CANOPY RIVERS

CANOPY RIVERS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2018

Date: February 27, 2019

Canopy Rivers Inc. (the “Company” or “Canopy Rivers”), formerly AIM2 Ventures Inc. (“AIM2”), is the parent company of Canopy Rivers Corporation (“CRC”). Canopy Rivers is a publicly traded corporation, incorporated in Canada and located at 2504 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3Y2. The Company’s subordinated voting common shares (“Subordinated Voting Shares”), are listed on the TSX Venture Exchange (the “TSXV”) under the trading symbol “RIV”. The Company is controlled by Canopy Growth Corporation (“CGC”), a publicly-traded corporation listed on the Toronto Stock Exchange (the “TSX”) under the trading symbol “WEED” and on the New York Stock Exchange (the “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.

This Management’s Discussion and Analysis (“MD&A”) reports on the financial condition and results of operations of Canopy Rivers for the three and nine months ended December 31, 2018. This MD&A should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements (the “Interim Consolidated Financial Statements”) for the three and nine months ended December 31, 2018, including the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

This MD&A was prepared with reference to National Instrument 52-109 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This MD&A provides information for the three and nine months ended December 31, 2018, and up to and including February 27, 2019.

By their nature, the Interim Consolidated Financial Statements do not include all the information required for full annual financial statements. Accordingly, this MD&A should be read in conjunction with CRC’s audited financial statements and notes thereto for the 340 days ended March 31, 2018 (the “Annual Financials”), and the related MD&A for the 340 days ended March 31, 2018, dated July 4, 2018 (the “Annual MD&A”). The Annual Financials and the Annual MD&A can be found in the joint management information circular (the “Circular”) of CRC and the Company dated August 8, 2018.

Additional information including this MD&A, the Interim Consolidated Financial Statements, and press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com and also on the Company’s website at www.canopyrivers.com.

The Interim Consolidated Financial Statements and this MD&A have been reviewed by the Company’s Audit Committee and approved by the Company’s board of directors (the “Board”) on February 27, 2019.

Canopy Rivers does not engage in any unlawful United States (“U.S.”) marijuana-related activities as defined in the Canadian Securities Administrators Staff Notice 51-352.

Unless otherwise indicated, all financial information in this MD&A is reported in thousands of Canadian dollars, except share and per share amounts.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain “forward-looking information” within the meaning of applicable Canadian securities laws, concerning the business, operations, and financial performance and condition of the Company. Forward-looking information includes, but is not limited to, statements relating to:

- the Company’s expectations regarding legislation, regulations, and licensing related to the Canadian and global cannabis market and product offerings in Canada, including with respect to higher concentrated oils and ingestible products;
- the expected number of users of medical cannabis or the size of the medical cannabis market in Canada and internationally;
- the expected number of users of adult-use cannabis or the size of the adult-use cannabis market in Canada and internationally;
- the potential time frame for the implementation of legislation and related regulations regarding the production, sale, and use of hemp in the U.S. and the potential form implementation of the legislation and related regulations will take;
- the potential time frame for the implementation of legislation for a regulated medical or adult-use market, or related activities, in the U.S., and the potential form implementation of the legislation will take, including the method of delivery and framework adopted or to be adopted in the U.S.;
- the potential time frame for the implementation of legislation to legalize regulated medical or adult-use cannabis markets internationally and the potential form implementation of the legislation will take, including the method of delivery and framework adopted or to be adopted by various international jurisdictions;
- the ability to enter and participate in international market opportunities;
- the Company’s expectations with respect to the Company’s future financial and operating performance, including with respect to increases in operating expenses and the anticipated cash profitability of the business;
- the Company’s expectations with respect to future performance, results and terms of strategic initiatives, and strategic agreements;
- the Company’s expectations with respect to the future financial and operating performance of its domestic and international portfolio companies;
- the Company’s expectations about future market volatility of companies in the cannabis industry;
- future corporate development;
- expectations with respect to future expenditures and capital activities; and
- statements about expected use of proceeds from fund raising activities.

Generally, this forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events, or results “may”, “could”, “would”, “might”, or “will” be “taken”, “occur” or “be achieved”. Forward-looking information is based on the reasonable assumptions, estimates, internal and external analysis, and opinions of management made in light of its experience and perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking information involves known and unknown risks, uncertainties, assumptions, and other factors that may cause actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking information. Such factors include, but are not limited to, the factors discussed in the section entitled “Risks and Uncertainties” herein. Although the Company has attempted to identify important factors that could cause actions, events, or results to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated, or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking information. Forward-looking information contained herein is given as at the date of the MD&A. The Company does not undertake to update any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

CAUTIONARY NOTE REGARDING CERTAIN MEASURES OF PERFORMANCE

This MD&A presents certain measures that are not recognized measures and do not have any standardized meaning under IFRS. This data may not be comparable to data presented by other entities. For a reconciliation of these measures to the most directly comparable financial information presented in the Interim Consolidated Financial Statements prepared in accordance with IFRS, see “Results of Operations – Adjusted EBITDA (Non-IFRS Measure)” in this MD&A.

The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in performing year-over-year comparisons. However, these non-IFRS financial measures should be viewed as a supplement to, and not a substitute for, the Company's results of operations reported under IFRS.

CORPORATE STRUCTURE AND BUSINESS OVERVIEW

Canopy Rivers is a publicly-traded corporation listed on the TSXV under the trading symbol "RIV", with its head office located at 2504 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3Y2.

Canopy Rivers was incorporated as "AIM2 Ventures Inc." on October 31, 2017, under the *Business Corporation Act* (Ontario) (the "OBCA"). On September 17, 2018, the Company completed the acquisition of 100% of the issued and outstanding securities of CRC in connection with a business combination involving the Company and CRC (the "Qualifying Transaction"). The Qualifying Transaction was completed by way of a "three-cornered" amalgamation pursuant to which CRC and 10859150 Canada Inc. ("Subco"), a wholly-owned subsidiary of the Company, amalgamated and the resulting entity became a wholly-owned subsidiary of the Company and continued under the name "Canopy Rivers Corporation" (CRC).

In connection with the Qualifying Transaction, on September 14, 2018, the Company changed its name from "AIM2 Ventures Inc." to "Canopy Rivers Inc.". In addition, in connection with the Qualifying Transaction, the Company filed articles of amendment to consolidate (the "Consolidation") its existing common shares (the "Common Shares") on the basis of one post-Consolidation Common Share for every 26.565 pre-Consolidation Common Shares (the "Consolidation Ratio") and to change its authorized capital to create a new class of Subordinated Voting Shares and a new class of Multiple Voting Shares, and re-designate each outstanding post-Consolidation Common Share as a Subordinated Voting Share.

As noted above, the Company has one wholly-owned subsidiary, CRC, which is a Canadian corporation.

Since its formation, CRC has engaged in strategic transactions with companies licensed under the Canadian national regulatory framework for cannabis cultivation, processing, and sale (currently, the *Cannabis Act* (Canada) and *Cannabis Regulations* (collectively, the "Cannabis Act") for adult-use and medical cannabis and, prior to October 17, 2018, the *Access to Cannabis for Medical Purposes Regulations* (the "ACMPR") for medical cannabis), license applicants under the Cannabis Act and ACMPR, applicants for retail distribution licenses in various provinces across Canada, and ancillary businesses related to the cannabis industry. To date, Canopy Rivers has made investments through a variety of financial structures in fourteen companies, including four investees with international operations. Bolstered by the Company's strategic relationship with and cornerstone investment from CGC, the Company aims to create a global business with the potential to generate a significant and sustained return on invested capital over the long-term.

CORPORATE AND INVESTMENT STRATEGY

Canopy Rivers is a unique investment and operating platform structured to pursue opportunities in the emerging global cannabis sector. As presently constituted, domestic and international companies in the cannabis industry face a number of obstacles in securing appropriate growth capital and strategic support, and the Company's business strategy is to identify strategic counterparties seeking financial and/or operating support.

The Company's investment team of qualified financial and technical professionals, together with its advisors and support from CGC, carefully selects appropriate investment candidates for a variety of potential transaction structures, including equity, debt, royalty, joint venture, and profit-sharing agreements. Upon selecting an investment candidate, the Company and its advisors conduct financial, operational, and legal due diligence in advance of bringing the potential investee into the Canopy Rivers ecosystem.

The result is an ecosystem of complementary companies operating throughout the cannabis value chain. As the portfolio continues to develop, each constituent benefits from opportunities to collaborate with CGC and among themselves, which the Company believes results in an ideal environment for innovation, synergy, and value creation for Canopy Rivers, CGC, and across the Company's entire ecosystem.

To date, Canopy Rivers has made investments in fourteen companies, and in doing so has established a diversified portfolio of investments including large-scale greenhouse cannabis cultivators, small-scale premium cannabis

cultivators, license applicants, international hemp processors, pharmaceutical formulators, brand developers and distributors, retail distribution license applicants, technology and media platforms, and cannabinoid-infused beverage companies. While CRC's initial investments and partnerships focused on the Canadian cannabis market, the Company has begun to expand its portfolio to capture investments in the global cannabis sector.

DESCRIPTION OF BUSINESS

Cannabis Regulatory Framework in Canada

Medical cannabis has been legal in Canada since 2001 through various regulatory regimes. On October 17, 2018, the Cannabis Act came into force, which governs both the medical and the regulated adult-use markets in Canada. Prior to October 17, 2018, legal access to and use of medical cannabis in Canada was regulated by the ACMPR. Under the Cannabis Act, holders of licenses to cultivate and/or process cannabis are also permitted to supply cannabis under their existing licenses obtained pursuant to the ACMPR to the regulated adult-use market.

Health Canada reported that as at September 30, 2018, there were over 342,000 active client registrations under the regulated medical cannabis market.[1] Scotiabank estimates that by 2021, the number of registered patients in Canada will increase to 565,000, more than 65% above current levels.[2]

The distribution and sale of cannabis for adult-use purposes is regulated under the individual authority of each provincial and territorial government, and as such, regulatory regimes vary from jurisdiction to jurisdiction. In each of the provinces and territories, except for Saskatchewan, a provincial distributor is responsible for purchasing cannabis from producers and selling products to its regulated retail distribution channels. In addition, in each province and territory, other than Saskatchewan and Manitoba, the provincial distributor is solely responsible for online sales. With respect to retail sales of cannabis, other than online sales, the provincial and territorial regulations in Prince Edward Island, Nova Scotia, New Brunswick, Quebec, and the Northwest Territories allow only for government-run cannabis stores, while the provincial and territorial regulations in Ontario, Manitoba, Saskatchewan, Alberta, and Yukon leave the retail sale of cannabis, other than online sales, to the private sector. In Newfoundland, British Columbia, and Nunavut, provincial and territorial regulations allow for a hybrid model in which both public and private stores can operate.

Under the Cannabis Act and the regulations thereunder, Health Canada has been granted the authority to issue a wide range of licences, including licences for standard cultivation, micro-cultivation, industrial hemp cultivation, and nursery cultivation, licences for standard processing and micro-processing, and sales licences. In addition, federal regulations include the following labeling and branding requirements: plain packaging, including a standardized cannabis symbol on every label; mandatory health warning messages (including specifics regarding size, placement and appearance); a limit of one brand element aside from the brand name; no other image or graphic; backgrounds need to be a single, uniform colour; use of fluorescent or metallic colours is prohibited; labels and packaging cannot have any coating or embossing; and no inserts can be included. In the initial stages of the regulated adult-use cannabis market, products available for sale are the same as those permitted in the medical cannabis market – dried flowers, oils and soft-gel and pre-rolled cannabis products. The federal government has released draft regulations for public consultation with respect to the regulatory framework for ingestible cannabis, cannabis extracts, and cannabis topical products, which the federal government has indicated will be passed by October 17, 2019.

CIBC World Markets estimates that by 2020, the legal market for adult-use cannabis in Canada will approach $6.5 billion in retail sales, which is greater than the amount of spirits sold in Canada, and approaches wine in scale. This translates into yearly consumption of approximately 810,000 kilograms of cannabis, assuming a price of approximately $8.00 per gram.[3]

Global Cannabis Regulatory Reform

Currently, Canada and Uruguay represent the only two countries with a comprehensive national regulatory framework for the legal consumption of adult-use cannabis. More than 30 countries around the world have legalized cannabis for medical purposes to either foster research into cannabis-based medical treatments and/or create legal access to medical cannabis for citizens, and many are formally considering legislative reform related to both the medical and adult-use markets. Though by no means an exhaustive list, some notable recent developments relating to global cannabis regulatory reform include the following:

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[1] Government of Canada – Market Data, December 4, 2018.
[2] Scotiabank – Initiating Coverage – "Growing for the Future" by Oliver Rowe and Ben Isaacson, October 2018.
[3] CIBC World Markets – Industry Primer – "Cannabis: Almost Showtime" by John Zamparo, May 7, 2018.

- **Denmark**: Introduced a four-year pilot program for medical cannabis and a licensing and regulatory framework for cultivation
- **Germany:** In the process of developing the framework for issuing licenses and completing the country's first tender bid for domestic medical cannabis cultivation and processing
- **Greece**: Awarded the first licenses to private companies for domestic medical cannabis cultivation
- **Israel**: Legalized the export of medical cannabis
- **Luxembourg**: Announced plans to legalize cannabis for adult-use within the next five years
- **Mexico:** Incoming government has introduced a bill aimed at establishing a medical cannabis industry and allowing its recreational use
- **New Zealand**: Announced a binding referendum on cannabis legalization will be held at the time of the 2020 general election
- **South Africa:** Highest court has legalized private, recreational cannabis use for adults, ruling that South Africans can legally cultivate their own cannabis plants at home
- **United Kingdom**: Legalized the issuance of prescriptions for cannabis-based medicines
- **European Union:** European Parliament passed a resolution calling for a uniform definition of medical cannabis to emphasize the need for the standardization and unification of products containing cannabis-based medicines
- **World Health Organization:** Recommended that cannabis and its key components be formally rescheduled under international drug treaties, and that cannabidiol ("CBD"), a non-psychoactive compound found in cannabis, should not be under international control

On December 20, 2018, the Agricultural Improvement Act of 2018 (commonly known as the "2018 Farm Bill") was signed into law by President Trump in the U.S. The 2018 Farm Bill, among other things, removes industrial hemp and its cannabinoids, including CBD derived from industrial hemp, from the U.S. Controlled Substances Act (the "CSA") and amends the Agricultural Marketing Act of 1946 to allow for industrial hemp production and sale in the U.S. Under the 2018 Farm Bill, industrial hemp is defined as "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis." The U.S. Department of Agriculture has been tasked with promulgating regulations for the industrial hemp industry, which, among other things, requires the Department of Agriculture to review and approve any state-promulgated regulations relating to industrial hemp. Until such time as the Department of Agriculture approves a state's industrial hemp regulations, commercial sale of industrial hemp may not be permissible. The timing of such Department of Agriculture regulations cannot be assured. Further, under the 2018 Farm Bill, the United States Food and Drug Administration (the "FDA") has retained authority over the addition of CBD to products that fall within the Food, Drug and Cosmetics Act (the "FDCA"). There can be no assurance that the FDA will approve CBD as an additive to products under the FDCA. Additionally, the 2018 Farm Bill does not legalize CBD derived from "marihuana" (as such term is defined in the CSA), which is and will remain a Schedule I controlled substance under the CSA.

Furthermore, multiple legislative reforms related to cannabis are currently being considered by the federal government in the U.S. Examples include the Strengthening the Tenth Amendment Through Entrusting States Act and the Secure and Fair Enforcement Banking Act. Please refer to "Corporate Position on Conducting Business in the United States and Other International Jurisdictions Where Cannabis is Federally Illegal" and "Risks and Uncertainties" for additional details.

BMO Capital Markets estimates that through potential federal legalization in the U.S. and broader legalization within the European Union and Latin America, the total addressable market that could develop for cannabis globally over the next seven years may approach $200.0 billion.[4]

Developing the Canopy Rivers Ecosystem

The long history of the medical cannabis regulatory framework in Canada, combined with the recent legalization of a regulated adult-use market nationally, has created a significant opportunity for the commercialization of cannabis and ancillary cannabis businesses. Given Canada's status as arguably the most progressive federal jurisdiction with respect to both regulatory reform and capital markets activity, Canadian cannabis companies have a competitive advantage over companies in other jurisdictions and are accordingly well-positioned to become global leaders in this emerging market.

[4] BMO Capital Markets – "What Could the Global Opportunity for Cannabis Look Like?" by Tamy Chen and Peter Sklar, November 1, 2018.

CRC was formed in April 2017 to pursue investment opportunities in this emerging market. While CRC's strategy initially focused on Canadian investment opportunities, the continued acceleration of the evolution of cannabis markets around the world has presented, and will continue to present, global investment opportunities for Canopy Rivers. These domestic and international opportunities extend beyond strictly cultivation and production-focused investments, and new businesses are constantly emerging to address the cannabis industry's rapidly evolving ancillary segments and markets. Management believes that Canopy Rivers is well-positioned to take advantage of this growing universe of investment opportunities.

The Company is focused on creating an ecosystem of diverse and complementary cannabis companies that represent various segments of the cannabis value chain and that it believes are well positioned to become best-in-class operators within their niche. The Company aims to develop a diversified portfolio in terms of both the types of companies in which it is invested, and the types of structures used in these investments.

As of the date of this MD&A, the Company has direct or indirect investments in the following companies:

Company	Location of Operations
Agripharm Corp.	Ontario, Canada
Canapar Corp.	Italy
Civilized Worldwide Inc.	New Brunswick, Canada and U.S.
Greenhouse Juice Company	Ontario, Canada
Headset Inc.	U.S.
Herbert	Ontario, Canada
James E. Wagner Cultivation Corp.	Ontario, Canada
Les Serres Vert Cannabis Inc.	Quebec, Canada
LiveWell Canada Inc.	Ontario and Quebec, Canada
PharmHouse Inc.	Ontario, Canada
Radicle Cannabis Holdings Inc.	Ontario, Canada
Solo Growth Corp.	Alberta, Canada
Spot Therapeutics Inc.	New Brunswick, Canada
TerrAscend Corp.	Ontario, Canada and U.S.

Corporate Position on Conducting Business in the United States and Other International Jurisdictions Where Cannabis is Federally Illegal

While the Company will not engage in cannabis-related activities in the U.S. related to cultivating and distributing cannabis so long as cannabis remains illegal under U.S. federal law, certain investees in the Canopy Rivers portfolio may operate in the U.S. cannabis industry provided that Canopy Rivers' investment structure allows it to do so by virtue of a non-participating, non-voting security that is only exercisable or exchangeable upon cannabis becoming legal or permissible in the U.S. under federal law. For instance, following completion of the TerrAscend Arrangement (as defined herein), TerrAscend has been pursuing strategic transactions in the cannabis sector internationally, including select opportunities in the U.S. Pursuant to the TerrAscend Arrangement, Canopy Rivers agreed to restructure its investment into non-participating, non-voting securities in order to maintain compliance with industry regulations and the policies of the TSXV. Since closing of the TerrAscend Arrangement, TerrAscend's majority owned subsidiary, NETA NJ, LLC was awarded a permit to apply for a licence for a vertically integrated production facility in Phillipsburg, New Jersey, and TerrAscend signed a definitive agreement to acquire substantially all of the assets of Grander Distribution, LLC.

Certain other of CRC's investees, such as Civilized, a media company, and Headset, a company with a business intelligence and analytics software platform, also have ancillary involvement with U.S. cannabis-related activities. Headset's data analytics platform, in part, specifically targets and derives a portion of its revenue from entities that are engaged in the cultivation, production, processing, sale, and distribution of cannabis in the U.S. Furthermore, Headset provides cannabis companies with inventory tracking and retail sales performance software. Civilized generates a portion of its advertising revenue from companies that cultivate, produce, process, sell, and distribute cannabis in the U.S. Both Headset and Civilized also generate revenue from cannabis companies in other federally-regulated jurisdictions as well as from other global consumer packaged goods companies, investment funds, and advisory service firms.

Canopy Rivers is not considered a U.S. Marijuana Issuer (as defined in Canadian Securities Administrators Staff Notice 51-352 (the "Staff Notice")) nor does Canopy Rivers have material ancillary involvement in the U.S. cannabis industry in accordance with the Staff Notice with the capital invested in the Civilized and Headset transactions being only $9,100, a small fraction of the Company's overall market capitalization and asset value. Furthermore, Canopy Rivers and the

investees, other than TerrAscend, are not directly involved in any marijuana-related activities in the U.S. (as defined in the Staff Notice).

The Company will only conduct business and will only invest in entities in jurisdictions outside of Canada where such operations are legally permissible and in compliance with the policies of the TSXV and the regulatory obligations of CGC pursuant to the policies of the TSX and the NYSE. In addition, the Company has and will endeavour to cause its investees to only conduct business and invest in entities in federally-legal jurisdictions by including appropriate representations, warranties, and covenants in its agreements with investees. Any violation of these terms would result in a breach of the applicable agreement between the Company and an investee and, accordingly, may have a material adverse effect on the business, operations, and financial condition of the Company, including as a result of any required divestment by the Company in order to comply with the Company's obligations pursuant to the policies of the TSXV and the regulatory obligations of CGC pursuant to the policies of the TSX and NYSE. Please refer to "Risks and Uncertainties" for further discussion.

CORPORATE DEVELOPMENTS

Reverse Take Over Transaction

On September 17, 2018, the Company, formerly AIM2, completed its Qualifying Transaction (as such term is defined in Policy 2.4 of the TSXV Corporate Finance Manual), which was effective pursuant to an agreement between AIM2, CRC, and Subco, a wholly-owned subsidiary of AIM2. After giving effect to the Consolidation, AIM2 had 361,372 Subordinated Voting 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 Subordinated Voting Shares and 29,966,626 options and warrants issued and outstanding, with the former CRC shareholders holding 166,582,053 Subordinated Voting 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 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 and 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.

The fair values of the assets acquired and the liabilities assumed as at the acquisition date were 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**

Financing

Prior to the Qualifying Transaction, CRC had two classes of common shares issued and outstanding. Class A common shares ("Class A Shares") were each entitled to receive 20 votes at all meetings of the shareholders, while class B common shares ("Class B Shares") were each entitled to receive one vote at all meetings of the shareholders. There was 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 CRC. Please refer to the Annual Financials, the Annual MD&A, and the table below for details on the CRC's historical financings.

Prior to the Consolidation, AIM2 had 9,600,000 Common Shares issued and outstanding through financing activities that occurred between December 2017 and February 2018. In connection with the Qualifying Transaction (described above and in further detail below), AIM2 shareholders approved special resolutions in respect of the following:

- The Consolidation, which resulted in 361,372 Common Shares being issued and outstanding; and
- The amendment to the articles of AIM2 to create a new class of common shares designated as Subordinated Voting Shares (as defined above), to which each then-outstanding Common Share was re-designated, and a new class of common shares designated as Multiple Voting Shares (as defined above).

Accordingly, as of the date of this MD&A, the Company has two classes of common shares issued and outstanding. Multiple Voting Shares are each entitled to receive 20 votes at all meetings of the shareholders, while Subordinated Voting Shares are each 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.

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

On July 4, 2018, CRC entered into a definitive amalgamation agreement with AIM2 and Subco, which outlined the terms and conditions pursuant to which the parties would complete a business combination transaction involving CRC and AIM2.

On July 5, 2018, CRC completed a brokered private placement of 28,792,000 subscription receipts for gross proceeds of $100,772. On July 6, 2018, CRC 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, CRC completed its business combination transaction involving AIM2 and Subco, which resulted in a reverse takeover of AIM2 by CRC and constituted AIM2's "Qualifying Transaction" (as such term is defined in Policy 2.4 of the TSXV Corporate Finance Manual). Pursuant to the Qualifying Transaction, CRC and Subco amalgamated to form a new amalgamated company, and upon the amalgamation, holders of Class B Shares of CRC received one Subordinated Voting Share for each CRC Class B Share held and CGC, the sole holder of the Class A Shares of CRC, received one new Multiple Voting Share for each CRC Class A Share held. In connection with the completion of the Qualifying Transaction, the 29,774,857 subscription receipts issued in connection with CRC's July 2018 private placement were automatically converted into 29,774,857 Subordinated Voting Shares of the Company.

Below is a summary of CRC's financing activities:

Summary of CRC Financing Activities				
Date	**Description**	**Shares Class**	**Shares Issued**	**Gross Proceeds**
April 26, 2017	Company formation	Class A Shares	1	$nil
May 12, 2017[(1)]	Initial financing	Class B Shares	9,000,000	$953
		Convertible Debenture	n/a	$20,000
June 16, 2017[(2)]	Brokered private placement	Class B Shares	61,497,970	$36,230
		Class A Shares	36,468,317	n/a
January 8, 2018	Non-brokered private placement	Class B Shares	21,572,453	$23,730
January 9, 2018	Non-brokered private placement	Class B Shares	2,063,910	$2,270
April 6, 2018	Non-brokered private placement	Class B Shares	454,545	$500
May 8, 2018[(1)]	n/a	Class B Shares	5,750,000	n/a
July 5, 2018[(3)]	Brokered private placement	Subscription Receipts	28,792,000	$100,772
July 6, 2018[(3)]	Non-brokered private placement	Subscription Receipts	982,857	$3,440

(1) Of the $953 of seed capital invested in CRC, $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 directors, officers, employees, and consultants of CGC. These Class B Shares were originally placed in trust and vest in three equal tranches over three years. Accordingly, for accounting purposes, they are treated as "seed capital options" until such time that the shares have vested and the loan to CGC has been repaid. On May 8, 2018, share purchase loans in the amount of $288 relating to CRC'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. As of the date hereof, 4,316,668 seed capital options remain outstanding.
(2) On June 16, 2017, the convertible debenture held by CGC was converted into Class A Shares of CRC. The conversion price included accrued interest of $58.
(3) The proceeds raised from CRC's July 2018 private placement were released from escrow upon the completion of the Qualifying Transaction on September 17, 2018, and the subscription receipts were automatically converted to Subordinated Voting Shares.

Below is further information regarding the Company's historical financings:

Summary of Financing Activities to Date				
Date	**Description**	**Shares Class**	**Shares Issued**	**Gross Proceeds**
September 17, 2018[(1) (2)]	Qualifying Transaction	Subordinated Voting Shares	361,372	n/a
			130,113,735	n/a
		Multiple Voting Shares	36,468,318	n/a

(1) In connection with the Qualifying Transaction, AIM2 shareholders approved the Consolidation, resulting in 361,372 Subordinated Voting Shares being held by former shareholders of AIM2.
(2) In connection with the Qualifying Transaction, holders of Class B Shares of CRC received one post-Consolidation Subordinated Voting Share for each CRC Class B Share held; CGC, the sole holder of the Class A Shares of CRC, received one new Multiple Voting Share for each CRC Class A Share held; and the 29,774,857 subscription receipts issued in connection with CRC's July 2018 private placement were automatically converted into 29,774,857 Subordinated Voting Shares.

Please refer to "Subsequent Events" section below for additional details on the Company's recent financing activities.

Investments

Investments Held as at March 31, 2018

Agripharm

Agripharm Corp. ("Agripharm") is a company licensed to cultivate, process, and sell cannabis under the Cannabis Act. Agripharm is a joint venture between CGC and the owners of the North American entity that holds the rights to globally-recognized cannabis brands Green House Seeds (a Netherlands-based portfolio of leading cannabis businesses, including an award-winning genetics portfolio, and pioneer in the development of the European cannabis coffee shop market) and National Concessions Group Inc. d/b/a Organa Brands (owner of several market-leading cannabis brands, including OpenVAPE, Bakked, Organa Labs, The Magic Buzz, and District Edibles). Pursuant to their joint venture agreement, Agripharm has sublicensed certain proprietary technology, trademarks, genetics, know-how, and other intellectual property to distribute the suite of Green House and Organa Brands products in Canada. Based in Clearview, Ontario, Agripharm currently operates a 20,000 square foot indoor production facility located on a 20-acre piece of real estate that provides expansion potential.

On December 1, 2017, CRC entered into a repayable debenture agreement and royalty agreement with Agripharm. Further information on this investment can be found in the table below and in the Annual Financials and Annual MD&A.

Between July 30, 2018, and November 23, 2018, CRC advanced $9,000 to Agripharm pursuant to the terms of the repayable debenture agreement. On December 1, 2018, the principal amount of $9,000 advanced to Agripharm pursuant to the repayable debenture agreement automatically converted into an additional royalty interest pursuant to the terms of the royalty agreement.

JWC

James E. Wagner Cultivation Corporation ("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". JWC is focused on building a premium cannabis brand associated with clean, consistent cannabis and is the only cultivator in Canada using an advanced and proprietary aeroponic growing platform, GrowthStorm™. Based in Kitchener, Ontario, JWC currently operates a 15,000 square foot indoor production facility, and expansion into a second, 345,000 square foot facility is underway.

Between August 11, 2017, and September 7, 2017, CRC acquired common shares and warrants of, and entered a repayable debenture agreement and royalty agreement with, a subsidiary of JWC ("JWC Ltd."). Further information on this investment can be found in the table below and in the Annual Financials and Annual MD&A.

On April 6, 2018, CRC subscribed for 2,000,000 subscription receipts in JWC Ltd. for $2,300 in connection with a brokered private placement financing undertaken by JWC Ltd. Each subscription receipt entitled CRC to one common share and one-half of one common share purchase warrant. Each warrant entitled CRC to acquire one common share for $1.50 for a period of 24 months following June 7, 2018. The offering closed April 27, 2018. In connection with the offering and a reverse takeover transaction involving JWC Ltd. and a TSXV-listed entity, JWC Ltd. effected a stock split of approximately 269:1. As a result, the 37,000 common shares and 5,000 warrants held by CRC as at March 31, 2018, were converted to 9,973,911 common shares and 1,347,826 warrants, respectively. On June 4, 2018, as a result of certain conditions of the original subscription agreement between CRC and JWC Ltd. being met, CRC was issued an additional 539,130 common shares of JWC Ltd. On June 7, 2018, each subscription receipt was automatically converted into one common share and one-half of one common share purchase warrant, which increased CRC's total equity investment in JWC Ltd. to 12,513,041 common shares and 2,347,826 warrants. On June 11, 2018, JWC completed its reverse takeover transaction and the common shares of JWC commenced trading on the TSXV.

LiveWell

LiveWell Canada Inc. ("LiveWell") is a publicly-traded license applicant under the Cannabis Act, listed on the TSXV under the trading symbol "LVWL". LiveWell is a Canadian hemp and cannabis company focused on advanced research on CBD and other cannabinoids, as well as developing, marketing, and distributing consumer health and wellness products. LiveWell has complementary businesses involved in the production of fresh produce and food technology, which were established in 1993 as nutritional lifestyle businesses. LiveWell is currently developing a 1,000,000 square foot greenhouse production facility in Litchfield, Quebec, located on 500 acres of land. The facility is being developed in phases, with the first phase consisting of 20,000 square feet, as well as a research and innovation centre. In Ottawa, Ontario, LiveWell is also developing a 540,000 square foot greenhouse production facility with an additional 200,000 square feet of hot houses located on 100 acres of land, also being developed in phases, with the first phase consisting of 108,000 square feet.

On November 22, 2017, CRC entered into contractual agreements with CGC and Artiva Inc. ("Artiva"), a wholly-owned subsidiary of LiveWell, among others, whereby CRC agreed to, subject to certain conditions, provide certain services, reimburse certain expenses, and make an offer for financing to Artiva in exchange for a royalty interest. Further information on this investment can be found in the table below and in the Annual Financials and Annual MD&A.

On April 2, 2018, CRC, CGC, LiveWell, and Artiva, among others, announced that the companies executed a strategic agreement to accelerate the development and commercialization of the two large scale cannabis projects in Litchfield and Ottawa. This strategic agreement (the "Amended LiveWell Agreement") represents an amendment to the original investment agreement that the parties entered into on November 22, 2017. Under the terms of the Amended LiveWell Agreement, CRC granted a right to draw on up to $20,000 of debt financing (subject to the completion of certain milestones). In exchange for strategic support services and for offering financial support, CRC would receive a 5% equity interest in addition to the royalty on future cannabis production sold to CGC. On April 15, 2018, common shares were issued to CRC pursuant to the terms of the Amended LiveWell Agreement described above and the $20,000 financing commitment was retired in accordance with the terms of the Amended LiveWell Agreement. LiveWell completed its reverse takeover transaction and commenced trading on the TSXV under the trading symbol "LVWL" on June 21, 2018. Pursuant to the reverse takeover, among other things, each outstanding common share of LiveWell was exchanged for 1.0684 of a common share in the resulting issuer. Accordingly, CRC currently owns 5,863,188 common shares in LiveWell.

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.

Radicle

Radicle Medical Marijuana Inc., a subsidiary of Radicle Cannabis Holdings Inc. ("Radicle Cannabis") (together, "Radicle"), is a company licensed to cultivate, process, and sell cannabis under the Cannabis Act. Radicle's management team and advisory board have significant experience in regulated industries, retail distribution and pharmaceutical development, supplemented by award-winning cannabis horticulturist breeders and medical professionals. Based in Hamilton, Ontario, Radicle is strategically located near key transportation infrastructure and currently operates a 140,000 square foot indoor facility, which is being developed in phases.

On August 4, 2017, CRC entered into a convertible debenture agreement, repayable debenture agreement, and royalty agreement with Radicle. Further information on this investment can be found in the table below and in the Annual Financials and Annual MD&A.

Between May 1, 2018, and July 6, 2018, CRC advanced $2,000 to Radicle pursuant to the terms of the repayable 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 automatically converted into approximately 24% of the fully diluted common shares of Radicle, and the convertible debenture was cancelled. Accordingly, as at December 31, 2018, the Company owns 17,588,424 common shares of Radicle. In addition, the principal amount of $5,000 advanced to Radicle pursuant to the repayable debenture agreement was automatically set off against the royalty purchase price payable pursuant to the royalty agreement, and the repayable debenture 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.

Spot

Spot Therapeutics Inc. ("Spot") is a late-stage license applicant under the Cannabis Act and wholly-owned subsidiary of CGC. Based in Fredericton, New Brunswick, Spot's strategic location in Atlantic Canada provides it with access to low-cost power, skilled and bilingual labour, and government subsidy opportunities through Opportunities New Brunswick. Spot is completing construction on a 47,000 square foot indoor production facility.

On August 16, 2017, CRC entered into an agreement to acquire the property in Fredericton on which Spot operates. Subsequently, on October 6, 2017, CRC acquired the property and entered into a lease agreement for the property with Spot. In addition, CRC entered into a repayable debenture agreement with Spot. Further information on this investment can be found in the table below and in the Annual Financials and Annual MD&A.

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 ("CSE") under the trading symbol "TER". TerrAscend's management team and board of directors are comprised of individuals with strong financial and pharmaceutical backgrounds, including chairman of the board and strategic investor Jason Wild. Mr. Wild is the chairman of JW Asset Management LLC, which has an extensive portfolio of international specialty pharmaceutical assets. Based in Mississauga, Ontario, TerrAscend currently operates a 67,300 square foot production facility, which is being developed in phases, including the development of onsite laboratories, processing and distribution capabilities, and drug preparation premises.

On November 27, 2017, CRC acquired common shares of TerrAscend pursuant to a block trade. Subsequently, on December 8, 2017, CRC completed a subscription for 9,545,456 units of TerrAscend at a price of $1.10 per unit. Each unit included one common share of TerrAscend and one common share purchase warrant. Further information on this investment can be found in the table below and in the Annual Financials and Annual MD&A.

On October 8, 2018, the Company entered into an arrangement agreement with TerrAscend, among others, pursuant to which TerrAscend agreed to restructure its share capital by way of a plan of arrangement under the OBCA (the "TerrAscend Arrangement"). The TerrAscend Arrangement was completed in order to permit TerrAscend to pursue strategic transactions in the cannabis sector internationally, including select opportunities in the U.S., and to maintain compliance with industry regulations and the policies of the TSXV. In connection with the TerrAscend Arrangement, Canopy Rivers agreed to restructure its investment and waive certain restrictive covenants that were granted by TerrAscend in connection with the original investment by CRC. Pursuant to the TerrAscend Arrangement, the Company exercised its common share purchase warrants in the capital of TerrAscend for no cash consideration, resulting in the net issuance of 8,159,829 common shares in the capital of TerrAscend. All TerrAscend common shares held by the Company were then immediately exchanged for new conditionally exchangeable shares in the capital of TerrAscend (the "Exchangeable Shares"). The Exchangeable Shares are convertible into TerrAscend common shares only with the approval of the stock exchanges upon which the Company's securities are listed and following either changes in U.S. federal laws regarding the cultivation, distribution, or possession of cannabis or changes in the policies of the stock exchanges upon which the Company's securities are listed with respect to such activities (the "TerrAscend Triggering Event"). Holders of Exchangeable Shares are not entitled to voting rights, dividends or other rights upon dissolution of TerrAscend. The TerrAscend Arrangement was approved by the shareholders of TerrAscend at a special meeting held on November 27, 2018, and the TerrAscend Arrangement closed on November 30, 2018. Canopy Rivers currently holds 19,445,285 Exchangeable Shares and no other securities in the capital of TerrAscend.

Since the completion of the TerrAscend Arrangement, TerrAscend's majority owned subsidiary, NETA NJ, LLC was awarded a permit to apply for a vertically integrated licence in Phillipsburg, New Jersey. TerrAscend also signed a definitive agreement to acquire substantially all of the assets of Grander Distribution, LLC, a producer and distributor of hemp-derived wellness products in the U.S., which are available for sale in approximately 10,000 retail locations worldwide.

Vert Mirabel

Les Serres Vert Cannabis Inc. ("Vert Mirabel") is a company licensed to cultivate cannabis under the Cannabis Act. Vert Mirabel is a joint venture between CRC, CGC, and Les Serres Stéphane Bertrand Inc. ("Bertrand"), a large-scale, Quebec-based greenhouse operator and one of the largest producers of pink tomatoes in North America. Based in Mirabel, Quebec, Vert Mirabel is completing the upgrade and retrofit for cannabis production of Bertrand's 700,000 square foot modern greenhouse located on 98 acres of land.

On December 17, 2017, upon the formation of the joint venture, CRC subscribed for common shares of Vert Mirabel and also committed to invest in class A preferred shares. Further information on this investment can be found in the table below and in the Annual Financials and Annual MD&A.

Between April 6, 2018, and May 25, 2018, CRC invested $9,546 in class A preferred shares of Vert Mirabel. As of December 31, 2018, CRC had invested $15,000 in class A preferred shares of Vert Mirabel, representing the full amount of CRC's financial commitment to Vert Mirabel.

New Investments Made Subsequent to March 31, 2018

Civilized

Civilized Worldwide Inc. ("Civilized") is a modern media company and lifestyle brand focused on elevating cannabis culture. Civilized develops platforms utilized for the purpose of mainstream communication pertaining to the global cannabis industry through three segments: (i) Civilized.life, a news and entertainment website that publishes propriety and third party content; (ii) Civilized Studio, which produces broadcast quality video and original series; and (iii) Civilized Events, which hosts exclusive branded experiences like the World Cannabis Congress that was held in New Brunswick in June 2018. With offices in Saint John, New Brunswick, and Los Angeles, California, Civilized creates engaging content that reaches more than 2,000,000 unique visitors per month North America-wide.

On April 17, 2018, CRC entered into a funding agreement with Civilized whereby CRC committed to advance $5,000 pursuant to a convertible debenture agreement with Civilized. Per the terms of the convertible debenture agreement, interest is earned at a rate of 14% per annum, calculated and compounded quarterly, provided that interest shall not be payable until the one-year anniversary of the closing date of the investment. The convertible debenture matures on the 24-month anniversary of the closing date of the investment and is convertible in advance of maturity at the option of CRC into 397,227 class A common shares of Civilized (the "Civilized Shares"), which represents approximately 17% of the common shares of Civilized. The debenture shall automatically convert in certain limited circumstances, provided that, among other things, the Civilized Shares are listed on a recognized stock exchange. The debenture is also secured by the assets of Civilized. The transaction closed, and CRC advanced $5,000 on May 8, 2018. CRC also received common share purchase warrants of Civilized with a total exercise price of $3,500 and a 36-month expiry. In connection with the funding agreement, CRC has the right to nominate the greater of: (i) one individual; and (ii) 20% of the nominees to Civilized's board of directors. Pursuant to the agreements entered into between the companies, CRC and Civilized will work together on various online, media, and event mandates relating to the cannabis industry.

PharmHouse

PharmHouse Inc. ("PharmHouse") is a license applicant under the Cannabis Act. PharmHouse is a joint venture between CRC and the principals and operators of a leading North American cultivator and distributor of greenhouse-grown vegetables (the "PharmHouse JV Partner"). The PharmHouse JV Partner has extensive global operations in Canada, the U.S., Mexico, Panama, Guatemala, and the Netherlands, and expertise in international contract manufacturing, brand development, and distribution relationships. PharmHouse has acquired a newly built 1,300,000 square foot greenhouse in Leamington, Ontario, for the purposes of cannabis cultivation. The facility is currently being upgraded for compliance with Good Manufacturing Practices ("GMP"), which is intended to facilitate optimized and standardized output for both domestic and international distribution under globally recognized and mandated quality assurance requirements.

On May 7, 2018, upon the formation of the joint venture, CRC subscribed for 49% of the common shares of PharmHouse for a nominal amount, with the PharmHouse JV Partner subscribing for the other 51% of the common shares of PharmHouse for a nominal amount. Pursuant to the shareholders agreement between CRC and the PharmHouse JV Partner, CRC has the right to designate two nominees to PharmHouse's five-member board of directors. To help finance the retrofit of the greenhouse, and per the terms of the shareholders agreement, CRC agreed to contribute $9,800 and the PharmHouse JV Partner agreed to contribute $10,200 to maintain their respective ownership positions. In connection with the joint venture, CRC also issued warrants to the PharmHouse JV Partner to purchase 14,400,000 Class B Shares at an exercise price of $2.00 per Class B Share, expiring on the later of (i) May 7, 2020; and (ii) 12 months following the date PharmHouse receives a licence to sell cannabis under the Cannabis Act. CRC also agreed to provide services to PharmHouse in order to arrange for the purchase of approximately 25% of the cannabis produced by PharmHouse until December 31, 2020, with the right to arrange for the purchase of up to approximately 50% of the cannabis produced by PharmHouse thereafter. On July 19, 2018, the Company advanced the $9,800 referenced above to PharmHouse. In connection with the formation of the joint venture, the PharmHouse JV Partner agreed to a global non-competition agreement in respect of cannabis operations, with limited carve outs for the U.S.

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 a 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. Between November 23, 2018 and December 23, 2018, the Company advanced the remaining $35,000 to PharmHouse pursuant to the terms of the shareholder loan agreement.

Concurrent with entering into the shareholder loan agreement, the Company, PharmHouse, and the PharmHouse JV Partner 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 "Subsequent Events" for additional details on PharmHouse.

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"). Solo Growth's management team is comprised of founding shareholders, senior officers, and board members of Canada's largest privately-held liquor retailer, Solo Liquor Stores Ltd., and has extensive regulated retail experience and real estate expertise. Solo Growth intends to grow a sustainable retail cannabis business in Western Canada with a goal to open over 60 cannabis retail locations across Alberta by 2021 and is exploring opportunities to develop a retail presence in Ontario. Solo Growth intends to operate locations under the retail brand "YSS by Solo™".

On June 28, 2018, CRC completed a subscription for 55,300,000 common shares of Solo Growth at a price of $0.05 per common share for a total investment of $2,765, representing approximately 8% of the fully diluted common shares of Solo Growth. In connection with the subscription, CRC and Solo Growth entered into an investor rights agreement, whereby CRC was granted certain pre-emptive rights, rights with respect to future issuances of convertible securities, and the right to appoint an individual to the advisory committee of Solo Growth, which will assist its board of directors with developing and executing Solo Growth's retail-focused cannabis business strategy.

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

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 CBD oil from the hemp. Canapar Italy has commenced construction of its extraction and processing facility, which is intended to process hemp

biomass into CBD isolates and derivate products. Canapar Italy has entered into agreements for hemp farming covering over 1,000 hectares of land.

On July 24, 2018, CRC completed a subscription for common shares of Canapar for a total investment of $750. CRC's total initial investment in Canapar represented 10,500,000 common shares (approximately 35% of the fully diluted common shares of Canapar). In connection with the subscription, CRC and Canapar entered into an investor rights agreement, whereby CRC has the right to designate one nominee to Canapar's three-member board of directors (CRC'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, CRC also 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 CRC does not own in Canapar at the time of exercise. The option is exercisable for as long as CRC is a shareholder of Canapar.

On December 6, 2018, the Company completed a subscription for an additional 8,888,888 common shares of Canapar at a price of $0.90 per common share, for a total investment of $8,000. This follow-on investment was part of a broader private placement completed by Canapar and represented the first of two tranches of investment by the Company. As at December 31, 2018, the Company's equity interest in Canapar has increased from 35% to 44%.

Please refer to "Subsequent Events" for additional details on Canapar.

Headset

Headset Inc. ("Headset") is a real-time business intelligence and analytics software platform for the cannabis industry. The experienced leadership team at Headset has deep roots in the cannabis industry, with Headset's founders having previously founded and exited a successful cannabis information resource platform. With services that provide access to up-to-the-minute information on sales trends, emerging markets, 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 a 7% ownership interest on a fully diluted basis.

Summary

Below is a summary of the Company's investments as of December 31, 2018:

Cash-Yielding Investments					
Investee	**Investment**	**Minimum Capital Committed**	**Estimated Annual Payment(1)**	**Advanced as at December 31, 2018**	**Notes**
Agripharm	Royalty interest	$12,000 ($20,000 total)	$2,400	$12,000	• $12,000 advanced to date that is subject to the royalty interest • Agripharm may draw an additional $8,000 • Royalty is for a term of 20 years and is subject to a minimum annual payment based on 20% of the amount drawn
Civilized	Convertible debenture	$5,000	n/a	$5,000	• Amounts drawn under debenture bear interest at 14% per annum, payable quarterly after the one-year anniversary of the investment • Convertible into 397,227 common shares of Civilized
JWC	Royalty interest	$2,500	$488	$2,500	• Royalty is for a term of 20 years and is subject to a minimum annual payment

Cash-Yielding Investments					
Investee	**Investment**	**Minimum Capital Committed**	**Estimated Annual Payment(1)**	**Advanced as at December 31, 2018**	**Notes**
PharmHouse	Loan receivable	$40,000	$4,800	$40,000	• Amounts drawn under the shareholder loan bear interest at 12% per annum, payable quarterly after the receipt of PharmHouse's license to sell cannabis • Loan is for a term of three years
Radicle	Royalty interest	$5,000	$900	$5,000	• Royalty is for a term of 20 years and is subject to a minimum annual payment
Spot	Repayable debenture / royalty interest	$13,500	$2,853	$nil	• Amounts drawn under the debenture bear interest at 10% per annum, payable quarterly • Upon the six-month anniversary of the receipt of Spot's cultivation licence, the principal advanced pursuant to the debenture is set-off as consideration payable under a royalty agreement • Royalty is for a term of 25 years and is subject to a minimum annual payment
Spot	Lease	$2,600	$580	$2,600	• Payments include monthly lease payments and management fee • Rent escalates every 5 years • Lease is for a term of 20 years
Vert Mirabel	Preferred shares	$15,000	$2,700	$15,000	• Cumulative dividend rate of 18% prior to the acquisition of the greenhouse by Vert Mirabel; 10% thereafter • Redemption (including accrued and unpaid dividends) expected to occur once Vert Mirabel has generated sufficient cash flow to acquire the greenhouse and repay the principal amount outstanding

(1) Estimated annual payments above are based on total minimum draws based on capital committed under various agreements.

Equity and Warrant Investments				
Investee	**Investment**	**Cost Base(1)**	**Number of Shares / Warrants**	**Notes**
Agripharm	Warrants	$586	93,436	• Warrants to purchase 4% of the fully-diluted common shares for $5,000
Canapar	Common shares	$8,750	19,388,888	• Represents a 44% equity interest on a fully-diluted basis
Civilized	Warrants	$1,335	221,239	• Warrants to purchase an approximate 8% equity interest on a fully-diluted basis
Headset	Preferred shares	$4,085	1,500,000	• Represents an approximate 7% equity interest on a fully-diluted basis
JWC	Common shares	$5,987	12,513,041	• Represents an approximate 14% equity interest on a fully-diluted basis
JWC	Warrants	$288	2,347,826	
LiveWell	Common shares	Nominal	5,863,188	• Represents an approximate 4% equity interest on a fully-diluted basis
PharmHouse	Common shares	$39,032(2)	9,800,000	• Represents an approximate 49% equity interest on a fully-diluted basis
Radicle	Common shares	$5,000	17,588,424	• Represents an approximate 24% equity interest on a fully-diluted basis
Solo Growth	Common shares	$3,265	65,300,000	• Represents an approximate 8% equity interest on a fully-diluted basis

Equity and Warrant Investments				
Investee	**Investment**	**Cost Base[(1)]**	**Number of Shares / Warrants**	**Notes**
TerrAscend	Exchangeable Shares[(3)]	$12,240	19,445,285	• Exchangeable Shares are not entitled to voting rights, dividends, or other rights upon dissolution of TerrAscend
Vert Mirabel	Common shares	Nominal	260	• Represents an approximate 26% equity interest on a fully-diluted basis

(1) Cost base for warrant investments is generally estimated based on allocation of total committed capital on an individual transaction basis between warrants and another financial instrument (e.g. royalty interest, convertible debenture, common shares, etc.).
(2) Cost base includes the estimated value of the warrants provided to the PharmHouse JV Partner.
(3) Please refer to "Results of Operations" for further discussion related to the TerrAscend Exchangeable Shares.

RESULTS OF OPERATIONS

The following table sets forth summary operating results and balance sheet data for the indicated periods:

	Three Months Ended		Nine Mos. Ended	249 Days Ended
	December 31, 2018	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
Summary Operating Results				
Operating income	$ 8,378	$ 30,521	$ 32,395	$ 30,668
Operating expenses	6,632	2,026	22,938	4,922
Net operating income	1,746	28,495	9,457	25,746
Net income	1,423	24,474	5,744	21,771
Other comprehensive income (loss) (net of tax)	(80,948)	9,710	(56,689)	9,710
Total comprehensive income (loss)	(79,525)	34,184	(50,945)	31,481
Basic earnings per share ("EPS")	$ 0.01	$ 0.23	$ 0.04	$ 0.25
Diluted EPS	$ 0.01	$ 0.23	$ 0.04	$ 0.25
Summary Cash Flow Results				
Cash from operating activities			$ (3,333)	$ (78)
Cash from investing activities			(96,567)	(30,875)
Cash from financing activities			100,530	55,113
Balance Sheet Data				
Cash			$ 46,929	$ 24,161
Total assets			298,839	128,274
Total liabilities			6,475	6,838
Shareholders' equity			292,364	121,436

The Company reported net income of approximately $1,423 and basic and diluted EPS of $0.01 for the three months ended December 31, 2018, compared with net income of $24,474 and basic and diluted EPS of $0.23 for the same period last year. Net income for the three months ended December 31, 2018, was primarily driven by net changes in the fair value of financial assets at fair value through profit or loss ("FVTPL"), offset by the impact of share-based compensation expense relating to the accounting treatment of seed capital options and consultant options, which are remeasured each period.

The Company reported net income of approximately $5,744 and basic and diluted EPS of $0.04 for the nine months ended December 31, 2018, compared with net income of approximately $21,771 and basic and diluted EPS of $0.25 for the 249 days ended December 31, 2017. Net income for the nine months ended December 31, 2018, was primarily driven by the same factors as for the three-month period.

The Company reported total comprehensive loss of $(79,525) for the three months ended December 31, 2018, compared with total comprehensive income of $34,184 for the same period last year. For the nine months ended December 31, 2018, the Company reported total comprehensive loss of $(50,945), compared with total comprehensive income of $31,481 for the 249 days ended December 31, 2017. For both the three and nine months ended December 31, 2018, other comprehensive loss was primarily driven by net changes in the fair value financial assets at fair value through other comprehensive income ("FVTOCI"); specifically, the fair value adjustment the Company realized as a result of the TerrAscend Arrangement. Please refer to "Results of Operations – TerrAscend Fair Value Adjustment" for further details.

The Company expects that, in the short-term, its net income (loss) and comprehensive income (loss) will continue to be largely driven by net changes in the fair value of financial assets at FVTPL or financial assets at FVTOCI. In turn, the Company expects that these net changes will continue to be largely dependent on the regulatory, business, and capital markets environment in the cannabis industry, which environments will in turn continue to inform the Company's investment strategy. Given the inherent volatility of valuations of investments in the global cannabis sector, the Company anticipates continued volatility in its financial results.

Operating Income

The Company reported operating income of $8,378 for the three months ended December 31, 2018, compared with $30,521 for the same period last year.

Interest, royalty, and lease income was $1,284 for the three months ended December 31, 2018, compared with $377 for the same period last year. For the three months ended December 31, 2018, this was primarily comprised of royalty/interest income generated from the Company's investments in Agripharm, JWC, and Radicle, interest and management fee income generated from the lease agreement with Spot, and interest income generated from the shareholder loan agreement with PharmHouse. For the three months ended December 31, 2017, this was primarily comprised of royalty/interest income generated from the Company's investments in Agripharm, JWC, and Radicle, and interest and management fee income generated from the lease agreement with Spot.

Share of loss from equity method investees was $1,271 for the three months ended December 31, 2018, compared with $47 for the same period last year. As noted in the Interim Consolidated Financial Statements, the Company elects to account for its equity method investees one quarter in arrears. Canapar, Civilized, PharmHouse, and Radicle represented the Company's equity method investees for which a share of loss was recorded for the three months ended December 31, 2018. Radicle represented the Company's only equity method investee for which a share of loss was recorded for the three months ended December 31, 2017. Due to the early-stage nature of the equity method investees' businesses, the Company expects the investees to continue to generate net losses in the near term.

Net changes in fair value of financial assets at FVTPL was an increase of $8,365 for the three months ended December 31, 2018, compared with an increase of $30,153 for the same period last year. For the three months ended December 31, 2018, the net increase was primarily driven by changes in the fair value of the Company's investments in TerrAscend warrants and the Canapar call option. For the three months ended December 31, 2017, the net increase was primarily driven by changes in the market value of the Company's investment in TerrAscend.

The Company reported operating income of $32,395 for the nine months ended December 31, 2018, compared with $30,668 for the 249 days ended December 31, 2017.

Interest, royalty, and lease income was $2,309 for the nine months ended December 31, 2018, compared with $500 for the 249 days ended December 31, 2017. For the nine months ended December 31, 2018, this was primarily comprised of royalty/interest income generated from the Company's investments in Agripharm, JWC, and Radicle, interest and management fee income generated from the lease agreement with Spot, and interest income generated from the shareholder loan agreement with PharmHouse. For the nine months ended December 31, 2017, this was primarily comprised of royalty/interest income generated from the Company's investments in Agripharm, JWC, and Radicle, and interest and management fee income generated from the lease agreement with Spot.

Share of loss from equity method investees was $2,619 for the nine months ended December 31, 2018, compared with $47 for the 249 days ended December 31, 2017. Canapar, Civilized, PharmHouse, and Radicle represented the Company's equity method investees for which a share of loss was recorded for the nine months ended December 31, 2018. Radicle represented the Company's only equity method investee for which a share of loss was recorded for the 249 days ended December 31, 2017.

Net changes in fair value of financial assets at FVTPL was an increase of $32,649 for the nine months ended December 31, 2018, compared with $30,177 for the 249 days ended December 31, 2017. For the nine months ended December

31, 2018, the net increase was primarily driven by changes in the market value of the Company's investments in TerrAscend warrants, Vert Mirabel preferred shares, and the Canapar call option, as well as gains upon initial recognition of the Company's investments in LiveWell common shares and Solo Growth common shares. For the 249 days ended December 31, 2017, the net increase was primarily driven by changes in the market value of the Company's investment in TerrAscend.

Operating Expenses

The Company reported total operating expenses of $6,632 for the three months ended December 31, 2018, compared with $2,026 for the same period last year.

Consulting and professional fees were $788 for the three months ended December 31, 2018, compared with $292 for the same period last year. These expenses are primarily attributable to ongoing consulting services in respect of the Company's business management, sourcing and evaluating investment opportunities, due diligence-related matters, and capital markets activities completed by the Company during the periods, as well as legal fees related to transaction execution and general corporate and securities matters, and audit, tax, accounting, and other regulatory compliance advisory fees. Management anticipates consulting and professional fees to continue to increase going forward as the Company continues to accelerate its business activities, including scaling-up its investment strategy and monitoring its current portfolio.

General and administrative expenses were $651 for the three months ended December 31, 2018, compared with $7 for the same period last year. These expenses are primarily attributable to salaries, marketing and business development, and other administrative activities of the Company. For the three months ended December 31, 2017, the Company did not have any salaried employees. Management anticipates salaries to increase going forward as the Company continues to build out its management team and employee base.

Share-based compensation was $5,193 for the three months ended December 31, 2018, compared with $1,727 for the same period last year. As discussed in the Interim Consolidated Financial Statements, a portion of CRC's initial capital is treated as seed capital options for accounting purposes, which are remeasured each period. This creates a significant non-cash expense related to these options due to the increase in the estimated fair value of the Company's shares from CRC's inception to the market price as at December 31, 2018. This expense also considers options issued to consultants of the Company, which, along with the seed capital options, are remeasured each period. Options issued to provide incentives to directors, officers, and employees of the Company are also included, and the related expense is calculated based on measurements and estimates upon initial recognition. Due to the significant portion of options that are remeasured each period, the Company anticipates that this non-cash expense will continue to be significant going forward.

The Company reported total operating expenses of $22,938 for the nine months ended December 31, 2018, compared with $4,922 for the 249 days ended December 31, 2017.

Consulting and professional fees were $1,787 for the nine months ended December 31, 2018, compared with $727 for the 249 days ended December 31, 2017. As noted above, these expenses are primarily attributable to ongoing consulting services, legal fees, and audit, tax, accounting, and other regulatory compliance advisory fees.

General and administrative expenses were $1,232 for the nine months ended December 31, 2018, compared with $48 for the 249 days ended December 31, 2017. As noted above, these expenses are primarily attributable to salaries, marketing and business development, and other administrative activities of the Company. For the 249 days ended December 31, 2017, the Company did not have any salaried employees.

Share-based compensation was $19,919 for the nine months ended December 31, 2018, compared with $4,147 for the 249 days ended December 30, 2017. As noted above, the remeasurement of the seed capital options and the consultant options each period results in a significant non-cash expense.

Adjusted EBITDA (Non-IFRS Measure)

Management defines Adjusted EBITDA as net earnings before any deduction for net finance costs, other non-operating expenses (income), and taxes. Adjusted EBITDA also excludes other non-cash charges and income items such as share-based compensation and the non-cash effects of fair value changes in financial assets at FVTPL. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on a cash adjusted basis before the impact of non-cash items. Adjusted EBITDA is not intended to be representative of cash flow from operations or results of operations determined in accordance with IFRS or cash available for distribution. The Company's "Adjusted EBITDA" is a non-IFRS metric used by the Company that does not have any standardized meaning prescribed by IFRS.

The Company's method of calculating Adjusted EBITDA may differ from methods used by other organizations, and accordingly, may not be comparable to similar measures presented by other companies.

Adjusted EBITDA for the three months ended December 31, 2018, was $(1,426), compared with $69 for the same period last year. Adjusted EBITDA for the nine months ended December 31, 2018, was $(3,273), compared with $(284) for the 249 days ended December 31, 2017. A reconciliation of net income to Adjusted EBITDA is provided in the table below:

Adjusted EBITDA (Non-IFRS Measure)	Three Months Ended		Nine Mos. Ended	249 Days Ended
(in CDN $000's)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Net income (as reported)	**$ 1,423**	**$ 24,474**	**$ 5,744**	**$ 21,771**
Income tax expense	1,119	4,021	3,985	3,917
Interest expense	--	--	--	58
Other expenses (income)	(796)	--	(272)	--
Share-based compensation expense	5,193	1,727	19,919	4,147
Net (increase) decrease in fair value on financial assets at FVTPL	(8,365)	(30,153)	(32,649)	(30,177)
Adjusted EBITDA	**$ (1,426)**	**$ 69**	**$ (3,273)**	**$ (284)**

Comprehensive Income

The Company reported total comprehensive income (loss) of $(79,525) for the three months ended December 31, 2018, compared with $34,184 for the same period last year.

Net income was $1,423 for the three months ended December 31, 2018, compared with $24,474 for the same period last year. Included in these amounts are income tax expenses of $1,119 and $4,021 for the three months ended December 31, 2018 and 2017, respectively. The effective tax rate for these periods was 26.5% and a full deferred tax recognition was made for all taxable, deductible temporary differences and tax loss carry forwards.

Net changes in fair value of financial assets at FVTOCI, net of tax, was a decrease of $80,948 for the three months ended December 31, 2018, compared with an increase of $9,710 for the same period last year. For the three months ended December 31, 2018, this decrease was primarily driven by the fair value adjustment the Company realized as a result of the TerrAscend Arrangement. Please refer to "Results of Operations – TerrAscend Fair Value Adjustment" for additional details. The decrease was also driven by changes in the market values of the Company's public investments during a three-month period of overall decline for the cannabis sector. Due to the high levels of volatility observed in stock prices of publicly-traded cannabis companies, the Company expects net changes in fair value of financial assets at FVTOCI to continue to exhibit significant volatility in the near term.

The Company reported total comprehensive income (loss) of $(50,945) for the nine months ended December 31, 2018, compared with $31,481 for the 249 days ended December 31, 2017.

Net income was $5,744 for the nine months ended December 31, 2018, compared with $21,771 for the 249 days ended December 31, 2017. Included in these amounts are income tax expenses of $3,985 and $3,917 for the nine months ended December 31, 2018, and the 249 days ended December 31, 2017, respectively. The effective tax rate for these periods was 26.5% and a full deferred tax recognition was made for all taxable, deductible temporary differences and tax loss carry forwards.

Net changes in fair value of financial assets at FVTOCI, net of tax, was a decrease of $56,689 for the nine months ended December 31, 2018, compared with an increase of $9,710 for the 249 days ended December 31, 2017. For the nine months ended December 31, 2018, this decrease was primarily driven by the fair value adjustment the Company realized as a result of the TerrAscend Arrangement.

TerrAscend Fair Value Adjustment

As noted above, on November 30, 2018, TerrAscend completed the restructuring of its share capital by way of a plan of arrangement (the TerrAscend Arrangement). Pursuant to the TerrAscend Arrangement, the Company exercised its

warrants to acquire common shares of TerrAscend for no cash consideration, resulting in the net issuance of 8,159,829 additional common shares of TerrAscend to the Company. 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). Please refer to “Corporate Developments – Investments: TerrAscend” for a description of the Exchangeable Shares.

As a result of the TerrAscend Arrangement, 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. At the time of the derecogntion, the fair value of the Company’s investment in TerrAscend common shares was estimated to be $133,007. 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 was 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 that was 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 consideration of the foregoing, the fair value of the Company’s investment in the Exchangeable Shares was estimated to be $67,500 as at November 30, 2018. The net impact of the derecognition of the Company’s investment in TerrAscend common shares and the recognition of the Company’s investment in TerrAscend Exchangeable Shares was a net decrease in fair value of financial assets at FVTOCI of approximately $65,507 during the quarter.

Cash From Operating Activities

Net cash used in operating activities was $3,333 for the nine months ended December 31, 2018, compared with $78 for the 249 days ended December 31, 2017. Net income for the nine months ended December 31, 2018, was $5,744 and included numerous non-cash items, including the net increase in fair value of financial assets and liabilities at FVTPL of $32,649, share-based compensation of $19,919, and income tax expense of $3,985.

Cash From Investing Activities

Net cash used in investing activities was $96,567 for the nine months ended December 31, 2018, compared with $30,875 for the 249 days ended December 31, 2017. During the nine months ended December 31, 2018, the Company advanced funds pursuant to pre-existing agreements with Agripharm, Radicle, and Vert Mirabel, completed a follow-on investment in JWC, and made new investments in Canapar, Civilized, Headset, PharmHouse, and Solo Growth.

Cash From Financing Activities

Net cash provided by financing activities was $100,530 for the nine months ended December 31, 2018, compared with $55,113 for the 249 days ended December 31, 2017. During the nine months ended December 31, 2018, net cash provided by financing activities was primarily attributable to the completion of a private placement of subscription receipts for aggregate gross proceeds of $104,212 and share issue costs of $5,091. The subscription receipts were automatically converted into 29,774,857 Subordinated Voting Shares upon completion of the Qualifying Transaction.

OTHER INFORMATION

The Company has not paid dividends in the past and does not expect to pay dividends in the near future. The Company plans to reinvest earnings in the Company to pursue investment opportunities and continue to develop the business. Any decision to declare dividends, in the future, will be made at the discretion of the Board and will depend upon, among other things, financial results, investment opportunities, cash requirements, contractual obligations, and other factors the Board may consider relevant.

The Company is subject to risks and uncertainties that could significantly affect its future performance, including but not limited to changes to the regulatory environment for the cannabis industry, changes to the business environment for the cannabis industry, and risk and uncertainties posed by the performance and management of the Company’s investees. See “Risks and Uncertainties” for information on the risks and uncertainties that could have a negative effect on the Company’s future performance.

LIQUIDITY, FINANCING, AND CAPITAL RESOURCES

The Company is subject to risks including, but not limited to, its inability to raise additional funds through debt and/or equity financing to support the Company's development and continued operations, and to meet the Company's liabilities and commitments as they come due.

The Company manages its capital with the objective of maximizing shareholder value and sustaining future development of the business. The Company defines capital as the Company's equity and any debt it may issue. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the Company's activities. The Company, upon approval from the Board, will undertake to balance its overall capital structure through new share issues, the issue of debt, or by undertaking other activities as deemed appropriate under the specific circumstances.

During the three and nine months ended December 31, 2018, the Company financed its operations and met its capital requirements primarily through proceeds raised from prior equity financings. As at December 31, 2018, working capital was approximately $47,093, primarily attributable to the Company's cash balance of $46,929.

The Company anticipates that it has sufficient liquidity and capital resources to finance working capital and support its current portfolio for at least the next twelve months. Furthermore, the Company anticipates it is able to significantly strengthen its balance sheet and liquidity position with future equity financings, which will position it to be able to make follow-on investments in current investees and capitalize on new investment opportunities. However, the Company may face certain liquidity risks if it is unable to generate sufficient cash to fund its ongoing requirements and is unable to raise funds through debt or equity to account for its commitments. While the Company has reported positive net changes in the fair value of financial assets at FVTPL and FVTOCI to-date, and management anticipates the ongoing success and future cash profitability of the business, there can be no assurance that the Company will be able to generate sufficient positive cash flow to achieve its business plans. Please refer to "Subsequent Events" for additional information on the Company's capital resources.

The Company's principal capital needs are for funds to finance commitments to and make follow-on investments in existing investees, make new domestic and international investments, and satisfy working capital and general corporate purposes. As at December 31, 2018, the Company's contractual commitments are as follows:

Investee	Committed Funds	Timing
Agripharm	$8,000 (1)	On or before December 1, 2022
LiveWell	$250 (2)	Expected in fiscal year ("FY") 2020
Spot	$13,500 (3)	Expected in FY2020

Notes:

(1) The Company has advanced $12,000 to Agripharm to-date. At Agripharm's option, an additional $8,000 may be drawn on or prior to December 1, 2022.

(2) The Company has committed to reimburse up to $250 in license application costs for LiveWell.

(3) The Company has committed to provide $13,500 of additional financing to Spot, which is expected to be drawn in full during FY2020.

In addition to the aforementioned contractual obligations, the Company anticipates that certain investees will require additional capital in order to achieve their business milestones. Accordingly, the Company may invest in additional financing rounds pursuant to the pre-emptive rights granted by certain investees or in connection with additional cash calls pursuant to certain joint venture agreements. The amount of such investments will depend upon a host of factors, including, but not limited to, the following: the Company's assessment of the investee's needs and uses for such capital; the Company's current liquidity and existing cash requirements at the time; and the Company's portfolio of investments and investment opportunities.

The Company is subject to risks and uncertainties that could significantly impair its ability to raise funds through debt or equity, or to generate profits sufficient to meet future obligations, or operational or development needs. See "Risks and Uncertainties" for additional information on the risks and uncertainties that could have a negative effect on the Company's liquidity.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2018, the Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company's key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company, 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 as of December 31, 2018. Compensation provided to key management personnel includes both share-based compensation and salaries. Share-based compensation for the three months ended December 31, 2018 and 2017, was $873 and $706, respectively. Salaries for the three months ended December 31, 2018 and 2017, were $214 and $nil, respectively. Share-based compensation for the nine months ended December 31, 2018, and the 249 days ended December 31, 2017, was $5,368 and $1,755, respectively. Salaries for the nine months ended December 31, 2018, and the 249 days ended December 31, 2017, were $544 and $nil, respectively.

The Company leased a building to, and has a funding arrangement with, Spot, a wholly-owned subsidiary of CGC. As at December 31, 2018, the fair value of the finance lease receivable is $2,678 compared to a fair value of $2,633 as at March 31, 2018. Furthermore, $381 due from Spot for lease payments, management fees, and property taxes is included in other receivables, compared to $214 as at March 31, 2018.

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, compared to a $3,525 liability as at March 31, 2018.

As at December 31, 2018, the Company has a $216 liability to CGC arising from the share purchase loans provided by CGC relating to the seed capital options, compared to a $503 liability as at March 31, 2018. In the event the loans are repaid by the employees/consultant, the related shares will be considered issued, and the liability will be settled. The Company also has a $250 liability to CGC relating to reimbursement for LiveWell's license application costs borne by CGC.

Other intercompany amounts with CGC are nominal.

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

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of Multiple Voting Shares and an unlimited number of Subordinated Voting Shares. As at December 31, 2018, the Company had the following securities issued and outstanding:

	As at December 31, 2018	**As at February 27, 2019**
Multiple Voting Shares	36,468,318	36,468,318
Subordinated Voting Shares	130,502,029	130,572,694
Stock Options	16,242,105	16,724,589
Warrants	14,417,599	14,409,450

Stock options outstanding as at December 31, 2018, relate to Subordinated Voting Shares and are comprised of the following:

- 4,316,668 seed capital options issued to employees of CGC, which have been paid for by CGC on behalf of the employees;
- 7,998,333 options issued to consultants of the Company and employees of CGC, with exercise prices ranging between $0.60 and $3.50;

- 3,900,000 options issued to employees and directors of the Company, with exercise prices ranging between $0.60 and $4.50; and
- 27,104 options issued to former option holders of AIM2, with an exercise price of $2.66.

Warrants outstanding as at December 31, 2018, relate to Subordinated Voting Shares and are comprised of the following:

- 14,400,000 warrants issued to a counterparty to one of the Company's investments, with an exercise price of $2.00; and
- 17,599 warrants issued to former warrant holders of AIM2, with an exercise price of $2.66.

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.

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.

RISKS AND UNCERTAINTIES

Many factors could cause the Company's actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking information, including without limitation, the following factors, which are discussed in greater detail under the heading "Risk Factors" in the Circular, which has been filed under the Company's profile on SEDAR at www.sedar.com, which risk factors are incorporated by reference into this document, and should be reviewed in detail by all readers:

- The Company may not be directly involved in the ownership or operation of, and may have no contractual rights relating to the operations of, its current and/or future royalty, equity, debt or other partners. The interests of the Company and its investees, in present and future, may not always be aligned.
- The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen by the Company. The Cannabis Act received royal assent on June 21, 2018 and became effective on October 17, 2018. However, uncertainty remains with respect to the implementation of the Cannabis Act, federal regulations thereunder as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use purposes.
- Some of the activities of the Company and the activities of the Company's investees are subject to regulation by governmental authorities, particularly Health Canada, and despite the efforts of the Company, there is a risk that the Company and the Company's investees may violate such regulations.
- In pursuit of new investment opportunities, the Company may fail to select appropriate acquisition or investment candidates, and negotiate acceptable arrangements, including royalty agreements, streaming agreements, rights of first refusal, offtake services agreements, joint ventures or other partnerships.
- The Company may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption.
- In certain circumstances, the Company may decide, or be required, to divest its interest in certain investees. There are no assurances that these divestitures will be completed on terms favourable to the Company, or at all.
- The Company and its investees may face intense competition from other companies in the medical and/or adult-use cannabis market, and/or the entry of new competitors in the global cannabis market.
- The legislative framework pertaining to the Canadian adult-use cannabis market is uncertain.
- The legislative framework pertaining to the U.S. hemp-derived CBD market is uncertain.
- The Company has a dual class voting structure, and CGC, as the sole holder of the Multiple Voting Shares, has significant influence and control over the Company. As a result of the relationship between the Company and CGC, the business and future operations of the Company may be adversely affected by changes in the business, market price, directors, officers, or employees of CGC.
- The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management as well as certain consultants.
- Conflicts of interest may arise involving certain directors, officers and consultants of the Company that may be engaged in a range of business activities.
- The Company will endeavour to only conduct business in accordance with its contractual commitments and the policies of the TSXV; however, a violation of the terms of agreements with investees may have a material adverse effect on the business, operations and financial condition of the Company, including as a result of any required divestment by the Company in order to comply with the regulatory obligations of CGC pursuant to the policies of the TSX and the NYSE.
- The Company may structure transactions with companies engaged in cannabis-related activities in the U.S. or restructure its current shareholding in certain companies in order to permit an investee to engage in cannabis-related activities in the U.S. in compliance with the rules and policies of the TSXV, the TSX, and the NYSE. To do so, the Company may hold a significant number of non-participating, non-voting securities that are only exercisable or exchangeable upon cannabis becoming federally legal or permissible in the U.S. If such triggering events do not occur, the Company will be unable to monetize its investments.

- Investing in companies in the U.S. may expose the Company or its investors to a variety of risks, including fines, penalties, administrative sanctions, convictions, or settlements arising from civil proceedings, criminal charges, or entry bans.
- Certain transaction structures may result in an inherent lack of control for the Company over its investee entities and therefore the Company is unable to exert any influence on such investees with respect to business transactions that may require shareholder approval. Third parties, including government entities or regulators, may oppose these investment structures, which may cause additional business, operational, financial, legal, and reputational risks for the Company.
- The Company's expansion into jurisdictions outside of Canada is subject to risks. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and operational, regulatory and other risks.
- The Company and the investees each have a limited history of operations and will be in the early stage of development as each attempts to create an infrastructure to capitalize on the opportunity for value creation in the cannabis industry.
- The continued development of the Company may require additional financing and the failure to raise such capital could result in the delay or indefinite postponement of current business objectives.
- The Company significantly relies on its own market research to forecast industry statistics as detailed forecasts obtainable from other sources are limited at this early stage of the cannabis industry.
- The Company's operating income may be sensitive to changes in pricing and the overall condition of the cannabis industry.
- The cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Third parties with which the Company does business may perceive that they are exposed to reputational risk because of the Company's cannabis investment and business activities.
- The Company may be exposed to growth-related risk, and the inability of the Company to deal with this growth may have a material adverse effect on the Company.
- The Company may be exposed to the risks associated with owning equity securities in other entities and those risks inherent in the operations of the investees.
- The Company is subject to a variety of laws and regulations domestically and internationally that address money laundering, financial recordkeeping, and proceeds of crime.
- There is no guarantee that the Company will be able to effectively enforce any guarantees, indemnities, or other security interests it may have.
- A defect in any business arrangement may arise to defeat or impair the claim of the Company to such transaction.
- The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business.
- Global financial conditions have been characterized by increased volatility.
- The Company will be exposed to counterparty risks and liquidity risks.
- The Company may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business.
- The Company may hedge or enter forward sales of its forecasted right to arrange for purchasers of cannabis, which involves certain inherent risks.
- The information systems of the Company, its investees and any third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks.
- The Company does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

- The market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control.
- There can be no assurance that an active and liquid market for the Company's common shares will develop and be maintained, and an investor may find it difficult to resell any securities of the Company.
- The Company's investees' ability to grow, store and sell medical and adult-use cannabis in Canada are dependent upon licenses from Health Canada, which are subject to ongoing compliance and reporting requirements.
- The facilities of the Company's investees could be subject to adverse changes or developments, including but not limited to a breach of security.
- Cannabis operations are subject to extensive laws and regulations. The costs of compliance with such laws and delays associated with compliance with such laws and regulations could become such that the Company's investees would not continue to develop or operate their businesses.
- Cannabis operations by the Company's investees generally involve a high degree of risk, including that major expenditures may be required in pursuit of or in maintenance of a licence and it is impossible to ensure that the expenditures will result in receipt of or maintenance of a licence and a profitable operation.
- The Company's investees' production estimates and projections will be based upon existing plans and other assumptions which change from time to time, and over which the Company will have no control.
- The Company's investees will face intense competition from other companies, some of which have longer operating histories as well as greater financial resources, production capacity, and marketing experience.
- The Company's success depends, in part, on the Company's investees' ability to attract and retain customers.
- The development of the Company's investees' businesses and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada.
- Cannabis is an agricultural product; therefore, the Company's investees are subject to the risks inherent in the agricultural business, such as insects, plant diseases, and similar agricultural risks.
- The cannabis industry is a margin-based business. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply, taxes, government programs and policies, and other market conditions.
- Products produced by the Company's investees may be subject to recall or return for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Product recalls may lead to increased scrutiny of the operations by Health Canada or other regulatory agencies.
- The Company's investees face an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury.
- The cannabis industry may receive unfavourable publicity or become subject to negative consumer perceptions.
- Premiums for the Company's investees' insurance coverage may not continue to be commercially justifiable, and the Company's investees' insurance coverage may have limitations and other exclusions and may not be sufficient to cover potential liabilities.
- The Company's investees' operations may be subject to environmental and safety laws and regulations, and failure to comply may result in costs for corrective measures, penalties, or in restrictions on certain operations.
- Any significant interruption or negative change in the availability, or economics of the supply chain for key inputs, could materially impact the business, financial condition, and operating results of the Company and the Company's investees.
- The ability of the Company's investees to compete and grow will be dependent upon having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts, and components.

- Unauthorized parties may attempt to replicate or otherwise obtain and use the Company’s or the Company’s investees’ products and technology. In addition, other parties may claim that the Company’s or the Company’s investees’ products infringe on their proprietary and perhaps patent-protected rights. Such claims may result in the expenditure of significant financial and managerial resources, legal fees and/or require the payment of damages. The Company or the Company’s investees may need to obtain licences from third parties who allege infringement.
- Certain of the Company’s investees’ growing operations consume considerable energy, creating vulnerability to rising energy costs.
- The Company’s investees will depend on fast and efficient courier services and any prolonged disruption of this courier service could have an adverse effect.
- The Company is subject to increased risk as a result of plans for international expansion.
- The Company may encounter political and other risks in emerging markets in which it plans to invest.
- There may be a risk of corruption and fraud in emerging markets in which the Company plans to invest.
- Foreign jurisdictions may impose ownership or control restrictions that could adversely impact the Company’s plans for international expansion.
- The Company relies on international advisors and consultants in certain cases in order to keep abreast of material legal, regulatory, and governmental developments that may impact the Company’s current and prospective investees in the jurisdictions in which it invests or plans to invest.
- Canadian laws impose prohibitions on corruption and bribery that may be violated by employees or other agents without the Company’s knowledge and despite the Company’s policies and procedures.
- Future sales or issuances of equity securities could decrease the value of the Company’s common shares, dilute investors’ voting power, and reduce the Company’s earnings per share.
- The Company’s common share price has experienced volatility and may be subject to fluctuation in the future based on market conditions.
- The listing on the TSXV may increase the volatility in the price of the Company’s common shares.
- There is no assurance of a sufficient liquid trading market for the Company’s common shares in the future.
- As a public company, the Company has substantial obligations.