2018, the Company has advanced to Radicle $5,000 pursuant to a repayable debenture agreement (March 31, 2018 – $3,000). On November 16, 2018, Radicle received its license to sell cannabis under the Cannabis Act. As Radicle received its license to sell cannabis before the maturity of the repayable debenture agreement, the principal amount drawn pursuant to the repayable debenture agreement was set off against the royalty purchase price payable pursuant to the royalty agreement entered into between the Company and Radicle, and the repayable debenture agreement was cancelled. Under the terms of the royalty agreement, the Company will receive a royalty per gram of applicable Radicle cannabis production for a term of 20 years, subject to a minimum annual payment of $900.

The royalty interest is being measured at FVTPL based upon estimated future cash flows to be received under the royalty agreement discounted to present value at a market rate of interest. As at December 31, 2018, the fair value of the royalty interest was estimated to be $5,072 (March 31, 2018 – repayable debenture of $3,075). Please refer to Note 13 for additional details.

(d) TerrAscend

TerrAscend Corp. ("TerrAscend") is a publicly-traded company licensed to cultivate, process, and sell cannabis under the Cannabis Act, listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "TER". On November 30, 2018, pursuant to the TerrAscend Arrangement (as defined below), the Company exercised its 9,545,456 warrants to acquire common shares of TerrAscend for no cash consideration, resulting in the net issuance of 8,159,829 common shares of TerrAscend based upon the five-day weighted average trading price of the common shares of TerrAscend on the CSE for the period ended October 5, 2018, the last trading day prior to the date of the TerrAscend Arrangement. After giving effect to the exercise of the warrants for no cash consideration, the Company owned 19,445,285 common shares of TerrAscend. The Company has elected to account for its investment in the common shares of TerrAscend at FVTOCI at initial recognition. Please refer to Note 9(b) for additional details.

(Expressed in CDN $000's except share amounts)

After giving effect to the transactions above, as at December 31, 2018, the Company does not own any common share purchase warrants of TerrAscend (March 31, 2018 – 9,545,456). Prior to the cashless exercise of the warrants, the fair value of the warrants was estimated using the Black-Scholes option pricing model by applying the following assumptions:

TerrAscend Warrant Valuation	Initial Recognition	March 31, 2018	November 30, 2018
Share price	$2.10	$5.00	$6.84
Exercise price	$1.10	$1.10	$1.10
Risk-free interest rate	1.4%	1.8%	2.2%
Expected life (years)	1.5	1.2	-
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	98%

(e) Vert Mirabel

Les Serres Vert Cannabis ("Vert Mirabel") is a company licensed to cultivate cannabis under the Cannabis Act. As at December 31, 2018, the Company has subscribed for 15,000,000 class A preferred shares in Vert Mirabel (March 31, 2018 – 5,453,809) at $1.00 per share, for a total investment of $15,000 (March 31, 2018 – $5,453), with an ascribed cost of $13,893 due to the off-market nature of the prescribed dividends (as described below). The fair value of the preferred shares as at December 31, 2018, is estimated to be $16,406 based on the amounts invested to-date; an 18.0% cumulative dividend rate up until the expected timing of Vert Mirabel acquiring the greenhouse in which it currently operates and leases, and a 10.0% cumulative dividend rate thereafter until the estimated repayment date; a market dividend rate of 22.5%; and an estimated repayment date of September 30, 2019 (March 31, 2018 – fair value of $5,198, 18.0% cumulative dividend rate, a market dividend rate of 30.0%, and an estimated repayment date of December 31, 2018). Please refer to Note 13 for additional details.

Upon initial recognition, the dividend rate on the preferred shares was determined to be below market. Accordingly, the Company's commitment to subscribe for additional preferred shares at a below-market dividend rate represented an off-market loan commitment, the value of which was calculated to be $704 as of March 31, 2018, based on the Company's commitment to subscribe for an additional 9,546,191 preferred shares at a dividend rate of 18.0%. As of December 31, 2018, the Company has fully subscribed for these preferred shares and the off-market loan commitment has been fully settled. The Company recognized $nil and $56 of income into profit or loss for the three and nine months ended December 31, 2018, respectively, related to the settlement of this off-market loan commitment (three months and 249 days ended December 31, 2017 – $38).

The Company also owns 26% of the common shares of Vert Mirabel. The Company has elected to account for its investment in the common shares of Vert Mirabel at FVTOCI at initial recognition. Please refer to Note 9(c) and Note 13 for additional details.

(f) Civilized

As at December 31, 2018, the Company owns 221,239 common share purchase warrants of Civilized (March 31, 2018 – nil). The warrants represent a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As of December 31, 2018, the fair value of the warrants was estimated to be $1,348 (March 31, 2018 – $nil). The fair value of the warrants was estimated using the Black-Scholes option pricing model by applying the following assumptions:

Civilized Warrant Valuation	Initial Recognition	December 31, 2018
Share price	$11.99	$15.82
Exercise price	$12.14	$15.82
Risk-free interest rate	1.9%	1.9%
Expected life (years)	1.5	1.2
Dividend yield	0%	0%
Expected annualized volatility	81%	91%

(Expressed in CDN $000's except share amounts)

Upon initial recognition, the total cost of the investment in Civilized of $5,000 was bifurcated between the convertible debenture and warrants based upon the fair value estimate for the warrants determined above using the Black-Scholes option pricing model. Accordingly, $3,665 was allocated to the equity method investment and $1,335 was allocated to the warrants. Please refer to Note 7(b) for additional details regarding the equity method investment.

(g) Canapar

In connection with the Company's initial investment in the common shares of Canapar, the Company received a call option to purchase 100% of Canapar's interest in its investees. The consideration to be paid upon the exercise of the call option shall be the greater of: (i) eight times EBITDA; and (ii) $200,000, less the liabilities of the acquired investees, multiplied by the percentage interest that the Company does not own in Canapar at the time of exercise. The option is exercisable for as long as the Company is a shareholder of Canapar.

Upon initial recognition of the Company's investment in Canapar, the Company determined that the value attributable to the call option was nominal. Accordingly, the entire cost of $750 was allocated to the equity method investment. Please refer to Note 7(d) for additional details regarding the equity method investment.

The call option represents a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As at December 31, 2018, the fair value of the call option was estimated to be $4,500 (March 31, 2018 – $nil). The fair value of the call option was estimated through a simulation model based on the following assumptions:

Canapar Call Option Valuation	**December 31, 2018**
Term	5 years
Equity value per share	$0.90
Equity value volatility	70%
EBITDA volatility	30%
CAD/EUR volatility	9%

(Expressed in CDN $000's except share amounts)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In accordance with IFRS 9, the Company has elected to measure certain investments in equity instruments at FVTOCI on initial recognition as these investments are long-term and strategic in nature, and net changes in fair value are more suited to be presented in other comprehensive income. Fair value for subsequent measurement is determined in the manner described in Note 13. Please refer to Note 8 and below for further details on these investments.

The following tables outline changes in financial assets measured at FVTOCI for the nine months ended December 31, 2018, and for the 340 days ended March 31, 2018:

Entity	Instrument	Note	Balance at Mar. 31, 2018	Additions	Net change in fair value	Reclass./ derecognition	Balance at Dec. 31, 2018
JWC	Common shares	9(a)	$ 10,591	$ 2,123	$ (3,953)	$ -	$ 8,761
TerrAscend	Common shares	9(b)	56,427	55,813	20,767	(133,007)	-
TerrAscend	Exchangeable shares	9(b)	-	133,007	(73,007)	-	60,000
Vert Mirabel	Common shares	9(c)	35,817	-	(4,784)	-	31,033
LiveWell	Common shares	9(d)	-	2,525	1,814	-	4,339
Solo Growth	Common shares	9(e)	-	9,457	(6,192)	-	3,265
Headset	Preferred shares	9(f)	-	4,085	8	-	4,093
Total			**$ 102,835**	**$ 207,010**	**$ (65,347)**	**$ (133,007)**	**$ 111,491**

Entity	Instrument	Note	Balance at Apr. 26, 2017	Additions	Net change in fair value	Reclass./ derecognition	Balance at Mar. 31, 2018
JWC	Common shares	9(a)	$ -	$ 3,863	$ 6,728	$ -	$ 10,591
TerrAscend	Common shares	9(b)	-	23,003	33,424	-	56,427
Vert Mirabel	Common shares	9(c)	-	31,470	4,347	-	35,817
Total			**$ -**	**$ 58,336**	**$ 44,499**	**$ -**	**$ 102,835**

INVESTMENTS HELD AS AT SEPTEMBER 30, 2018

(a) JWC

As at December 31, 2018, the Company owns 12,513,041 common shares of JWC (March 31, 2018 – 9,973,911, after giving effect to JWC's share split), representing an equity interest of approximately 14%. As at December 31, 2018, the fair value of the Company's investment in JWC common shares is estimated to be $8,761 (March 31, 2018 – $10,591). Please refer to Note 13 for additional details.

(b) TerrAscend

On November 30, 2018, TerrAscend completed the restructuring of its share capital by way of a plan of arrangement (the "TerrAscend Arrangement"). The restructuring is intended to accommodate TerrAscend's strategic pursuits, while also maintaining strict compliance with industry regulations and the policies of the various securities exchanges. Pursuant to the TerrAscend Arrangement, and as described in Note 8(d), the Company exercised its warrants to acquire common shares of TerrAscend for no cash consideration, resulting in the net issuance of 8,159,829 common shares of TerrAscend. After giving effect to the exercise of the warrants for no cash consideration, the Company owned 19,445,285 common shares of TerrAscend. All 19,445,285 common shares of TerrAscend held by the Company were thereafter exchanged pursuant to the TerrAscend Arrangement for 19,445,285 new, conditionally exchangeable shares in the capital of TerrAscend (the "Exchangeable Shares"). The Exchangeable Shares would only become convertible into common shares of TerrAscend following changes in U.S. federal laws regarding the cultivation, distribution, or possession of cannabis, and the compliance of TerrAscend with such laws, or the approval of the various securities exchanges upon which the securities of the holder of the Exchangeable Shares are listed (the "TerrAscend Triggering Event"). The Exchangeable Shares are not transferable or monetizable until exchanged into common shares. In the interim, the Company will not be entitled to voting rights, dividends, or other rights upon dissolution of TerrAscend.

Accordingly, on November 30, 2018, the Company derecognized its investment in the 19,445,285 common shares of TerrAscend and recognized a new investment in the 19,445,285 Exchangeable Shares. The Company has elected to account for its investment in the Exchangeable Shares at FVTOCI at initial recognition. The common shares of TerrAscend are freely tradeable, while the Exchangeable Shares are not tradeable and hold no economic rights other than the possible opportunity to exchange such shares for common shares in TerrAscend at a future date upon the occurrence of certain events. Therefore, the fair value of the Exchangeable Shares is estimated by giving consideration to the trading price of TerrAscend common shares on the CSE on the valuation date and applying a discount for lack of marketability calculated using an Asian Put Option model, across a series of possible exchange dates. Management has made assumptions as to the probability that the TerrAscend Triggering Event would occur at future dates and estimated the fair value of the Exchangeable Shares as the sum of the probability-weighted discounted values across the range of these dates.

After giving effect to the transactions above, as at December 31, 2018, the Company owns 19,445,285 Exchangeable Shares (March 31, 2018 – nil). Upon initial recognition, the fair value of the Company's investment in Exchangeable Shares was estimated to be $67,500. As at December 31, 2018, the fair value of the Company's investment in the Exchangeable Shares is estimated to be $60,000 (March 31, 2018 – $nil). Please refer to Note 13 for additional details.

(c) Vert Mirabel

As at December 31, 2018, the Company owns approximately 26% of the common shares of Vert Mirabel (March 31, 2018 – 26%). As at December 31, 2018, the fair value of the Company's investment in Vert Mirabel common shares is estimated to be $31,033 (March 31, 2018 – $35,817). Please refer to Note 13 for additional details.

(d) LiveWell

LiveWell Canada Inc. ("LiveWell") is a publicly-traded license applicant, listed on the TSXV under the trading symbol "LVWL".

On December 3, 2018, LiveWell signed an agreement to acquire 100% of Vitality CBD Natural Health Products Inc. ("Vitality"), a cultivator and producer of hemp-derived CBD, which will result in a reverse takeover transaction by Vitality. The Company expects that, based on LiveWell's public disclosure, following the expected completion of the transaction between LiveWell and Vitality, current shareholders of LiveWell will own approximately 15% of the issued and outstanding common shares of the pro forma entity. As at December 31, 2018, trading of the common shares of LiveWell on the TSXV is temporarily suspended.

As at December 31, 2018, the Company owns 5,863,188 common shares of LiveWell (March 31, 2018 – nil). As at December 31, 2018, the fair value of the Company's investment in LiveWell common shares was estimated to be $4,339 (March 31, 2018 – $nil). Please refer to Note 13 for additional details.

Pursuant to the investment agreement between the Company, CGC, LiveWell, and Artiva, a wholly-owned subsidiary of LiveWell, CGC shall cover certain license application costs incurred by LiveWell and Artiva. The Company has agreed to reimburse CGC for up to $250 of these licensing costs and has recorded this provision in accounts payable and accrued liabilities. Furthermore, Artiva has entered into an agreement that provides CGC the right to purchase 20% of Artiva's production for a 20-year term upon Artiva receiving a license to sell cannabis. The Company is entitled to a royalty based upon cannabis purchased from LiveWell and Artiva by CGC.

(e) Solo Growth

Solo Growth Corp. (formerly Aldershot Resources Ltd.) ("Solo Growth") is a publicly-traded retail distribution license applicant listed on the TSXV under the trading symbol "SOLO" (formerly under the trading symbol "ALZ").

On December 18, 2018, the Company acquired an additional 10,000,000 common shares of Solo Growth at a price of $0.05 per common share, for a total investment of $500.

As at December 31, 2018, the Company owns 65,300,000 common shares of Solo Growth (March 31, 2018 – nil). As at December 31, 2018, the fair value of the Company's investment in Solo Growth common shares is estimated to be $3,265 (March 31, 2018 – $nil). Please refer to Note 13 for additional details.

NEW INVESTMENTS

(f) Headset

Headset Inc. ("Headset") is a real-time business intelligence and analytics software platform for the cannabis industry. With services that provide access to up-to-the-minute information on sales trends, emerging segments, popular products, and pricing, Headset's proprietary software platform allows customers to use data to identify new areas of opportunity, understand the competition, and tailor product development.

On December 21, 2018, the Company completed a subscription for 1,500,000 series A preferred shares of Headset at a price of $2.72 (U.S. $2.00) per preferred share, for a total investment of $4,085 (U.S. $3,000), representing an approximate 7% ownership stake on a fully diluted basis. The Company has elected to account for its investment in the preferred shares of Headset at FVTOCI at initial recognition. The fair value of the Company's investment in Headset preferred shares on initial recognition was estimated to be $4,085 (U.S. $3,000). As of December 31, 2018, the fair value of the Company's investment in Headset preferred shares is estimated to be $4,093 (U.S. $3,000) (March 31, 2018 – $nil). Please refer to Note 13 for additional details.

Transaction costs of $20 relating to this investment have been expensed into profit or loss for the three and nine months ended December 31, 2018.

10. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of common shares. There are two classes of common shares: Multiple Voting Shares and Subordinated Voting Shares. Each Multiple Voting Share is entitled to receive 20 votes, while each Subordinated Voting Share is entitled to receive one vote at all meetings of the shareholders. There is no priority or distinction between the two classes of shares in respect of their entitlement to the payment of dividends or participation on liquidation, dissolution or winding-up of the Company.

Prior to the completion of the Qualifying Transaction described in Note 4, CRC had two classes of common shares: "Class A Shares" and "Class B Shares". Pursuant to the terms of the Qualifying Transaction, Class A shareholders received one Multiple Voting Share for each Class A Share held, and Class B shareholders received one Subordinated Voting Share for each Class B Share held upon completion of the Qualifying Transaction. Accordingly, the terms "Class A Shares" and "Multiple Voting Shares" may be used interchangeably, and the terms "Class B Shares" and "Subordinated Voting Shares" may be used interchangeably.

(b) Issued and outstanding

As at December 31, 2018, there were 36,468,318 Multiple Voting Shares and 130,502,029 Subordinated Voting Shares issued and outstanding.

Initial financing

On May 12, 2017, CGC advanced $20,000 in the form of a convertible debenture to CRC. Other investors advanced $953 of seed capital to purchase 19,066,668 Class B Shares. Of this amount, $503 representing 10,066,668 Class B Shares was paid for through share purchase loans, whereby funds were advanced to CRC by CGC on behalf of certain employees of CGC and another individual. The shares acquired by each CGC employee and the other individual through these share purchase loans have been placed in trust and vest in three equal tranches over three years if: (i) each employee, individually, remains an employee of CGC (or, in the case of the individual, the individual remains a consultant of CGC); and (ii) the individual loans are repaid. In certain cases, there are also additional performance targets. If the loan is not repaid, the shares will be cancelled by the Company and the proceeds received by the Company from the sale of the shares would be returned to CGC. Accordingly, the 10,066,668 Class B Shares acquired by way of the share purchase loans were initially accounted for as seed capital options and are not considered issued for accounting purposes until the loans are repaid on an individual employee/consultant basis. On May 8, 2018, share purchase loans in the amount of $288 relating to the Company's shares held in trust by CGC on behalf of certain CGC employees were repaid, resulting in the release from escrow of 5,750,000 Class B Shares. Please refer to Note 10(c) for additional details on the seed capital options.

Subsequent financings during the nine months ended December 31, 2018

On April 6, 2018, the Company completed a non-brokered private placement of 454,545 Class B Shares for aggregate gross proceeds of $500 and share issuance costs of $nil.

On July 5, 2018, the Company completed a brokered private placement of 28,792,000 subscription receipts for gross proceeds of $100,772. On July 6, 2018, the Company completed a non-brokered private placement of 982,857 subscription receipts for gross proceeds of $3,440. In total, 29,774,857 subscription receipts were sold for aggregate gross proceeds of $104,212 and share issuance costs of $5,091.

On September 17, 2018, the Company completed the Qualifying Transaction, as described in Note 4. Class A shareholders received one Multiple Voting Share for each Class A Share held, resulting in the issuance of 36,468,318 Multiple Voting Shares, and Class B shareholders received one Subordinated Voting Share for each Class B Share held, resulting in the issuance of 100,338,878 Subordinated Voting Shares. In connection with the Qualifying Transaction, the 29,774,857 subscription receipts issued pursuant to the July 2018 private placement were automatically converted into 29,774,857 Subordinated Voting Shares. The Company's share capital also includes 361,372 Subordinated Voting Shares held by former shareholders of AIM2 prior to the completion of the Qualifying Transaction.

Please refer to Note 17 for additional details.

(c) Stock options

The Company has a stock option plan (the "Plan") under which non-transferable options to purchase Subordinated Voting Shares of the Company may be granted to directors, officers, employees, or independent contractors of the Company. Pursuant to the Plan, the maximum number of Subordinated Voting Shares issuable from treasury pursuant to outstanding options shall not exceed 10% of the issued and outstanding Subordinated Voting Shares. The Plan is administered by the Board who establishes exercise prices, at not less than the market price at the date of the grant, and expiry dates. Options under the Plan generally remain exercisable in increments with one-third being exercisable on each of the first, second, and third anniversaries from the date of grant, and have expiry dates five years from the date of grant. The Board has the discretion to amend general vesting provisions and the term of any option grant, subject to limits contained in the Plan. The seed capital options are not within the scope of the Plan.

In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the period and the fair value of options granted in prior periods that require remeasurement, based on various assumptions and estimates. Expected life was based upon the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the options), and behavioural considerations. The risk-free rate was estimated based upon zero coupon Government of Canada bond yields with a term approximately equal to the expected life of the options. Volatility was estimated based upon the historical share price volatility of comparable companies.

Seed Capital Options

The seed capital options were measured at fair value on May 12, 2017, using a Black-Scholes option pricing model and will be remeasured at the end of each reporting period until the performance is complete. The Company has estimated the number of shares it expects to vest and is amortizing the expense over the expected vesting period.

(Expressed in CDN $000's except share amounts)

The following assumptions were used in determining the fair value of the seed capital options:

Seed Capital Options	Initial Recognition	December 31, 2017	March 31, 2018	December 31, 2018
Share price	$0.05	$1.00	$1.10	$4.23
Exercise price	$0.05	$0.05	$0.05	$0.05
Risk-free interest rate	1.0%	1.0%	1.0%	1.9%
Weighted average expected life (years)	2.7	2.0	1.8	1.0
Dividend yield	0%	0%	0%	0%
Expected annualized volatility	70%	70%	70%	70%
Expected forfeiture rate	0%	0%	0%	0%

During the nine months ended December 31, 2018, 5,750,000 seed capital options were exercised (three months and 249 days ended December 31, 2017 – nil). During the three and nine months ended December 31, 2018, the Company recorded $1,286 and $7,557 in share-based compensation expense related to seed capital options, respectively (three months and 249 days ended December 31, 2017 – $1,574 and $3,994, respectively).

The following table summarizes information about seed capital options outstanding as at December 31, 2018, and March 31, 2018:

	Options Outstanding				Options Exercisable		
Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	$	#	$
December 31, 2018	0.05	4,316,668	1.6	4.18	0.05	1,250,001	4.18
March 31, 2018	0.05	10,066,668	2.4	1.05	n/a	-	n/a

Consultant Options

As at March 31, 2018, the Company had granted 5,015,000 options to purchase Subordinated Voting Shares to employees of CGC and other consultants of the Company. For the three and nine months ended December 31, 2018, the Company granted nil and 3,000,000 options to purchase Subordinated Voting Shares to consultants of the Company, respectively. Options granted to CGC employees and consultants are considered consultant options from the Company's perspective. The options have exercise prices ranging from $0.60 to $3.50 per Subordinated Voting Share and are exercisable in increments, with one third being exercisable on each of the first, second, and third anniversaries from the date of grant. The options were measured at fair value at the date of issuance using a Black-Scholes option pricing model and will be remeasured at the end of each reporting period until the performance is complete. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

The following assumptions were used in determining the fair value of the consultant options:

Consultant Options	Initial Recognition	December 31, 2017	March 31, 2018	December 31, 2018
Share price	$0.60	$1.00	$1.10	$4.23
Exercise price	$0.60	$0.60	$0.60	$0.60 – $3.50
Risk-free interest rate	1.5%	1.5%	1.5%	1.9%
Weighted average expected life (years)	3.5	3.4	3.2	2.8
Dividend yield	0%	0%	0%	0%
Expected annualized volatility	70%	0%	70%	70%
Expected forfeiture rate	0%	0%	0%	0%

(Expressed in CDN $000's except share amounts)

During the three and nine months ended December 31, 2018, 16,667 consultant options were exercised at a weighted average price of $0.60 for gross proceeds of $10 (three and nine months ended December 31, 2017 – nil).

During the three and nine months ended December 31, 2018, the Company recorded $3,361 and $11,311 in share-based compensation expense related to consultant options, respectively (three months and 249 days ended December 31, 2017 – $153).

The following table summarizes information about consultant options outstanding as at December 31, 2018, and March 31, 2018:

	Options Outstanding				Options Exercisable		
Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	$	#	$
December 31, 2018	1.69	7,998,333	4.2	3.13	0.60	1,655,000	3.66
March 31, 2018	0.60	5,015,000	4.7	0.69	n/a	-	n/a

Employee and Director Options

As at March 31, 2018, the Company had granted 900,000 options to purchase Subordinated Voting Shares to employees of the Company. During the three and nine months ended December 31, 2018, the Company granted 720,000 and 3,000,000 options, respectively, to purchase Subordinated Voting Shares to employees and directors of the Company (three months and 249 days ended December 31, 2017 – nil). The options have exercise prices ranging from $1.10 to $4.50 per Subordinated Voting Share and are exercisable in increments, with one third being exercisable on each of the first, second and third anniversaries from the date of grant. The options were measured at fair value at the date of issuance using a Black-Scholes option pricing model. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

The following assumptions were used in determining the fair value of the employee and director options at their dates of grant:

Employee and Director Options	Initial Recognition
Share price	$1.10 – $4.50
Exercise price	$1.10 – $4.50
Risk-free interest rate	1.5 – 2.3%
Weighted average expected life (years)	3.5
Dividend yield	0%
Expected annualized volatility	70%
Expected forfeiture rate	0%

During the three and nine months ended December 31, 2018, no employee and director options were exercised (three and nine months ended December 31, 2017 – nil).

During the three and nine months ended December 31, 2018, the Company recorded $546 and $1,051 in share-based compensation expense related to employee and director options, respectively (three months and 249 days ended December 31, 2017 – $nil).

(Expressed in CDN $000's except share amounts)

The following table summarizes information about employee and director options outstanding as at December 31, 2018, and March 31, 2018:

	Options Outstanding				Options Exercisable		
Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	$	#	$
December 31, 2018	2.12	3,900,000	4.4	1.07	n/a	-	n/a
March 31, 2018	1.10	900,000	4.9	0.55	n/a	-	n/a

Former AIM2 Options

Following the completion of the Qualifying Transaction on September 17, 2018, the Company's options outstanding included 36,137 options to purchase Subordinated Voting Shares held by former option holders of AIM2. The options have an exercise price of $2.66 per Subordinated Voting Share and are currently exercisable. The options were measured at fair value as at September 17, 2018, using a Black-Scholes option pricing model for the purpose of determining the fair value of the share-based payment made in connection with the Qualifying Transaction, and the entire fair value was recognized in contributed surplus.

The following assumptions were used in determining the fair value of the options held by former AIM2 option holders at the date of completion of the Qualifying Transaction. These options are not subsequently remeasured.

Former AIM2 Options	**Initial Recognition**
Share price	$3.50
Exercise price	$2.66
Risk-free interest rate	2.1%
Weighted average expected life (years)	1.9
Dividend yield	0%
Expected annualized volatility	82%
Expected forfeiture rate	0%

During the three and nine months ended December 31, 2018, 9,033 former AIM2 options were exercised at a weighted average price of $2.66 for gross proceeds of $24 (three and nine months ended December 31, 2017 – nil).

The following table summarizes information about former AIM2 options outstanding as at December 31, 2018, and March 31, 2018:

	Options Outstanding				Options Exercisable		
Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	$	#	$
December 31, 2018	2.66	27,104	4.1	1.82	2.66	27,104	1.82
March 31, 2018	n/a	-	n/a	n/a	n/a	-	n/a

(Expressed in CDN $000's except share amounts)

Stock Options Summary

The following table is a summary of the changes in the Company's outstanding options during the period:

	# of Options	Weighted Avg. Exercise Price
Balance, March 31, 2018	15,981,668	$ 0.28
Granted / Recognized(i)	6,036,137	2.96
Exercised	5,775,700	0.06
Balance, December 31, 2018	**16,242,105**	**$ 1.36**

(i) Includes 36,137 options held by former AIM2 option holders.

(d) Warrants

PharmHouse Warrants

In connection with the formation of PharmHouse described in Note 7(c), the Company issued 14,400,000 warrants to the PharmHouse JV Partner. The warrants are exercisable for a period of two years following the date that PharmHouse receives a license to sell cannabis under the Cannabis Act. Upon issuance, the exercise price of the warrants was set to be at the lower of $2.00 per share and the price per subscription receipt issued by the Company in connection with the Company's financing to be completed concurrently with its initial public listing.

Upon initial recognition of the warrants, the warrants were recorded as a derivative liability as the exercise price of the warrants was contingent upon future events, and the fair value was estimated using a Black-Scholes option pricing model. On September 17, 2018, it was determined that the exercise price of the warrants was fixed at $2.00 per share based upon the completion of the Qualifying Transaction and the concurrent financing by the Company at $3.50 per share. Accordingly, the warrants were remeasured and reclassified to contributed surplus, which resulted in a $720 gain that was recognized as other income in the Company's statement of income and other comprehensive income for the nine months ended December 31, 2018 (three months and 249 days ended December 31, 2017 – $nil). The fair value of the derivative liability was estimated to be $29,232 upon initial recognition and $28,512 as at the time of reclassification to contributed surplus using a Black-Scholes option pricing model by applying the following assumptions:

PharmHouse Warrants	Initial Recognition	September 17, 2018
Share price	$3.50	$3.50
Exercise price	$2.00	$2.00
Risk-free interest rate	1.9%	2.1%
Weighted average expected life (years)	1.9	1.8
Dividend yield	0%	0%
Expected annualized volatility	76%	74%

During the three and nine months ended December 31, 2018, no PharmHouse warrants were exercised (three months and 249 days ended December 31, 2017 – nil).

(Expressed in CDN $000's except share amounts)

The following table summarizes information about PharmHouse warrants outstanding as at December 31, 2018, and March 31, 2018:

	Warrants Outstanding				**Warrants Exercisable**		
Date	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Warrants Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	$	#	$
December 31, 2018	2.00	14,400,000	2.3	1.98	n/a	-	n/a
March 31, 2018	n/a	-	n/a	n/a	n/a	-	n/a

Former AIM2 Warrants

Following completion of the Qualifying Transaction on September 17, 2018, the Company's warrants outstanding included 18,821 warrants to purchase Subordinated Voting Shares held by former warrant holders of AIM2. The warrants have an exercise price of $2.66 per Subordinated Voting Share and are currently exercisable. The warrants were measured at fair value as at September 17, 2018, using a Black-Scholes option pricing model for the purpose of determining the fair value of the share-based payment made in connection with the Qualifying Transaction, and the entire fair value was recognized in contributed surplus.

The following assumptions were used in determining the fair value of the warrants held by former AIM2 warrant holders at the date of completion of the Qualifying Transaction:

Former AIM2 Warrants	**Initial Recognition**
Share price	$3.50
Exercise price	$2.66
Risk-free interest rate	2.1%
Weighted average expected life (years)	0.4
Dividend yield	0%
Expected annualized volatility	84%

During the three and nine months ended December 31, 2018, 1,222 former AIM2 warrants were exercised at a weighted average price of $2.66 for gross proceeds of $3 (three months and 249 days ended December 31, 2017 – nil).

The following table summarizes information about former AIM2 warrants outstanding as at December 31, 2018, and March 31, 2018:

	Warrants Outstanding				**Warrants Exercisable**		
Date	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Warrants Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	#	$	$
December 31, 2018	2.66	17,599	1.1	1.17	2.66	17,599	1.17
March 31, 2018	n/a	-	n/a	n/a	n/a	-	n/a

(Expressed in CDN $000's except share amounts)

Warrants Summary

The following table is a summary of the changes in the Company's outstanding warrants during the period:

	# of Warrants	Weighted Avg. Exercise Price
Balance, March 31, 2018	-	$ n/a
Granted / Recognized(i)	14,418,821	2.00
Exercised	1,222	2.66
Balance, December 31, 2018	**14,417,599**	**$ 2.00**

(i) Includes 18,821 warrants held by former AIM2 warrant holders.

11. RELATED PARTY TRANSACTIONS

(a) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board, who control approximately 4.3% of the outstanding shares of the Company on a fully diluted basis. Compensation provided to key management personnel is as follows:

	Period ended December 31, 2018		Period ended December 31, 2017	
	Three months	**Nine months**	**Three months**	**249 days**
Share-based compensation	$ 873	$ 5,368	$ 706	$ 1,755
Salaries	214	544	-	-

(b) Related party transactions

The Company leased a building to and has a funding arrangement with Spot, a wholly-owned subsidiary of CGC. Please refer to Notes 5 and 15 for further details on each of these arrangements. As at December 31, 2018, the Company has a $2,678 finance lease receivable from Spot (March 31, 2018 – $2,633). The Company has also recorded $381 in other receivables relating to amounts owed by Spot for lease payments, management fees, and property taxes (March 31, 2018 – $214).

As at December 31, 2018, the Company has a $nil liability to CGC included in accounts payable and accrued liabilities arising from advances made by CGC to Vert Mirabel on behalf of the Company (March 31, 2018 – $3,525).

As at December 31, 2018, the Company has a $216 liability to CGC included in accounts payable and accrued liabilities arising from the share purchase loans provided by CGC relating to the seed capital options discussed in Note 10 (March 31, 2018 – $503). In the event the loans are repaid by the employees/consultant, the related shares will be issued, and the liability will be settled.

As at December 31, 2018, the Company has also recognized a $250 liability to CGC included in accounts payable and accrued liabilities relating to reimbursement for LiveWell's license application costs borne by CGC.

Other intercompany amounts with CGC represent a nominal amount.

These transactions are in the normal course of operations and are measured at the exchange amounts being the amounts agreed to by the parties.

(Expressed in CDN $000's except share amounts)

12. INCOME TAXES

For the three and nine months ended December 31, 2018, the Company has recognized $nil and $1,349 of income tax recovery directly in equity related to share issuance costs, respectively (three months and 249 days ended December 31, 2017 – $nil and $592, respectively).

As at December 31, 2018, the Company has $nil in non-capital losses available to reduce future years' federal and provincial taxable income (March 31, 2018 – $825).

13. FINANCIAL INSTRUMENTS

(a) Fair values

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the observability of significant inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using one or more significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The carrying amount of cash and cash equivalents, interest receivable, other receivables, and accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature. The carrying amounts of the finance lease receivable and loan receivable approximate their respective fair values due to consistency of current market rates and credit risk.

The following table provides information about how the fair values as at December 31, 2018, of the Company's other financial instruments are determined:

<table>
<tr><th></th><th>Fair value as at Dec. 31, 2018</th><th>Fair value as at Mar. 31, 2018</th><th>Classification</th><th>Fair value hierarchy</th><th>Valuation technique</th><th>Key inputs</th></tr>
<tr><td colspan="7">Financial assets – fair value through profit or loss</td></tr>
<tr><td>Agripharm Royalty Interest</td><td>$10,925</td><td>$2,326</td><td>FVTPL</td><td>Level 3</td><td>Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return</td><td>Key observable inputs:
• Per gram royalty / minimum payment
Key unobservable inputs:
• Timing of draw
• Cannabis production
• Discount rate (22% at December 31, 2018; 22% at March 31, 2018)</td></tr>
<tr><td>Agripharm Warrants</td><td>$563</td><td>$447</td><td>FVTPL</td><td>Level 3</td><td>Black-Scholes option pricing model</td><td>Key observable inputs:
• Exercise price
• Risk-free interest rate
Key unobservable inputs:
• Share price
• Dividend yield
• Expected life</td></tr>
</table>

(Expressed in CDN $000's except share amounts)

	Fair value as at Dec. 31, 2018	Fair value as at Mar. 31, 2018	Classifi-cation	Fair value hierarchy	Valuation technique	Key inputs
						• Expected annualized volatility
JWC Royalty Interest	$2,649	$2,662	FVTPL	Level 3	Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Per gram royalty / minimum payment *Key unobservable inputs:* • Cannabis production • Discount rate (19% at December 31, 2018; 19% at March 31, 2018)
JWC Warrants	$413	$813	FVTPL	Level 3	Black-Scholes option pricing model	*Key observable inputs:* • Share price • Exercise price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Expected life • Expected annualized volatility
Radicle Royalty Interest	$5,072	$3,075	FVTPL	Level 3	Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Per gram royalty / minimum payment *Key unobservable inputs:* • Cannabis production • Discount rate (19% at December 31, 2018; 19% at March 31, 2018)
TerrAscend Warrants	$ –	$37,577	FVTPL	Level 3	Black-Scholes option pricing model	*Key observable inputs:* • Share price • Exercise price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Expected life • Expected annualized volatility
Vert Mirabel Preferred Shares	$16,406	$5,198	FVTPL	Level 3	Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Dividend yield (18% at December 31, 2018; 18% at March 31, 2018) *Key unobservable inputs:* • Timing of redemption • Discount rate (22.5% at December 31, 2018; 30% at March 31, 2018)

(Expressed in CDN $000's except share amounts)

	Fair value as at Dec. 31, 2018	Fair value as at Mar. 31, 2018	Classification	Fair value hierarchy	Valuation technique	Key inputs
Civilized Warrants	$1,348	$ –	FVTPL	Level 3	Black-Scholes option pricing model	*Key observable inputs:* • Exercise price • Risk-free interest rate *Key unobservable inputs:* • Share price • Dividend yield • Expected life • Expected annualized volatility
Canapar Call Option	$4,500	$ –	FVTPL	Level 3	Simulation model using Geometric Brownian Motion	*Key observable inputs:* • Canadian dollar / Euro foreign exchange ("FX") rate • Risk-free interest rate *Key unobservable inputs:* • Company equity value • Expected life • Expected volatility of company equity value • Projected EBITDA • Expected annualized volatility of EBITDA • Expected annualized volatility of FX rate
Total	**$41,876**	**$52,098**				
Financial assets – fair value through other comprehensive income						
JWC Common Shares	$8,761	$ –	FVTOCI	Level 1	Quoted share price	N/A
JWC Common Shares	$ –	$10,591	FVTOCI	Level 3	Market approach – most recent financing: based upon per share valuation in JWC's most recent financing round launched in March 2018, after deducting the estimated fair value of the associated warrants	*Key observable inputs:* • Financing price • Exercise price on warrants • Risk-free interest rate *Key unobservable inputs:* • Dividend yield • Expected life • Expected annualized volatility
TerrAscend Common Shares	$ –	$56,427	FVTOCI	Level 1	Quoted share price	N/A

(Expressed in CDN $000's except share amounts)

	Fair value as at Dec. 31, 2018	Fair value as at Mar. 31, 2018	Classifi-cation	Fair value hierarchy	Valuation technique	Key inputs
TerrAscend Exchangeable Shares	$60,000	$ –	FVTOCI	Level 3	Market approach – based on trading price of TerrAscend common shares on CSE as at the valuation date, adjusted for a discount for lack of marketability calculated using an Asian Put Option model across a series of exchange dates	*Key observable inputs* • Share price • Exercise price • Risk-free interest rate *Key unobservable inputs:* • Expected annualized volatility • Expected timing of the TerrAscend Triggering Event
Vert Mirabel Common Shares	$31,033	$35,817	FVTOCI	Level 3	Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key unobservable inputs:* • Cannabis production • Selling price per gram (long-term) • Production cost per gram • Discount rate (27.5% at December 31, 2018; 35% at March 31, 2018) • Discount for lack of marketability (20% at December 31, 2018; 20% at March 31, 2018)
LiveWell Common Shares	$4,339	$ –	FVTOCI	Level 1	Quoted share price	N/A
Solo Growth Common Shares	$3,265	$ –	FVTOCI	Level 1	Quoted share price	N/A
Headset Preferred Shares	$4,093	$ –	FVTOCI	Level 3	Market approach – most recent financing: based upon per share valuation in Headset's most recent financing completed in December 2018, adjusted for FX gains/losses	*Key observable inputs:* • Financing price • FX rate
Total	**$111,491**	**$102,835**				

Total fair values by fair value hierarchy level are as follows:

<u>Financial assets</u>

Level 1: December 31, 2018 – $16,365 (March 31, 2018 – $56,427)

Level 3: December 31, 2018 – $137,002 (March 31, 2018 – $98,506)

The following valuation techniques and the corresponding significant unobservable inputs are used by the Company for instruments categorized in Level 3 of the fair value hierarchy:

- Income approach (Level 3) – Discounted cash flows are used to capture the present value of the expected future economic benefits to be derived from certain investments in the Company's portfolio. Significant unobservable inputs and the relationship to fair value can include the following:
  - Cannabis production, considering management's experience and knowledge of the investees' growing facilities. An increase in this input would result in an increase in fair value.
  - Selling price per gram, considering management's experience and knowledge of market conditions of the cannabis industry. An increase in this input would result in an increase in fair value.
  - Production cost per gram, considering management's experience and knowledge of market conditions of the cannabis industry, and the types of facilities in which the investees operate. An increase in this input would result in a decrease in fair value.
  - Discount rate determined based upon expected rates of return for early-stage ventures commensurate with the risk inherent in achieving the cash flows. An increase in this input would result in a decrease in fair value.
  - Discount for lack of marketability, determined by reference to precedent transactions where control is acquired, and in consideration of the various relative rights held by the Company with respect to its individual investments. An increase in this input would result in a decrease in fair value.

- Black-Scholes option pricing model and Asian Put Option model (Level 3) – Significant unobservable inputs and the relationship to fair value can include the following:
  - Share price – An increase in this input would result in an increase in fair value.
  - Expected life (years) – An increase in this input would result in an increase in fair value.
  - Dividend yield – An increase in this input would result in a decrease in fair value.
  - Expected annualized volatility – An increase in this input would result in an increase in fair value.

- Simulation model using Geometric Brownian Motion (Level 3) – Simulation of correlated paths between the following inputs:
  - Company equity value – An increase in this input would result in an increase in fair value.
  - Expected life (years) – An increase in this input would result in an increase in fair value.
  - Volatility of company equity value – An increase in this input would result in an increase in fair value.
  - Projected EBITDA – An increase in this input would result in an increase in fair value.
  - Volatility of EBITDA – An increase in this input would result in an increase in fair value.
  - Volatility of FX rate – An increase in this input would result in an increase in fair value.

14. CAPITAL MANAGEMENT

The Company's objective is to maintain a sufficient capital base so as to: (i) maintain investor, investee, and, if applicable, creditor and customer, confidence; (ii) sustain future development of the business; and (iii) provide the ability to continue as a going concern. The Company considers its capital structure to include shareholders' equity and, to the extent it exists, interest-bearing debt.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or debt to maintain or adjust its capital structure.

As at December 31, 2018, total managed capital was $292,364 (March 31, 2018 – $192,230) comprised of shareholders' equity of $292,364 (March 31, 2018 – $192,230) and interest-bearing debt of $nil (March 31, 2018 – $nil).

The Company is dependent upon expected business growth, changes in the business environment, and capital markets as its sources of operating capital. The Company is not subject to any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the period.

15. COMMITMENTS

Under the terms of the repayable debenture agreement with Agripharm as described in Note 8(a), the Company has agreed to provide Agripharm additional financing of up to $8,000 to fund working capital and capital expenditure requirements. At Agripharm's option, Agripharm may draw up to the remaining $8,000 during the term of the agreement, which matures on December 1, 2022.

(Expressed in CDN $000's except share amounts)

As discussed in Note 5, Spot is a license applicant under the Cannabis Act and is a wholly-owned subsidiary of CGC. The Company has entered into a repayable debenture agreement with Spot to provide financing of up to $13,500 to help fund the construction of Spot's production facility. As of December 31, 2018, $nil had been advanced to Spot under this agreement. Spot is required to draw, and the Company is required to advance, the entire amount available at a future date, at which time the Company's investment is expected to convert to a royalty interest. The Company expects this to occur during the calendar year.

16. EARNINGS PER SHARE

Basic earnings per share ("EPS") amounts are calculated by dividing the net income of the Company by the weighted average number of shares outstanding during the period. Diluted EPS amounts are calculated by dividing the net income of the Company by the weighted average number of shares outstanding during the period as if potentially dilutive common shares have been issued during the period.

The following tables set forth the calculation of basic and diluted EPS for the three and nine months ended December 31, 2018, and the three months and 249 days ended December 31, 2017:

	Three months ended December 31, 2018			Nine months ended December 31, 2018		
	Net income	Weighted avg. number of shares	EPS	Net income	Weighted avg. number of shares	EPS
Basic	$ 1,423	166,956,025	$0.01	$ 5,744	147,583,953	$0.04
Dilutive securities		13,869,768			10,969,564	
Diluted	**$ 1,423**	**180,825,793**	**$0.01**	**$ 5,744**	**158,553,517**	**$0.04**

	Three months ended December 31, 2017			249 days ended December 31, 2017		
	Net income	Weighted avg. number of shares	EPS	Net income	Weighted avg. number of shares	EPS
Basic	$ 24,474	106,966,288	$0.23	$ 21,771	86,405,165	$0.25
Dilutive securities		114,183			–	
Diluted	**$ 24,474**	**107,080,471**	**$0.23**	**$ 21,771**	**86,405,165**	**$0.25**

17. SUBSEQUENT EVENTS

On January 7, 2019, PharmHouse entered into a syndicated credit agreement (the "PharmHouse Credit Agreement") with a number of Canadian banks to provide PharmHouse with a committed, non-revolving credit facility with a maximum principal amount of $80,000 (the "PharmHouse Credit Facility"). The obligations of PharmHouse under the PharmHouse Credit Facility are secured by guarantees of the Company and CRC and a pledge by CRC of all of the shares of PharmHouse held by it. The PharmHouse Credit Facility has a three-year term. The PharmHouse Credit Agreement contains customary representations and warranties, affirmative and negative covenants, and events of default applicable to PharmHouse. The PharmHouse Credit Agreement also contains certain representations and warranties and affirmative covenants applicable to the Company, including the requirement that the Company maintain available liquidity of $12,000, which may be reduced upon the occurrence of certain events.

On January 14, 2019, the Company completed a $6,000 investment in 10831425 Canada Ltd. d/b/a Greenhouse Juice Company ("Greenhouse Juice Company") pursuant to a senior secured convertible debenture (the "Greenhouse Secured Debenture"). Greenhouse Juice Company is an organic plant-based food and beverage company. The Greenhouse Secured Debenture has a three-year term and bears interest at a rate of 12% per annum, calculated and compounded quarterly. The Greenhouse Secured Debenture is convertible, at the option of the Company, into preferred shares in the capital of Greenhouse Juice Company (the "Greenhouse Shares"). The Company also committed to invest an additional $3,000 in Greenhouse Juice Company pursuant to an unsecured convertible debenture (the "Greenhouse Unsecured Debenture"). The Greenhouse Unsecured Debenture is non-interest bearing and automatically converts into Greenhouse Shares at a future date based upon certain pre-determined performance milestones. In connection with the investment, the Company also received preferred share purchase warrants, which the Company is required to exercise if certain conditions are met, and incremental warrants entitling the Company to increase its economic interest in Greenhouse Juice Company under certain circumstances.

(Expressed in CDN $000's except share amounts)

On January 22, 2019, the Company completed a $1,500 investment in 10663522 Canada Inc. or "Herbert" ("Herbert") pursuant to a subscription for preferred shares. Herbert is a brand platform focused on the adult-use cannabis beverage and edibles market. In connection with the investment, the Company received incremental warrants entitling the Company to increase its economic interest in Herbert under certain circumstances.

On February 1, 2019, the Company completed a subscription for an additional 10,444,445 common shares of Canapar at a price of $0.90 per common share, for a total investment of $9,400. This follow-on investment represented the second tranche of its total committed investment of $17,400 announced in December 2018 and increased the Company's ownership interest in Canapar to 49%.

On February 4, 2019, the Company entered into an agreement with CIBC Capital Markets ("CIBC") and Eight Capital (together with CIBC, the "Joint Bookrunners"), under which the Joint Bookrunners agreed to purchase, together with a syndicate of underwriters (the "Underwriters"), 11,500,000 Subordinated Voting Shares of the Company on a "bought deal" basis at a price of $4.80 per Subordinated Voting Share (the "Issue Price") for gross proceeds of approximately $55,200 (the "Bought Deal"). In connection with the Bought Deal, the Company agreed to grant the underwriters an over-allotment option to purchase up to an additional 1,725,000 Subordinated Voting Shares at the Issue Price. Concurrent with the Bought Deal, CGC will purchase 6,250,000 Subordinated Voting Shares on a private placement basis, at a price per Subordinated Voting Share equal to the Issue Price for additional gross proceeds of approximately $30,000 (together with the Bought Deal, the "Offering"). The Offering closed on February 27, 2019, and aggregate gross proceeds to the Company under the Offering were $93,480, including the full exercise of the Underwriters' over-allotment option. Following completion of the Offering, CGC's ownership interest in the Company increased to approximately 27.1% of the issued and outstanding shares of the Company on a non-diluted basis.

18. SUPPLEMENTAL CASH FLOW INFORMATION

		Nine months ended December 31, 2018
Additions to investments in associates and joint venture (Note 7)	$	51,447
(-) Non-cash additions to investment in PharmHouse		(29,232)
Purchase of investments in associates and joint venture	**$**	**22,215**

		Nine months ended December 31, 2018
Additions to financial assets at FVTPL (Note 8)	$	21,409
(+) Repayment of preferred share advances to Vert Mirabel made by CGC		3,525
(+) Fair value differences upon initial recognition of preferred share advances		650
Purchase of financial assets at FVTPL	**$**	**25,584**

		Nine months ended December 31, 2018
Additions to financial assets at FVTOCI (Note 9)	$	207,010
(-) Reclassification of investment in LiveWell common shares		(2,275)
(-) Reclassification of investment in Solo Growth common shares		(6,192)
(-) Cashless addition of exchangeable shares		(188,820)
Purchase of financial assets at FVTOCI	**$**	**9,723**