CANOPY RIVERS INC.

(FORMERLY AIM2 VENTURES INC.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2018 AND FOR THE THREE MONTHS AND 157 DAYS ENDED SEPTEMBER 30, 2017

(IN CANADIAN DOLLARS)

CANOPY RIVERS INC.

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CANOPY RIVERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in CDN $000's)	Notes	As at September 30, 2018	As at March 31, 2018
Assets			
Current assets			
Cash		$ 105,845	$ 46,299
Interest receivable	7	769	300
Other receivables		245	220
Prepaid expenses and other assets		469	-
		107,328	**46,819**
Finance lease receivable	5	2,663	2,633
Investments in associates and joint venture	6	46,448	4,754
Financial assets at fair value through profit or loss	7	84,324	52,098
Financial assets at fair value through other comprehensive income	8	144,405	102,835
		$ 385,168	**$ 209,139**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,787	$ 4,705
Other current liabilities	7e	-	704
		1,787	**5,409**
Deferred tax liability	11	16,722	11,500
		16,722	**11,500**
		18,509	**16,909**
Shareholders' equity			
Share capital	9	189,519	80,959
Share-based payment reserve		14,951	6,262
Contributed surplus		58,645	30,045
Retained earnings		103,544	74,964
		366,659	**192,230**
		$ 385,168	**$ 209,139**

CANOPY RIVERS INC.

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

(Expressed in CDN $000's, except for per share amounts)	Notes	Three months ended September 30, 2018	Three months ended September 30, 2017	6 months ended September 30, 2018	157 days ended September 30, 2017
Operating income (loss)					
Interest income on financial assets at fair value through profit or loss	7	$ 403	$ 123	$ 706	$ 123
Income on finance lease receivable	5	160	-	$ 319	$ -
Share of loss from equity method investees	6	(1,289)	-	$ (1,348)	$ -
Net change in fair value of off-market commitment	7e	-	-	$ 56	$ -
Net change in fair value of financial assets at fair value through profit or loss	7	23,999	24	$ 24,284	$ 24
Total operating income (loss)		**23,273**	**147**	**24,017**	**147**
Operating expenses					
Consulting and professional fees		591	319	999	435
General and administrative expenses		396	26	581	41
Share-based compensation	9, 10	7,972	1,977	14,726	2,420
Total operating expenses		**8,959**	**2,322**	**16,306**	**2,896**
Net operating income (loss)		**14,314**	**(2,175)**	**7,711**	**(2,749)**
Other expenses					
Interest expense		-	-	-	58
Other expenses (income), net		524	-	524	-
Income (loss) before taxes		**13,790**	**(2,175)**	**7,187**	**(2,807)**
Income tax expense (recovery)	11	2,841	(56)	2,866	(104)
Net income (loss)		**10,949**	**(2,119)**	**4,321**	**(2,703)**
Other comprehensive income not subsequently reclassified to net income					
Net change in fair value of financial assets at fair value through other comprehensive income, net of tax of $4,068 and $3,706 (2017 - $nil and $nil)	8	26,630	-	24,259	-
Total comprehensive income (loss)		**$ 37,579**	**$ (2,119)**	**$ 28,580**	**$ (2,703)**
Earnings (loss) per share - basic	15	**$ 0.08**	**$ (0.02)**	**$ 0.03**	**$ (0.04)**
Earnings (loss) per share - diluted	15	**$ 0.07**	**$ (0.02)**	**$ 0.03**	**$ (0.04)**

CANOPY RIVERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in CDN $000's)	Notes		6 months ended September 30, 2018		157 days ended September 30, 2017
Cash flows provided by/(used in) operating activities					
Net income (loss)		$	4,321	$	(2,703)
Adjustments for:					
Income on finance lease receivable			(319)		-
Share of loss from equity method investees			1,348		-
Net change in fair value of off-market commitment			(56)		-
Net change in fair value of financial assets and liabilities at fair value through profit or loss			(24,284)		(24)
Share-based compensation			14,726		2,420
Interest expense			-		58
Income tax expense (recovery)			2,866		(104)
Other non-cash expenses (income)			49		-
Increase in interest receivable			(469)		(43)
Increase in other receivables			(25)		-
Increase in prepaid expenses			(469)		-
Increase in accounts payable and accrued liabilities			607		615
Net cash provided by / (used in) operating activities		**$**	**(1,705)**	**$**	**219**
Cash flows from investing activities					
Purchase of investments in associates and joint venture	6,17	$	(14,215)	$	(2,000)
Purchase of financial assets at fair value through profit or loss	7,17		(20,584)		(2,612)
Purchase of financial assets at fair value through other comprehensive income	8,17		(5,138)		(3,863)
Distributions from equity method investees	6		405		16
Payments from finance lease receivable			290		-
Purchase of investment property			-		(260)
Net cash used in investing activities		**$**	**(39,242)**	**$**	**(8,719)**
Cash flows from financing activities					
Proceeds from issuance of convertible debenture		$	-	$	20,000
Proceeds from issuance of Subordinated Voting Shares	9		105,296		36,680
Proceeds from exercise of stock options	9		288		-
Share issuance costs			(5,091)		(1,567)
Net cash provided by financing activities		**$**	**100,493**	**$**	**55,113**
Net increase in cash and cash equivalents		$	59,546	$	46,613
Cash, beginning of fiscal period			46,299		-
Cash, end of fiscal period		**$**	**105,845**	**$**	**46,613**

CANOPY RIVERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in CDN $000's, except for share amounts)	Number of Multiple Voting Shares	Number of Subordinated Voting Shares	Share capital	Share-based payment reserve	Contributed surplus	Retained earnings	Shareholders' equity
Balance at April 26, 2017	-	-	$ -	$ -	$ -	$ -	$ -
Issuance of Multiple Voting Shares to Canopy Growth Corp.	1	-	-	-	-	-	-
Equity financing – May 12, 2017 – net of share issue costs of $nil	-	9,000,000	450	-	-	-	450
Equity financing – June 16, 2017 – net of share issue costs of $1,643	-	61,497,970	35,256	-	-	-	35,256
Issuance of Multiple Voting Shares ($20,000 convertible debenture exercise, incl. interest of $58)	36,468,317	-	20,058	-	-	-	20,058
Share-based compensation (Subordinated Voting Shares – seed capital)	-	-	-	443	-	-	443
Other comprehensive income	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(584)	(584)
Balance at June 30, 2017	36,468,318	70,497,970	$ 55,764	$ 443	$ -	$ (584)	$ 55,623
Share-based compensation	-	-	$ -	$ 1,977	$ -	$ -	$ 1,977
Other comprehensive income	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(2,119)	(2,119)
Balance at September 30, 2017	**36,468,318**	**70,497,970**	**$ 55,764**	**$ 2,420**	**$ -**	**$ (2,703)**	**$ 55,481**
Balance at March 31, 2018	36,468,318	94,134,333	$ 80,959	$ 6,262	$ 30,045	$ 74,964	$ 192,230
Equity financing – April 6, 2018 – net of share issue costs of $nil	-	454,545	500	-	-	-	500
Repayment of share purchase loans – May 8, 2018	-	-	288	-	-	-	288
Issuance of Subordinated Voting Shares pursuant to repayment of share purchase loans	-	5,750,000	6,037	(6,037)	-	-	-
Share-based compensation (Subordinated Voting Shares – seed capital)	-	-	-	4,333	-	-	4,333
Share-based compensation (Subordinated Voting Shares)	-	-	-	2,421	-	-	2,421
Other comprehensive income	-	-	-	-	-	(2,371)	(2,371)
Net loss	-	-	-	-	-	(6,628)	(6,628)
Balance at June 30, 2018 (Restated)	36,468,318	100,338,878	$ 87,784	$ 6,979	$ 30,045	$ 65,965	$ 190,773
Equity financing – July 6, 2018 – net of share issue costs of $3,742	-	30,136,234	$ 101,735	$ -	$ 88	$ -	$ 101,823
Share-based compensation (Subordinated Voting Shares – seed capital)	-	-	-	1,938	-	-	1,938
Share-based compensation (Subordinated Voting Shares)	-	-	-	6,034	-	-	6,034
Warrant issuance (PharmHouse)	-	-	-	-	28,512	-	28,512
Other comprehensive income	-	-	-	-	-	26,630	26,630
Net loss	-	-	-	-	-	10,949	10,949
Balance at September 30, 2018	**36,468,318**	**130,475,112**	**$ 189,519**	**$ 14,951**	**$ 58,645**	**$ 103,544**	**$ 366,659**

1. DESCRIPTION OF BUSINESS

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

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

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

After giving effect to a share consolidation, AIM2 had 361,377 common shares, 36,137 options, and 18,821 broker warrants issued and outstanding immediately prior to the closing of the Qualifying Transaction. Upon the completion of the Qualifying Transaction, the Company had 166,943,430 common shares and 29,966,626 options and warrants issued and outstanding, with the former CRC shareholders holding 166,582,053 common shares, and the former CRC option holders and warrant holders holding 29,911,668 options and warrants (approximately 99.8% on a dilutive basis).

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

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements of the Company for the three and six months ended September 30, 2018 were prepared in accordance with *International Accounting Standard ("IAS") 34, Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

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

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these condensed interim consolidated financial statements for the three and six months ended September 30, 2018 should be read together with the annual financial statements for the 340 days ended March 31, 2018.

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

These condensed interim consolidated financial statements were authorized for issue by the Board of the Directors of the Company (the "Board") on November 26, 2018.

(b) Basis of measurement

These condensed interim consolidated financial statements have been prepared in Canadian dollars on a historical cost basis, except for financial instruments.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Please refer to Notes 7, 8, and 12 for fair value considerations.

(c) Early adoption of accounting standards

The Company early adopted *IFRS 9, Financial Instruments* ("IFRS 9"), which was issued to replace *IAS 39, Financial Instruments: Recognition and Measurement*, as of April 26, 2017. IFRS 9 includes requirements on: (1) classification and measurement of financial assets and liabilities; (2) impairment of financial assets; and (3) general hedge accounting. IFRS 9 also provides the ability to make an irrevocable election at initial recognition of a financial asset, on an asset-by-asset basis, to designate an equity investment that would otherwise be classified as fair value through profit or loss ("FVTPL") and that is neither held for trading nor a contingent consideration arising from a business combination to be classified as fair value through other comprehensive income ("FVTOCI"). Please refer to Note 7 and 8 for further information.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) New and revised IFRS in issue but not yet effective

IFRS 16, Leases ("IFRS 16")

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

The Company is in the process of assessing the impact of this new standard on its financial statements.

4. REVERSE TAKE OVER TRANSACTION

On September 17, 2018, the Company, formerly AIM2, completed its Qualifying Transaction, which was effective pursuant to an agreement between AIM2, CRC, and 10859150 Canada Inc., a wholly-owned subsidiary of AIM2. After giving effect to a 26.565:1 share consolidation, AIM2 had 361,377 common shares, 36,137 options, and 18,821 broker warrants issued and outstanding immediately prior to the closing of the Qualifying Transaction. Upon the completion of the Qualifying Transaction, the Company had 166,943,430 common shares and 29,966,626 options and warrants issued and outstanding, with the former CRC shareholders holding 166,582,053 common shares and the former CRC option holders and warrant holders holding 29,911,668 options and warrants (approximately 99.8% on a dilutive basis).

The Qualifying Transaction 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 (361,377 shares at $3.50 per share, and 36,137 options and 18,821 broker warrants measured using the Black-Scholes option pricing model), with the excess amount above the fair value of the net assets acquired treated as a listing expense in profit or loss. Transaction costs of $773 occurred in connection with the Qualifying Transaction have been allocated between the listing expense and share issue costs incurred in conjunction with a concurrent equity raise by CRC (Please refer to Note 9 for additional details on the equity raise).

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

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

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

As at September 30, 2018, the cash acquired is held in trust.

5. FINANCE LEASE RECEIVABLE

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

	As at September 30, 2018	As at March 31, 2018
Current finance lease receivable	$ -	$ -
Non-current finance lease receivable	2,663	2,633
Total	**$ 2,663**	**$ 2,633**

Scheduled collections of minimum monthly lease payments based on the contractual terms as at September 30, 2018, are presented in the following schedule:

	As at September 30, 2018	
	Minimum Lease Payments	Principal Reduction
No later than one year	$ 563	$ (69)
Later than one year and not later than 5 years	2,367	(378)
Later than 5 years	11,289	3,110
	$ 14.219	$ 2,663
Less: Unearned finance income	(11,556)	-
Present value of minimum lease payments	$ 2,663	$ 2,663
Allowance for uncollectible lease payments	-	-
	$ 2,663	**$ 2,663**

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

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

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

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

Finance income of $160 and $319 (inclusive of management fee income) was recognized for the three and six months ended September 30, 2018 (three months and 157 days ended September 30, 2017 – $nil and $nil). The finance lease receivable as at September 30, 2018, and March 31, 2018, are neither past due nor impaired.

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

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

Name of Associate or Joint Venture	Note	Principal Activity	Place of Incorporation and Principal Business	Proportion of Ownership Interest / Voting Rights Held
Radicle	6(a)	Vertically-integrated cannabis operations	Canada	20%(i)
Civilized	6(b)	Media company and lifestyle brand	Canada	20%(ii)
PharmHouse	6(c)	Cannabis Act license applicant	Canada	49%
Canapar	6(d)	Hemp cultivation and organic CBD extraction	Italy	35%(iii)

(i) The Company has provided debt financing in the form of a debenture that is convertible into approximately 24% of the equity of Radicle on a fully-diluted basis. Additionally, the Company has the right to designate 20% of the director nominees.

(ii) The Company has provided debt financing in the form of a debenture that is convertible into approximately 18% of the equity of Civilized. Additionally, the Company has the right to designate 20% of the director nominees.

(iii) The Company has a 35% equity interest in Canapar Corp., a private company incorporated in Canada that owns 80% of the issued and outstanding common shares of Canapar SrL, an Italian entity. Additionally, the Company has the right to designate one nominee to Canapar Corp.'s three-member board of directors; the Company's nomination right increases to two nominees in the event that the number of members of Canapar Corp.'s board of directors increases above five members.

Entity	Balance at March 31, 2018	Additions	Share of Net Income/(Loss)	Dividend / Interest Income	Balance at September 30, 2018
Radicle	$ 4,754	$ -	$ (265)	$ (125)	$ 4,364
Civilized	-	3,665	(1,083)	(280)	2,302
PharmHouse	-	39,032	-	-	39,032
Canapar	-	750	-	-	750
Total	**$ 4,754**	**$ 43,447**	**$ (1,348)**	**$ (405)**	**$ 46,448**

Entity	Balance at April 26, 2017	Additions	Share of Net Income/(Loss)	Dividend / Interest Income	Balance at March 31, 2018
Radicle	$ -	$ 5,000	$ (121)	$ (125)	$ 4,754
Total	**$ -**	**$ 5,000**	**$ (121)**	**$ (125)**	**$ 4,754**

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

Summarized financial information is set out below. This summarized financial information represents amounts shown in the associates' and joint venture's financial statements prepared in accordance with IFRS (adjusted by the Company for accounting purposes). In accordance with *IAS 28, Investments in Associates and Joint Ventures*, the Company has elected to account for its investments in associates and joint venture one quarter in arrears. For Radicle, the figures summarized in the tables below are based upon values as at June 30, 2018, for the period ended September 30, 2018, and as at December 31, 2017, for the period ended March 31, 2018, but account for any significant transactions that have occurred since the reporting period end. For Civilized, the figures summarized in the tables below are based upon values as at August 31, 2018, for the period ended September 30, 2018, but account for any significant transactions that have occurred since the reporting period end. PharmHouse did not have material activity for the period ended June 30, 2018; however, the information presented below accounts for the $20,000 equity advancement by the Company and the PharmHouse JV Partner (as defined below) to PharmHouse that occurred on July 19, 2018. Canapar did not exist during the reporting period ended June 30, 2018, an no significant transactions have occurred since that time.

For the period ended September 30, 2018						
Entity	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Revenue**	**Income / (Loss)**
Radicle	$ 533	$ 6,703	$ (479)	$ 9,353	$ -	$ (1,110)
Civilized	2,185	93	734	5,107	802	(5,952)
PharmHouse	20,000	-	-	-	-	-

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

The Company assessed its investments in associates and joint venture for indicators of impairment as at September 30, 2018, and March 31, 2018, and determined that no such indicators were present.

INVESTMENTS HELD IN PRIOR PERIODS

a) Radicle

Radicle Medical Marijuana Inc. ("Radicle") is a licensed company (cultivation license) under the Cannabis Act. Between August 4, 2017, and November 23, 2017, the Company advanced $5,000 to Radicle pursuant to a convertible debenture agreement. The convertible debenture earns interest at 5% per annum and is convertible into approximately 24% of the fully diluted common shares of Radicle upon the receipt of Radicle's sales license.

For the three and six months ended September 30, 2018, the Company recognized its share of Radicle's net loss of $206 and $265, respectively (three months and 157 days ended September 30, 2017 – $nil and $nil, respectively). As at September 30, 2018, the Company has $63 interest receivable relating to the Company's convertible debenture investment in Radicle (March 31, 2018 – $63). Please refer to Note 7(c) for additional details.

b) Civilized

Civilized Worldwide Inc. ("Civilized") is a modern media company and lifestyle brand focused on elevating cannabis culture. On May 7, 2018, the Company advanced $5,000 to Civilized pursuant to a convertible debenture agreement. The convertible debenture earns interest at 14% per annum and is currently convertible into 397,227 Class A common shares of Civilized, which represents approximately 18% of the fully diluted common shares of Civilized (excluding the warrants held by the Company). The debenture shall automatically convert into common shares of Civilized upon the occurrence of certain limited circumstances, provided that, among other things, the common shares of Civilized are listed on a recognized stock exchange.

For the three and six months ended September 30, 2018, the Company recognized its share of Civilized's net loss of $1,083 and $1,083, respectively (three months and 157 days ended September 30, 2017 – $nil and $nil, respectively). As at September 30, 2018, the Company has $280 interest receivable relating to the Company's convertible debenture investment in Civilized (March 31, 2018 – $nil). Please refer to Note 7(f) for additional details.

c) PharmHouse

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

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

For the three and six months ended September 30, 2018, the Company did not receive any distributions from PharmHouse (three months and 157 days ended September 30, 2017 – $nil and $nil, respectively).

NEW INVESTMENTS

d) Canapar

Canapar Corp. ("Canapar") is the Canadian parent corporation and 80% shareholder of Canapar SrL ("Canapar Italy"), a Sicily-based company formed for the purposes of organic hemp cultivation and extraction in Italy. Canapar, through Canapar Italy, proposes to work 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 alongside farmers in Sicily on organic hemp cultivation. Canapar Italy intends to purchase this hemp on a wholesale basis from the farmers and extract organic cannabidiol oil from the hemp.

On July 24, 2018, the Company completed a subscription for common shares of Canapar for $750. The Company holds 10,500,000 common shares of Canapar, representing approximately 35% of the fully diluted common shares of Canapar. The Company has the right to designate one nominee to Canapar's three-member board of directors; the Company's nomination right increases to two nominees if the number of members of Canapar's board of directors increases above five members. As part of the investment, the Company received a call option to purchase 100% of Canapar's interest in its investees. The consideration to be paid upon the exercise of the call option shall be the greater of: (i) eight times EBITDA; and (ii) $200,000, less the liabilities of the acquired investees, multiplied by the percentage interest that the Company does not own in Canapar at the time of exercise. The option is exercisable for as long as the Company is a shareholder of Canapar.

For the three and six months ended September 30, 2018, the Company did not receive any distributions from Canapar (three months and 157 days ended September 30, 2017 – $nil and $nil, respectively).

Transaction costs of $5 relating to this investment have been expensed into profit or loss.

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following tables outline changes in financial assets measured at fair value through profit or loss ("FVTPL") for the six months ended September 30, 2018, and for the 340 days ended March 31, 2018:

Entity	Instrument	Note	Balance at Mar. 31, 2018	Add.	Net change in fair value	Reclass.	Balance at Sep. 30, 2018	Dividend / interest / royalty income	Dividend / interest / royalty receivable
Agripharm	Repayable debenture / royalty interest	7(a)	$ 2,326	$ 4,000	$ (439)	$ -	$ 5,887	$ 353	$ 242
Agripharm	Warrants	7(a)	447	-	184	-	631	-	-
JWC	Royalty interest	7(b)	2,662	-	(9)	-	2,653	244	122
JWC	Warrants	7(b)	813	177	25	-	1,015	-	-
Radicle	Repayable debenture	7(c)	3,075	2,000	(52)	-	5,023	109	62
TerrAscend	Warrants	7(d)	37,577	-	14,542	-	52,119	-	-
Vert Mirabel	Preferred shares	7(e)	5,198	8,897	1,673	-	15,768	-	-
Civilized	Warrants	7(f)	-	1,335	(107)	-	1,228	-	-
LiveWell	Common shares	8(d), 14	-	-	2,275	(2,275)	-	-	-
Solo Growth	Common shares	8(e), 14	-	-	6,192	(6,192)	-	-	-
Total			**$ 52,098**	**$ 16,409**	**$ 24,284**	**$ (8,467)**	**$ 84,324**	**$ 706**	**$ 426**

Please refer to Note 18 regarding the treatment of the gain upon initial recognition for the Company's investments in LiveWell and Solo Growth.

Included in interest receivable on the condensed interim consolidated statement of financial position is $63 relating to the Company's convertible debenture investment in Radicle and $280 relating to the Company's convertible debenture investment in Civilized.

Entity	Instrument	Note	Balance at Apr. 26, 2017	Add.	Net change in fair value	Reclass.	Balance at Mar. 31, 2018	Dividend / interest / royalty income	Dividend / interest / royalty receivable
Agripharm	Royalty interest	7(a)	$ -	$ 2,414	$ (88)	$ -	$ 2,326	$ 163	$ 163
Agripharm	Warrants	7(a)	-	586	(139)	-	447	-	-
JWC	Royalty interest	7(b)	-	2,500	162	-	2,662	127	48
JWC	Warrants	7(b)	-	112	701	-	813	-	-
Radicle	Repayable debenture	7(c)	-	3,000	75	-	3,075	31	26
TerrAscend	Common shares	7(d)	-	8,470	14,533	(23,003)	-	-	-
TerrAscend	Warrants	7(d)	-	3,770	33,807	-	37,577	-	-
Vert Mirabel	Preferred shares	7(e)	-	4,996	202	-	5,198	-	-
Total			**$ -**	**$ 25,848**	**$ 49,253**	**$ (23,003)**	**$ 52,098**	**$ 321**	**$ 237**

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

INVESTMENTS HELD IN PRIOR PERIODS

(a) Agripharm

Agripharm Corp. ("Agripharm") is a licensed company (cultivation and sales license) under the Cannabis Act. As at September 30, 2018, the Company had advanced to Agripharm $3,000 pursuant to a royalty agreement (March 31, 2018 – $3,000) and $4,000 pursuant to a repayable debenture agreement (March 31, 2018 – $nil). The Company has committed to advance up to an additional $13,000 pursuant to the repayable debenture agreement. The repayable debenture and royalty interest are being accounted for as one instrument, which is being measured at FVTPL based upon estimated future cash flows to be received under the repayable debenture agreement and royalty agreement discounted to present value at a market rate of interest. As at September 30, 2018, the fair value of the repayable debenture / royalty interest was estimated to be $5,887 (March 31, 2018 – $2,326). Please refer to Note 12 and 16 for additional details.

The Company also has a warrant to acquire 4% of Agripharm for $5,000. The warrant represents a derivative financial instrument that is initially measured at fair value and subsequently measured at FVTPL. As of September 30, 2018, the fair value of the warrant was estimated to be $631 (March 31, 2018 – $447). The fair value of the warrant was estimated using a Black-Scholes option pricing model by applying the following assumptions:

Agripharm Warrant Valuation	**Initial Recognition**	**March 31, 2018**	**September 30, 2018**
Share price	$32.88	$32.88	$32.88
Exercise price	$53.51	$53.51	$53.51
Risk-free interest rate	1.4%	1.8%	2.2%
Expected life (years)	1.5	1.1	1.1
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	87%

(b) JWC

James E. Wagner Cultivation Ltd. ("JWC") is a publicly-traded licensed company (cultivation and sales license) under the Cannabis Act listed on the TSXV under the trading symbol "JWCA". As at September 30, 2018, the Company had advanced to JWC $2,500 pursuant to a repayable debenture agreement (March 31, 2018 – $2,500), which automatically converted to a royalty interest pursuant to a royalty agreement on March 29, 2018. The royalty interest is being measured at FVTPL based upon estimated future cash flows to be received under the royalty agreement discounted to present value at a market rate of interest. As at September 30, 2018, the fair value of the royalty interest was estimated to be $2,653 (March 31, 2018 – $2,662). Please refer to Note 12 for additional details.

As at September 30, 2018, the Company owns 12,513,043 common shares of JWC (March 31, 2018 – 9,973,913, after giving effect to JWC's share split). The Company has elected to account for its investment in the common shares of JWC at FVTOCI at initial recognition. Please refer to Note 8(a) and Note 12 for additional details.

As at September 30, 2018, the Company also owns 2,347,826 common share purchase warrants of JWC (March 31, 2018 – 1,347,826, after giving effect to JWC's share split). The warrants represent a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As of September 30, 2018, the fair value of the warrants was estimated to be $1,015 (March 31, 2018 – $813). The fair value of the warrants was estimated using the Black-Scholes option pricing model by applying the following assumptions:

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

JWC Warrant Valuation	Initial Recognition	March 31, 2018	September 30, 2018
Share price	$0.39	$1.06	$1.04
Exercise price	$0.46	$0.46	$0.46-1.50
Risk-free interest rate	1.2%	1.8%	2.2%
Expected life (years)	1.0	0.4	0.4-0.8
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	84-91%

(c) Radicle

As of September 30, 2018, the Company had advanced to Radicle $5,000 pursuant to a repayable debenture agreement (March 31, 2018 – $3,000). The Company has also entered into a royalty agreement with Radicle pursuant to which the principal amount drawn under the repayable debenture agreement will automatically convert to a royalty interest upon Radicle's receipt of a sales license. The repayable debenture and royalty interest are being accounted for as one instrument, which is being measured at FVTPL based upon estimated future cash flows to be received under the repayable debenture agreement and royalty agreement discounted to present value at a market rate of interest. As at September 30, 2018, the fair value of the repayable debenture was estimated to be $5,023 (March 31, 2018 – $3,075). Please refer to Note 12 and 16 for additional details.

(d) TerrAscend

TerrAscend Corp. ("TerrAscend") is a publicly-traded licensed company (cultivation and sales license) under the Cannabis Act listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "TER". As at September 30, 2018, the Company owns 11,285,456 common shares of TerrAscend (March 31, 2018 – 11,285,456). The Company has elected to account for its investment in the common shares of TerrAscend at FVTOCI at initial recognition. Please refer to Note 8(b), Note 12, and Note 16 for additional details.

As at September 30, 2018, the Company also owns 9,545,456 common share purchase warrants of TerrAscend (March 31, 2018 – 9,545,456). The warrants represent a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As of September 30, 2018, the fair value of the warrants was estimated to be $52,119 (March 31, 2018 – $37,577). The fair value of the warrants was estimated using the Black-Scholes option pricing model by applying the following assumptions:

TerrAscend Warrant Valuation	Initial Recognition	March 31, 2018	September 30, 2018
Share price	$2.10	$5.00	$6.50
Exercise price	$1.10	$1.10	$1.10
Risk-free interest rate	1.4%	1.8%	2.2%
Expected life (years)	1.5	1.2	1.1
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	98%

(e) Vert Mirabel

Les Serres Vert Cannabis ("Vert Mirabel") is a licensed company (cultivation license) under the Cannabis Act. As at September 30, 2018, the Company had subscribed for 15,000,000 class A preferred shares in Vert Mirabel (March 31, 2018 – 5,453,809) at $1.00 per share, for a total investment of $15,000 (March 31, 2018 – $5,453), with an ascribed cost of $13,893 due to the off-market nature of the prescribed dividends (as described below). The fair value of the preferred shares as at September 30, 2018, was estimated to be $15,768 based on the amounts invested to-date, an 18% cumulative dividend rate, a market dividend rate of 25%, and an estimated repayment date of June 30, 2019 (March 31, 2018 – fair value of $5,198, 18% cumulative dividend rate, a market dividend rate of 30%, and an estimated repayment date of December 31, 2018). Please refer to Note 12 for additional details.

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

Upon initial recognition, the dividend rate on the preferred shares was determined to be below market. Accordingly, the Company's commitment to subscribe for additional preferred shares at a below-market dividend rate represented an off-market loan commitment, the value of which was calculated to be $704 as of March 31, 2018, based on the Company's commitment to subscribe for an additional 9,546,191 preferred shares at a dividend rate of 18%. As of September 30, 2018, the Company has fully subscribed for these preferred shares and the off-market loan commitment has been fully settled. The Company recognized $nil and $56 of income into profit or loss for the three and six months ended September 30, 2018, respectively, related to the settlement of this off-market loan commitment (three months and 157 days ended September 30, 2017 – $nil and $nil, respectively).

The Company also owns 26% of the common shares of Vert Mirabel. The Company has elected to account for its investment in the common shares of Vert Mirabel at FVTOCI at initial recognition. Please refer to Note 8(c) and Note 12 for additional details.

(f) Civilized

As at September 30, 2018, the Company owns common share purchase warrants of Civilized with a total exercise price of $3,500. The number of warrants is dependent upon future equity financings completed by Civilized. The warrants represent a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As of September 30, 2018, the fair value of the warrants was estimated to be $1,228 (March 31, 2018 – $nil). The fair value of the warrants was estimated using the Black-Scholes option pricing model by applying the following assumptions:

Civilized Warrant Valuation	**Initial Recognition**	**September 30, 2018**
Share price	$11.99	$11.99
Exercise price	$12.14	$12.14
Risk-free interest rate	1.9%	2.2%
Expected life (years)	1.5	1.3
Dividend yield	0%	0%
Expected annualized volatility	81%	80%

Upon initial recognition, the total cost of the investment in Civilized of $5,000 was bifurcated between the convertible debenture and warrants based upon the fair value estimate for the warrants determined above using the Black-Scholes option pricing model. Accordingly, $3,665 was allocated to the equity method investment and $1,335 was allocated to the warrants. Please refer to Note 6(b) for additional details regarding the equity method investment.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In accordance with IFRS 9, the Company has elected to measure certain investments in equity instruments at FVTOCI on initial recognition as these investments are long-term and strategic in nature, and net changes in fair value are more suited to be presented in other comprehensive income. Fair value for subsequent measurement is determined in the manner described in Note 12. Please refer to Note 7 and below for further details on these investments.

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

The following tables outline changes in financial assets measured at FVTOCI for the six months ended September 30, 2018, and for the 340 days ended March 31, 2018:

Entity	Instrument	Note	Balance at Mar. 31, 2018	Add.	Net change in fair value	Balance at Sep. 30, 2018	Dividend income	Dividend receivable
JWC	Common shares	8(a)	$ 10,591	$ 2,123	$ 301	$ 13,015	$ -	$ -
TerrAscend	Common shares	8(b)	56,427	-	16,928	73,355	-	-
Vert Mirabel	Common shares	8(c)	35,817	-	187	36,004	-	-
LiveWell	Common shares	8(d), 14	-	2,525	4,512	7,037	-	-
Solo Growth	Common shares	8(e), 14	-	8,957	6,037	14,994	-	-
Total			**$ 102,835**	**$ 13,605**	**$ 27,965**	**$ 144,405**	**$ -**	**$ -**

Please refer to Note 18 regarding the treatment of the gain upon initial recognition for the Company's investments in LiveWell and Solo Growth.

Entity	Instrument	Note	Balance at Apr. 26, 2017	Add.	Net change in fair value	Balance at Mar. 31, 2018	Dividend income	Dividend receivable
JWC	Common shares	8(a)	$ -	$ 3,863	$ 6,728	$ 10,591	$ -	$ -
TerrAscend	Common shares	8(b)	-	23,003	33,424	56,427	-	-
Vert Mirabel	Common shares	8(c)	-	31,470	4,347	35,817	-	-
Total			**$ -**	**$ 58,336**	**$ 44,499**	**$102,835**	**$ -**	**$ -**

INVESTMENTS HELD IN PRIOR PERIODS

(a) JWC

As at September 30, 2018, the Company owns 12,513,043 common shares of JWC (March 31, 2018 – 9,973,913, after giving effect to JWC's share split), representing an equity interest of approximately 14%. As at September 30, 2018, the fair value of the Company's investment in JWC common shares is estimated to be $13,015 (March 31, 2018 – $10,591). Please refer to Note 12 for additional details.

(b) TerrAscend

As at September 30, 2018, the Company owns 11,285,456 common shares of TerrAscend (March 31, 2018 – 11,285,456), representing an equity interest of approximately 12%. As at September 30, 2018, the fair value of the Company's investment in TerrAscend common shares is estimated to be $73,355 (March 31, 2018 – $56,427). Please refer to Note 12 for additional details.

(c) Vert Mirabel

As at September 30, 2018, the Company owns approximately 26% of the common shares of Vert Mirabel (March 31, 2018 – 26%). As at September 30, 2018, the fair value of the Company's investment in Vert Mirabel common shares is estimated to be $36,004 (March 31, 2018 – $35,817). Please refer to Note 12 for additional details.

(d) LiveWell

LiveWell Canada Inc. ("LiveWell") is a publicly-traded license applicant listed on the TSXV under the trading symbol "LVWL". As at September 30, 2018, the Company owns 5,863,188 common shares of LiveWell (March 31, 2018 – nil). As at September 30, 2018, the fair value of the Company's investment in LiveWell common shares was estimated to be $7,037 (March 31, 2018 – $nil). Please refer to Note 12 for additional details.

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

(e) Solo Growth

Aldershot Resources Ltd. d/b/a Solo Growth Corp. ("Solo Growth") is a publicly-traded retail distribution license applicant listed on the TSXV under the trading symbol "ALZ". As at September 30, 2018, the Company owns 55,300,000 common shares of Solo Growth (March 31, 2018 – nil). As at September 30, 2018, the fair value of the Company's investment in Solo Growth common shares is estimated to be $14,994 (March 31, 2018 – $nil). Please refer to Note 12 for additional details.

9. SHARE CAPITAL

(a) Authorized

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

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

(b) Issued and outstanding

As at September 30, 2018, there were 36,468,318 Multiple Voting Shares and 130,475,112 Subordinated Voting Shares issued and outstanding.

Initial financing

On May 12, 2017, CGC advanced $20,000 in the form of a convertible debenture to the Company. Other investors advanced $953 of seed capital to purchase 19,066,668 Subordinated Voting Shares. Of this amount, $503 representing 10,066,668 Subordinated Voting Shares was paid for through share purchase loans, whereby funds were advanced to the Company by CGC on behalf of certain employees of CGC and another individual. The shares acquired by each CGC employee and the other individual through these share purchase loans have been placed in trust and vest in three equal tranches over three years if: (i) each employee, individually, remains an employee of CGC (or, in the case of the individual, the individual remains a consultant of CGC); and (ii) the individual loans are repaid. In certain cases, there are also additional performance targets. If the loan is not repaid, the shares will be cancelled by the Company and the proceeds received by the Company from the sale of the shares would be returned to CGC. Accordingly, the 10,066,668 shares acquired by way of the share purchase loans were initially accounted for as seed capital options and are not considered issued for accounting purposes until the loans are repaid on an individual employee/consultant basis. On May 8, 2018, share purchase loans in the amount of $288 relating to the Company's shares held in trust by CGC on behalf of certain CGC employees were repaid, resulting in the release from escrow of 5,750,000 Subordinated Voting Shares. Please refer to Note 9(c) for additional details on the seed capital options.

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

New financings

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

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

On September 17, 2018, the Company completed the Qualifying Transaction, as described in Note 4. In connection with the Qualifying Transaction, the 29,774,857 subscription receipts issued pursuant to the July 2018 private placement were automatically converted into 29,774,857 Subordinated Voting Shares. The Company's share capital also includes 361,377 Subordinated Voting Shares held by former shareholders of AIM2 prior to the completion of the Qualifying Transaction.

(c) Stock options

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

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

Seed Capital Options

The seed capital options were measured at fair value on May 12, 2017 using a Black-Scholes option pricing model and will be remeasured at the end of each reporting period until the performance is complete. The Company has estimated the number of shares it expects to vest and is amortizing the expense over the expected vesting period. As noted above, during the six months ended September 30, 2018, loans relating to 5,750,000 seed capital options were repaid and the underlying Subordinated Voting Shares were issued.

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

Seed Capital Options	Initial Recognition	September 30, 2017	March 31, 2018	September 30, 2018
Share price	$0.05	$0.60	$1.10	$6.35
Exercise price	$0.05	$0.05	$0.05	$0.05
Risk-free interest rate	1.0%	1.0%	1.0%	2.2%
Weighted average expected life (years)	2.7	2.3	1.8	1.3
Dividend yield	0%	0%	0%	0%
Expected annualized volatility	70%	70%	70%	70%
Expected forfeiture rate	0%	0%	0%	0%

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

During the three and six months ended September 30, 2018, the Company recorded $1,938 and $6,271 in share-based compensation expense related to seed capital options, respectively (three months and 157 days ended September 30, 2017 – $1,977 and $2,421, respectively), which includes the impact of the accelerated vesting of the 5,750,000 shares for which loans were repaid during the period. Please refer to Note 18 for additional details regarding the periodic remeasurement of seed capital options.

The following table summarizes information about seed capital options outstanding as at September 30, 2018, and March 31, 2018:

	Options Outstanding				Options Exercisable		
Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	#	$	$
September 30, 2018	0.05	4,316,668	1.9	6.30	0.05	1,250,001	6.30
March 31, 2018	0.05	10,066,668	2.4	1.05	n/a	-	n/a

Consultant Options

On December 4, 2017, the Company granted 2,575,000 options to purchase Subordinated Voting Shares to employees of CGC and 2,440,000 options to purchase Subordinated Voting Shares to other consultants to the Company. On July 30, 2018, the Company granted 3,000,000 options to purchase Subordinated Voting Shares to consultants of the Company. These options granted to CGC employees and consultants are considered consultant options from the Company's perspective. The options have exercise prices ranging from $0.60 to $3.50 per Subordinated Voting Share and are exercisable in increments, with one third being exercisable on each of the first, second, and third anniversaries from the date of grant. The options were measured at fair value at the date of issuance using a Black-Scholes option pricing model and will be re-measured at the end of each reporting period until the performance is complete. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

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

Consultant Options	Initial Recognition	March 31, 2018	September 30, 2018
Share price	$0.60	$1.10	$6.35
Exercise price	$0.60	$0.60	$0.60 – $3.50
Risk-free interest rate	1.5%	1.5%	2.2%
Weighted average expected life (years)	3.5	3.2	2.9
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	70%
Expected forfeiture rate	0%	0%	0%

During the three and six months ended September 30, 2018, the Company recorded $5,684 and $7,950 in share-based compensation expense related to consultant options, respectively (three months and 157 days ended September 30, 2017 – $nil and $nil, respectively). Please refer to Note 18 for additional details regarding the periodic remeasurement of consultant options.

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

The following table summarizes information about consultant options outstanding as at September 30, 2018, and March 31, 2018:

	Options Outstanding				Options Exercisable		
Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	#	$	$
September 30, 2018	1.69	8,015,000	4.4	5.16	n/a	-	n/a
March 31, 2018	0.60	5,015,000	4.7	0.69	n/a	-	n/a

Employee and Director Options

During the three and six months ended September 30, 2018, the Company granted 725,000 and 2,280,000 options, respectively, to purchase Subordinated Voting Shares to employees and directors of the Company. The options have exercise prices ranging from $1.10 to $3.50 per Subordinated Voting Share and are exercisable in increments, with one third being exercisable on each of the first, second and third anniversaries from the date of grant. The options were measured at fair value at the date of issuance using a Black-Scholes option pricing model. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

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

Employee and Director Options	**Initial Recognition**
Share price	$1.10 – $3.50
Exercise price	$1.10 – $3.50
Risk-free interest rate	1.5 – 2.0%
Weighted average expected life (years)	3.5
Dividend yield	0%
Expected annualized volatility	70%
Expected forfeiture rate	0%

During the three and six months ended September 30, 2018, the Company recorded $350 and $505 in share-based compensation expense related to employee and director options, respectively (three months and 157 days ended September 30, 2017 – $nil and $nil, respectively).

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

The following table summarizes information about employee options outstanding as at September 30, 2018, and March 31, 2018:

	Options Outstanding				Options Exercisable		
Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	#	$	$
September 30, 2018	1.73	3,180,000	4.6	0.87	n/a	-	n/a
March 31, 2018	1.10	900,000	4.9	0.55	n/a	-	n/a

Former AIM2 Options

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

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

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

The following table summarizes information about former AIM2 options outstanding as at September 30, 2018, and March 31, 2018:

	Options Outstanding				Options Exercisable		
Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	#	$	$
September 30, 2018	2.66	36,137	4.4	1.82	2.66	36,137	1.82
March 31, 2018	n/a	-	n/a	n/a	n/a	-	n/a

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

Stock Options Summary

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

	# of Options	Weighted Avg. Exercise Price
Balance, March 31, 2018	15,981,668	$ 0.28
Granted / Recognized(i)	5,316,137	2.84
Exercised	5,750,000	0.05
Balance, September 30, 2018	**15,547,805**	**$ 1.24**

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

(d) Warrants

PharmHouse Warrants

In connection with the formation of PharmHouse described in Note 6(c), the Company issued 14,400,000 warrants to the PharmHouse JV Partner. The warrants are exercisable for a period of two years following the date that PharmHouse receives a sales license under the Cannabis Act. Upon issuance, the exercise price of the warrants was set to be at the lower of $2.00 per share and the price per subscription receipt issued by the Company in connection with the Company's financing to be completed in connection with its initial public listing.

Upon initial recognition of the warrants, the warrants were recorded as a derivative liability as the exercise price of the warrants was contingent upon future events, and the fair value was estimated using a Black-Scholes option pricing model. On September 17, 2018, it was determined that the exercise price of the warrants was fixed at $2.00 per share based upon the completion of the Qualifying Transaction and the concurrent financing by the Company at $3.50 per share. Accordingly, the warrants were remeasured and reclassified to contributed surplus, which resulted in a $720 gain that was recognized as other income in the Company's statement of income and other comprehensive income for the three and six months ended September 30, 2018 (three months and 157 days ended September 30, 2017 – $nil and $nil, respectively). The fair value of the derivative liability was estimated to be $29,232 upon initial recognition and $28,512 as at the time of reclassification to contributed surplus using a Black-Scholes option pricing model by applying the following assumptions:

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

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

The following table summarizes information about PharmHouse warrants outstanding as at September 30, 2018, and March 31, 2018:

	Warrants Outstanding				**Warrants Exercisable**		
Date	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Warrants Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	#	$	$
September 30, 2018	2.00	14,400,000	2.3	1.98	n/a	-	n/a
March 31, 2018	n/a	-	n/a	n/a	n/a	-	n/a

Former AIM2 Warrants

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

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

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

The following table summarizes information about former AIM2 warrants outstanding as at September 30, 2018, and March 31, 2018:

	Warrants Outstanding				**Warrants Exercisable**		
Date	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Warrants Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	#	$	$
September 30, 2018	2.66	18,821	1.4	1.17	2.66	18,821	1.17
March 31, 2018	n/a	-	n/a	n/a	n/a	-	n/a

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

Warrants Summary

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

	# of Warrants	Weighted Avg. Exercise Price
Balance, March 31, 2018	-	n/a
Granted / Recognized(i)	14,418,821	2.00
Exercised	-	n/a
Balance, September 30, 2018	**14,418,821**	**$ 2.00**

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

10. RELATED PARTY TRANSACTIONS

(a) Key management personnel

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

	Period ended September 30, 2018		Period ended September 30, 2017	
	Three months	Six months	Three months	157 days
Share-based compensation	$ 1,151	$ 4,495	$ 857	$ 1,049
Salaries	202	330	-	-

(b) Related party transactions

The Company leased a building to and has a funding arrangement with Spot, a wholly-owned subsidiary of CGC. Please refer to Note 5 and Note 14 for further details on each of these arrangements. As at September 30, 2018, the Company has a $2,663 finance lease receivable from Spot (March 31, 2018 – $2,633). The Company has also recorded $214 in other receivables relating to amounts owed by Spot for lease payments, management fees, and property taxes (March 31, 2018 – $214).

As at September 30, 2018, the Company has a $nil liability to CGC included in accounts payable and accrued liabilities arising from advances made by CGC to Vert Mirabel on behalf of the Company (March 31, 2018 – $3,525).

As at September 30, 2018, the Company has a $216 liability to CGC included in accounts payable and accrued liabilities arising from the share purchase loans provided by CGC relating to the seed capital options discussed in Note 9 (March 31, 2018 – $503). In the event the loans are repaid by the employees/consultant, the related shares will be issued, and the liability will be settled.

As at September 30, 2018, the Company has also recognized a $250 liability to CGC included in accounts payable and accrued liabilities relating to reimbursement for LiveWell's license application costs borne by CGC.

Other intercompany amounts with CGC represent a nominal amount.

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

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

11. INCOME TAXES

The major components of the income tax expense (recovery) and the reconciliation of the expected tax expense (recovery) based on the domestic effective tax rate of the Company at 26.5% are as follows:

	Period ended September 30, 2018		Period ended September 30, 2017	
	Three months	**Six months**	**Three months**	**157 days**
Profit (loss) before tax from continuing operations	**$ 13,790**	**$ 7,187**	**$ (2,175)**	**$ (2,807)**
Income tax expense calculated at 26.5%	3,653	1,904	(577)	(744)
Effect of expenses that are not deductible in determining taxable profit	2,126	3,915	522	641
Effect of capital gains tax rate applied to temporary differences related to certain financial assets	(2,966)	(2,981)	(1)	(1)
Prior-year true-up	28	28	-	-
Income tax expense	**$ 2,841**	**$ 2,866**	**$ (56)**	**$ (104)**

Expenses that are not deductible in determining taxable profit primarily relate to share-based compensation expense.

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws.

The following deferred tax assets (liabilities) have been recognized for accounting purposes:

	September 30, 2018	**March 31, 2018**
Tax loss carryforwards	$ 417	$ 219
Share issuance costs	1,957	706
Finance lease receivable	(7)	-
Investments in associates and JV	281	33
Financial assets at FVTPL	(6,538)	(4,448)
Financial assets at FVTOCI	(12,832)	(8,010)
Deferred tax asset (liability)	**$ (16,722)**	**$ (11,500)**

For the three and six months ended September 30, 2018, the Company has recognized $1,349 and $1,349 of income tax recovery directly in equity related to share issuance costs, respectively (three months and 157 days ended September 30, 2017 – $nil and $592, respectively).

As at September 30, 2018, the Company has $1,574 in non-capital losses available to reduce future years' federal and provincial taxable income, which expire in 2038 (March 31, 2018 – $825).

12. FINANCIAL INSTRUMENTS

(a) Fair values

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

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

- Level 3 – valuation techniques using one or more significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

The following table provides information about how the fair values as at September 30, 2018, of the Company's other financial instruments are determined:

	Fair value as at Sep. 30, 2018	Fair value as at Mar. 31, 2018	Classification	Fair value hierarchy	Valuation technique	Key inputs
Financial assets – fair value through profit or loss						
Agripharm Repayable Debenture / Royalty Interest	$5,887	$2,326	FVTPL	Level 3	Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Per gram royalty / minimum payment *Key unobservable inputs:* • Timing of draw • Cannabis production • Discount rate (22% at September 30, 2018; 22% at March 31, 2018)
Agripharm Warrants	$631	$447	FVTPL	Level 3	Black-Scholes option pricing model	*Key observable inputs:* • Exercise price • Risk-free interest rate *Key unobservable inputs:* • Share price • Dividend yield • Expected life • Expected annualized volatility
JWC Royalty Interest	$2,653	$2,662	FVTPL	Level 3	Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Per gram royalty / minimum payment *Key unobservable inputs:* • Cannabis production • Discount rate (19% at September 30, 2018; 19% at March 31, 2018)
JWC Warrants	$1,015	$813	FVTPL	Level 3	Black-Scholes option pricing model	*Key observable inputs:* • Share price • Exercise price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Expected life • Expected annualized volatility

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

	Fair value as at Sep. 30, 2018	Fair value as at Mar. 31, 2018	Classifi-cation	Fair value hierarchy	Valuation technique	Key inputs
Radicle Repayable Debenture	$5,023	$3,075	FVTPL	Level 3	Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Per gram royalty / minimum payment *Key unobservable inputs:* • Cannabis production • Discount rate (19% at September 30, 2018; 19% at March 31, 2018)
TerrAscend Warrants	$52,119	$37,577	FVTPL	Level 3	Black-Scholes option pricing model	*Key observable inputs:* • Share price • Exercise price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Expected life • Expected annualized volatility
Vert Mirabel Preferred Shares	$15,768	$5,198	FVTPL	Level 3	Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Dividend yield (18% at September 30, 2018; 18% at March 31, 2018) *Key unobservable inputs:* • Timing of redemption • Discount rate (25% at September 30, 2018; 30% at March 31, 2018)
Civilized Warrants	$1,228	$ –	FVTPL	Level 3	Black-Scholes option pricing model	*Key observable inputs:* • Exercise price • Risk-free interest rate *Key unobservable inputs:* • Share price • Dividend yield • Expected life • Expected annualized volatility
Total	**$84,324**	**$52,098**				
Financial assets – fair value through other comprehensive income						
JWC Common Shares	$13,015	$ –	FVTOCI	Level 1	Quoted share price	N/A

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

	Fair value as at Sep. 30, 2018	Fair value as at Mar. 31, 2018	Classifi-cation	Fair value hierarchy	Valuation technique	Key inputs
JWC Common Shares	$ –	$10,591	FVTOCI	Level 3	Market approach – most recent financing: based upon per share valuation in JWC's most recent financing round launched in March 2018, after deducting the estimated fair value of the associated warrants	*Key observable inputs:* • Financing price • Exercise price on warrants • Risk-free interest rate *Key unobservable inputs:* • Dividend yield • Expected life • Expected annualized volatility
TerrAscend Common Shares	$73,355	$56,427	FVTOCI	Level 1	Quoted share price	N/A
Vert Mirabel Common Shares	$36,004	$35,817	FVTOCI	Level 3	Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key unobservable inputs:* • Cannabis production • Selling price per gram (long-term) • Production cost per gram • Discount rate (30% at September 30, 2018; 35% at March 31, 2018) • Discount for lack of marketability (20% at September 30, 2018; 20% at March 31, 2018)
LiveWell Common Shares	$7,037	$ –	FVTOCI	Level 1	Quoted share price	N/A
Solo Growth Common Shares	$14,994	$ –	FVTOCI	Level 1	Quoted share price	*Key unobservable inputs:* • Liquidity discount (7% at September 30, 2018; n/a at March 31, 2018)
Total	**$144,405**	**$102,835**				

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

Financial assets

Level 1: September 30, 2018 – $108,401 (March 31, 2018 – $56,427)

Level 3: September 30, 2018 – $120,328 (March 31, 2018 – $98,506)

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

- Black-Scholes option pricing model (Level 3) – Significant unobservable inputs and the relationship to fair value can include the following:
  - Share price – An increase in this input would result in an increase in fair value.

  - Expected life (years) – An increase in this input would result in an increase in fair value.
  - Dividend yield – An increase in this input would result in a decrease in fair value.
  - Expected annualized volatility – An increase in this input would result in an increase in fair value.

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

13. CAPITAL MANAGEMENT

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

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

As at September 30, 2018, total managed capital was $366,659 (March 31, 2018 – $192,230) comprised of shareholders' equity of $366,659 (March 31, 2018 – $192,230) and interest-bearing debt of $nil (March 31, 2018 – $nil).

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

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

14. COMMITMENTS

Under the terms of the repayable debenture agreement with Agripharm as described in Note 7(a), the Company has agreed to provide Agripharm additional financing of up to $13,000 to fund working capital and capital expenditure requirements. Of this amount, Agripharm is required to draw, and the Company is required to advance, an additional $3,000 on or before December 1, 2018, and an additional $2,000 on or before December 1, 2019, such that a minimum of $12,000 will have been advanced as of December 1, 2019. At Agripharm's option, Agripharm may draw up to the remaining $8,000 during the term of the agreement. Please refer to Note 16 for additional details.

As discussed in Note 5, Spot is a license applicant under the Cannabis Act and is a wholly-owned subsidiary of CGC. The Company has entered into a repayable debenture agreement with Spot to provide financing of up to $13,500 to help fund the construction of Spot's production facility. As of September 30, 2018, $nil had been advanced to Spot under this agreement. Spot is required to draw, and the Company is required to advance, the entire amount available at a future date, at which time the Company's investment is expected to convert to a royalty interest. The Company expects this to occur within its next fiscal year.

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

15. EARNINGS PER SHARE

Basic earnings per share ("EPS") amounts are calculated by dividing the net income of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the net income of the Company by the weighted average number of shares outstanding during the period if potentially dilutive common shares have been issued during the period. For the three and six months ended September 30, 2017, all instruments were anti-dilutive.

The following tables set forth the calculation of basic and diluted EPS for the three and six months ended September 30, 2018, and the three months and 157 days ended September 30, 2017:

	Three months ended September 30, 2018			Six months ended September 30, 2018		
	Net income	Weighted avg. number of shares	EPS	Net income	Weighted avg. number of shares	EPS
Basic	$ 10,949	141,343,833	$0.08	$ 4,321	137,897,848	$0.03
Dilutive securities		9,203,293			5,928,576	
Diluted	**$ 10,949**	**150,547,126**	**$0.07**	**$ 4,321**	**143,826,424**	**$0.03**

	Three months ended September 30, 2017			157 days ended September 30, 2017		
	Net loss	Weighted avg. number of shares	EPS	Net loss	Weighted avg. number of shares	EPS
Basic	$ (2,119)	106,966,288	$(0.02)	$ (2,703)	74,432,866	$(0.04)
Dilutive securities		–			–	
Diluted	**$ (2,119)**	**106,966,288**	**$(0.02)**	**$ (2,703)**	**74,432,866**	**$(0.04)**

16. SUBSEQUENT EVENTS

On October 1, 2018, the Company advanced $2,000 to Agripharm pursuant to the terms of its repayable debenture agreement described above in Note 7(a).

On October 9, 2018, the Company entered into an arrangement agreement with CGC, TerrAscend and other entities pursuant to which TerrAscend will restructure its share capital to pursue strategic transactions in the cannabis sector internationally, including select opportunities in the United States. To accommodate TerrAscend's strategic pursuits, while also maintaining strict compliance with industry regulations and the policies of the various securities exchanges, the Company has agreed to restructure its investment and waive certain restrictive covenants that were granted by TerrAscend in connection with the original investment. Pursuant to the agreement, the Company will exercise its warrants for no cash consideration, resulting in the net issuance of 8,159,456 common shares of TerrAscend based upon the five-day volume weighted average trading price of the common shares of TerrAscend on the CSE for the period ended October 5, 2018, the last trading day prior to the date of the agreement. All common shares of TerrAscend held by the Company will thereafter be exchanged pursuant to the agreement for new, conditionally exchangeable shares in the capital of TerrAscend (the "Exchangeable Shares"). The Exchangeable Shares will become convertible into common shares of TerrAscend following changes in U.S. federal laws regarding the cultivation, distribution or possession of marijuana, the compliance of TerrAscend with such laws and the approval of the various securities exchanges upon which the holder's securities are listed. The Exchangeable Shares are not transferrable or monetizable until exchanged into common shares of TerrAscend. In the interim, each holder of Exchangeable Shares will not be entitled to voting rights, dividends or other rights upon dissolution of TerrAscend. Upon closing of the arrangement, it is expected that the accounting treatment for the Company's investment in TerrAscend will change from that presented in these condensed interim consolidated financial statements.

On October 11, 2018, the Company advanced $5,000 to PharmHouse pursuant to a demand note.

On November 16, 2018, Radicle received its sales license under the Cannabis Act. Accordingly, the principal amount of $5,000 advanced to Radicle pursuant to the convertible debenture agreement entered into between the Company and Radicle was converted into approximately 24% of the fully diluted common shares of Radicle. In addition, the principal amount of $5,000 advanced to Radicle pursuant to the repayable debenture agreement entered into between the Company and Radicle was set off against the royalty purchase price payable pursuant to the royalty agreement entered into between the Company and Radicle. Both the convertible debenture and the repayable debenture agreement were cancelled, and the Company now owns common shares of Radicle and a royalty interest that is subject to a minimum annual payment of $900.

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

On November 21, 2018, the Company entered into a shareholder loan agreement with PharmHouse pursuant to which the Company has committed to advance up to $40,000 to PharmHouse to help finance the retrofit of PharmHouse's 1,300,000 square foot greenhouse in Leamington, Ontario, and develop international operations. The amount available under the shareholder loan agreement is inclusive of the $5,000 advanced to PharmHouse pursuant to the demand note described above. In connection with the provision of the shareholder loan, the non-competition agreement entered into between the Company, the PharmHouse JV Partner, and PharmHouse was amended to enhance the specific conditions pursuant to which the Company would be able to participate in U.S. expansion opportunities with the PharmHouse JV Partner in the event that cannabis became federally legal or permissible in the U.S. On November 23, 2018, the Company advanced $10,000 to PharmHouse pursuant to the terms of its loan agreement.

On November 23, 2018, the Company advanced $3,000 to Agripharm pursuant to the terms of its repayable debenture agreement described above in Note 7(a).

17. SUPPLEMENTAL CASH FLOW INFORMATION

		Six months ended September 30, 2018
Additions to investments in associates and joint venture	$	43,447
(-) Non-cash additions to investment in PharmHouse		(29,232)
Purchase of investments in associates and joint venture	**$**	**14,215**

		Six months ended September 30, 2018
Additions to financial assets at FVTPL	$	16,409
(+) Repayment of preferred share advances to Vert Mirabel made by CGC		3,525
(+) Fair value differences upon initial recognition of preferred share advances		650
Purchase of financial assets at FVTPL	**$**	**20,584**

		Six months ended September 30, 2018
Additions to financial assets at FVTOCI	$	13,605
(-) Reclassification of investment in LiveWell common shares		(2,275)
(-) Reclassification of investment in Solo Growth common shares		(6,192)
Purchase of financial assets at FVTOCI	**$**	**5,138**

18. RESTATEMENT OF PREVIOUSLY REPORTED CONDENSED INTERIM FINANCIAL STATEMENTS

As noted in the condensed interim financial statements of the Company for the three months ended June 30, 2018, the Company elected under IFRS 9 to measure its investments in LiveWell common shares and Solo Growth common shares at FVTOCI. Subsequent to the release of the condensed interim financial statements for the three months ended June 30, 2018, management determined that the gains upon initial recognition of $2,275 and $6,192 related to the Company's investments in LiveWell common shares and Solo Growth common shares, respectively, which were classified as net changes in fair value of financial assets at FVTOCI, should have been classified as net changes in fair value of financial assets at FVTPL, irrespective of the aforementioned elections. Accordingly, net changes in fair value of financial assets at FVTPL was understated by $8,467 and net changes in fair value of financial assets at FVTOCI was overstated by the same amount.

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

In addition, subsequent to the release of the condensed interim financial statements for the three months ended June 30, 2018, management determined that share-based compensation expense related to seed capital options and consultant options was overstated by $7,521 for the three months ended June 30, 2018.

Accordingly, the Company has restated the condensed interim statement of income (loss) and other comprehensive income for the three months ended June 30, 2018, in the table below. The balances for the six months ended September 30, 2018, reflect these adjustments.

		Adjustments		
	Three months ended June 30, 2018	**Day 1 Gains (LiveWell, Solo Growth)**	**Share-Based Compensation**	**Three months ended June 30, 2018**
	(Previously reported)			*(As reported)*
Net change in fair value of financial assets at fair value through profit or loss	$ (8,182)	$ 8,467	$ –	$ 285
Total operating loss	(7,723)	8,467	–	744
Net operating loss	(22,591)	8,467	7,521	(6,603)
Income tax expense (recovery)	(1,097)	1,122	–	25
Net loss	(21,494)	7,345	7,521	(6,628)
Net change in fair value of financial assets at fair value through other comprehensive income (net of tax)	4,974	(7,345)	–	(2,371)
Net comprehensive income (loss)	(16,520)	–	7,521	(8,999)
Net loss per share	$ (0.16)			$ (0.05)