BELEAVE INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditors' Report

To the Shareholders of Beleave Inc.:

We have audited the accompanying consolidated financial statements of Beleave Inc., which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Beleave Inc. as at March 31, 2018 and March 31, 2017 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 30, 2018

MNP

BELEAVE INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at March 31, 2018	As at March 31, 2017
Assets		
Current assets		
Cash and cash equivalents (Note 5)	**$ 12,002,025**	$ 2,058,929
Sales tax receivable	**181,171**	171,342
Prepaid expenses	**2,270,530**	10,380
Total current assets	**14,453,726**	2,240,651
Non-current assets		
Property, plant and equipment (Note 7)	**4,223,944**	1,902,114
Total non-current assets	**4,223,944**	1,902,114
Total Assets	**$ 18,677,670**	$ 4,142,765
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 2,483,322**	$ 1,125,964
Note payable (Note 8)	**4,311,000**	-
Total current liabilities	**6,794,322**	1,125,964
Note payable (Note 8)	**2,490,378**	-
Total Liabilities	**9,284,700**	1,125,964
Shareholders' Equity		
Share capital (Note 9)	**25,058,199**	10,783,834
Shares to be issued (Note 9(b)(vi))	**-**	647,500
Reserve for share-based payments (Note 11)	**5,873,577**	3,148,494
Reserve for warrants (Note 10)	**3,788,730**	1,122,314
Deficit	**(25,327,536)**	(12,685,341)
Total Shareholders' Equity	**9,392,970**	3,016,801
Total Liabilities and Shareholders' Equity	**$ 18,677,670**	$ 4,142,765

Nature of operations and going concern (Note 1)
Related party transactions (Note 13)
Commitments (Note 16)
Subsequent events (Note 17)

Approved on behalf of the Board:

"Bojan Krasic", Director
Bojan Krasic

"Roger Ferreira", Director
Roger Ferreira

The accompanying notes are an integral part of these consolidated financial statements.

BELEAVE INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended March 31,	2018	2017
Expenses		
Marketing and promotion	**$ 751,527**	$ 519,985
Professional services	**375,129**	693,705
Office expenses	**1,008,298**	397,474
Research and development	**150,848**	18,660
Share-based compensation (Notes 9(b)(vi)(ix), 11 and 13)	**6,344,931**	5,958,794
Rent and facilities (Note 13)	**381,777**	315,671
Salaries and benefits	**456,299**	-
Supplies and consumables	**-**	16,788
Loss (gain) on debt settlement (Notes 9(b)(v)(vi)(viii))	**(1,182)**	46,589
Management and consulting fees (Note 13)	**934,995**	584,367
Depreciation	**327,045**	-
Change in fair value of note payable (Note 8)	**1,727,378**	-
Bad debt expense	**185,150**	-
Net loss and comprehensive loss for the year	**$(12,642,195)**	$ (8,552,033)
Loss per share - basic and diluted (Note 12)	**$ (0.37)**	$ (0.40)
Weighted average number of shares outstanding - basic and diluted (Note 12)	**34,183,304**	21,560,102

The accompanying notes are an integral part of these consolidated financial statements.

BELEAVE INC.
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital							
	Shares to be issued	Units to be issued	Number of common shares	Amount	Reserve for Warrants	Reserve for share-based payments	Deficit	Total
Balance, March 31, 2016	**$ -**	**$ 216,801**	**14,983,980**	**$ 1,943,035**	**$ 1,196,050**	**$ 1,252,200**	**$ (4,133,308)**	**$ 474,778**
Equity financing (Note 9(b)(i)(ii)(iii)(iv))	-	(216,801)	5,486,834	1,354,822	767,479	-	-	1,905,500
Issuance of broker units (Note 9(b)(vii))	-	-	174,999	50,750	36,750	-	-	87,500
Costs of issue (Note 9(b)(i)(ii)(iii)(iv))	-	-	-	(37,873)	-	-	-	(37,873)
Shares issued for debt settlement (Note 9(b)(v))	-	-	1,425,837	864,449	-	-	-	864,449
Bonus shares (Note 9(b)(vi))	647,500	-	2,200,000	3,505,000	-	-	-	4,152,500
Shares issued for exercise of warrants	-	-	4,413,872	2,225,686	-	-	-	2,225,686
Reclassification of fair value of warrants exercised	-	-	-	877,965	(877,965)	-	-	-
Share-based compensation (Note 11)	-	-	-	-	-	1,896,294	-	1,896,294
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(8,552,033)	(8,552,033)
Balance, March 31, 2017	**$ 647,500**	**$ -**	**28,685,522**	**$ 10,783,834**	**$ 1,122,314**	**$ 3,148,494**	**$(12,685,341)**	**$ 3,016,801**
Shares and warrants issued in private placement (Note 9(b)(x))	-	-	6,626,480	6,480,100	3,459,620	-	-	9,939,720
Transaction costs(Note 9(b)(x))	-	-	-	(83,252)	-	-	-	(83,252)
Shares issued for exercise of warrants	-	-	3,109,624	2,038,110	-	-	-	2,038,110
Shares issued for debt settlement (Note 9(b)(viii))	-	-	321,061	690,340	-	-	-	690,340
Bonus shares (Note 9(b)(ix))	(647,500)	-	2,053,440	3,459,382	-	-	-	2,811,882
Reclassification of fair value of warrants exercised	-	-	-	793,204	(793,204)	-	-	-
Shares issued for exercise of options	-	-	810,000	530,000	-	-	-	530,000
Reclassification of fair value of options exercised	-	-	-	366,481	-	(366,481)	-	-
Share-based compensation (Note 11(ii)(iii))	-	-	-	-	-	3,091,564	-	3,091,564
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(12,642,195)	(12,642,195)
Balance, March 31, 2018	**$ -**	**$ -**	**41,606,127**	**$ 25,058,199**	**$ 3,788,730**	**$ 5,873,577**	**$(25,327,536)**	**$ 9,392,970**

The accompanying notes are an integral part of these consolidated financial statements.

BELEAVE INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended March 31, 2018	2017
Cash (used in) provided by:		
Operating Activities		
Net loss for the year	**$(12,642,195)**	$ (8,552,033)
Add items not affecting cash:		
Change of fair value of note payable	**1,727,378**	-
Depreciation	**327,045**	-
(Gain) loss on debt settlement (Note 9(b)(viii)(v))	**(1,182)**	46,589
Share-based compensation (Notes 9(b)(vi)(ix), 11 and 13)	**6,344,931**	5,958,794
	(4,244,023)	(2,546,650)
Net changes in non-cash working capital items:		
Sales tax receivable	**(9,829)**	(171,342)
Prepaid expenses	**(2,260,150)**	6,176
Accounts payable and accrued liabilities	**634,187**	1,447,067
Net cash used in operating activities	**(5,879,815)**	(1,264,749)
Investing Activities		
Purchase of property, plant and equipment (Note 7)	**(1,681,582)**	(1,000,329)
Net cash used in investing activities	**(1,681,582)**	(1,000,329)
Financing Activities		
Proceeds from issuance of units (Note 9)	**9,939,720**	1,905,500
Cost of issue	**(3,320)**	(37,873)
Proceeds from exercise of warrants	**2,038,110**	-
Proceeds from exercise of stock options	**530,000**	-
Proceeds from units to be issued	**-**	2,225,686
Proceeds from note payable	**4,999,983**	-
Net cash provided by financing activities	**17,504,493**	4,093,313
Net increase in cash and cash equivalents during the year	**9,943,096**	1,828,235
Cash and cash equivalents, beginning of year	**2,058,929**	230,694
Cash and cash equivalents, end of year	**$ 12,002,025**	$ 2,058,929

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of operations and going concern

Beleave Inc. (formerly known as Stream Ventures Inc. ("Stream")) ("Beleave" or the "Company") was incorporated under the Business Corporations Act (Ontario) on May 26, 2000, and had no operations and was seeking new business opportunities.

First Access Medical Inc. ("FAM") was incorporated on July 8, 2013 under the Canada Business Corporation Act. FAM is in the application process and has submitted its application to Health Canada (Healthy Environments and Consumer Safety Branch) on January 31, 2014 to become a "Licensed Producer" under the Marihuana for Medical Purposes Regulations (the "MMPR") and under the Access to Cannabis for Medical Purposes Regulations ("ACMPR") as introduced by Health Canada in August 2016.

On December 22, 2015, the Company entered into an acquisition agreement with FAM pursuant to which the Company acquired from the FAM shareholders all of the issued and outstanding shares of FAM in exchange for an equal number of common shares in the Company (the "Transaction"). Upon completion of the Transaction FAM became a wholly-owned subsidiary of the Company and Stream changed its name to Beleave Inc. on December 16, 2015. The common shares of Beleave are listed on the Canadian Securities Exchange (the "Exchange") under the trading symbol "BE". The Company also trades on the OTCQX under the trading symbol "BLEVF". The Company registered office and its main facility in development is located at 1653 Hwy 6 North, Hamilton, Ontario. On September 6, 2017, FAM filed a certificate of amendment to change its name to Beleave Kannabis Corp.

As at the date of the preparation of the consolidated financial statements, the main activities of the Company are conducted to comply with ACMPR and preparation of facilities.

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

During the year ended March 31, 2018, the Company had not yet achieved profitable operations, incurred a net loss of $12,642,195 (2017 - loss of $8,552,033) and, as of that date, the Company has an accumulated deficit of $25,327,536 (March 31, 2017 - $12,685,341). The Company will require additional financing in order to conduct its planned business operations, meet its ongoing levels of corporate overhead and discharge its liabilities and commitments as they come due, all of which casts substantial doubt upon the Company's ability to continue as a going concern.

Management’s view is that the success of the Company is dependent upon financing the remaining portion of its capital requirements and, obtaining approval from Health Canada in order to sell and distribute medicinal cannabis in Canada and achieving profitable operations.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported revenues and expenses and their classifications. Such adjustments if required, could be material.

2. Basis of presentation

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The policies set out below are based on IFRS issued and outstanding as of July 30, 2018, the date the Board of Directors approved the audited consolidated financial statements.

(b) Basis of presentation

The consolidated financial statements have been prepared on historical cost basis except for financial instruments which are measured at fair value as explained in the accounting policies.

(c) Basis of consolidation

Pursuant to the Reverse Take Over ("RTO") transaction, the consolidated financial statements as at March 31, 2018 and 2017, and for the years ended March 31, 2018 and 2017, reflect the assets, liabilities, and results of operations of Beleave Kannabis Corp. prior to the RTO and the consolidated assets, liabilities, and results of operations of Beleave Kannabis Corp. (identified acquirer) and Stream Ventures Inc. ("Stream") (identified acquiree) subsequent to the RTO. The consolidated financial statements are deemed to be a continuation of Beleave Kannabis Corp.. The consolidated financial statements include the accounts of Stream and FAM (now Beleave Kanabis Corp.) All significant intercompany accounts and transactions have been eliminated.

These consolidated financial statements have been prepared in Canadian dollars, which is the Company’s functional and presentation currency.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on deposit at banking institutions and amounts held in trust on behalf of the Company.

(e) Property, plant and equipment ("PPE")

Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the following terms and methods:

Production Equipment	Straight-line 5 years
IT and related equipment	Straight-line 3 years
Leasehold improvements	Straight-line over lease term

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statement of loss and comprehensive loss in the period the asset is derecognized.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted if appropriate.

2. Basis of presentation (continued)

(f) Borrowing costs

Borrowing costs, including non-cash accretion, attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets, until such time as the assets are substantially ready for their intended use.

(g) Biological assets

The Company measures biological assets, consisting of cannabis plants, at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the year are included in the consolidated statement of loss and comprehensive loss for the related year.

Any costs related to the production of biological asstes are treated as periodic expenses and are included in the statement of loss and comprehensive loss for the related year.

(h) Impairment of non-financial assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or “CGU”). An impairment loss is recognized for the amount, if any, by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized.

(i) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount of a provision is the best estimate of the consideration at the end of the reporting period. Provisions measured using estimated cash flows required to settle the obligation are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company has no material provisions as at March 31, 2018 and March 31, 2017.

(j) Share capital and warrants

Common shares and warrants are classified as equity. The share capital represents the amount received upon issuance of shares. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes option pricing model to determine the fair value of warrants issued.

2. Basis of presentation (continued)

(k) Share-based payment transactions

The Company has a share-based payment plan that grants stock options to employees and non-employees. This plan is an equity-settled plan. For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, using an option pricing model.

The expense is recognized over the vesting period of the options granted and is recognized as an expense in earnings with a corresponding credit to reserve for share-based payments. At the end of each reporting period the Company re-assesses its estimate of the number of stock options expected to vest and recognizes the impact of the revisions in the consolidated statement of loss and comprehensive loss. Any consideration paid by employees and directors on exercise of stock options is credited to share capital combined with any related share-based compensation expense originally recorded in reserve for share-based payments.

(l) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(m) Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares to the extent that that are not anti-dilutive.

(n) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit and loss as incurred. To date, no development costs have been capitalized.

2. Basis of presentation (continued)

(o) Financial instruments

Financial assets
The Company initially recognizes financial assets at fair value on the date that they are originated. The Company classifies its financial assets as financial assets at fair value through profit and loss, available for sale, or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition.

Financial liabilities
The Company initially recognizes financial liabilities at fair value on the date that they are originated. The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash and cash equivalents	Fair value through profit and loss
Accounts payable and accrued liabilities	Other liabilities
Note payable	Fair value through profit and loss

(p) Impairment of financial assets

Financial assets, other than those classified at fair value through profit and loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(q) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

2. Basis of presentation (continued)

(r) Significant accounting judgments and estimates (continued)

- the inputs used in the Black-Scholes option pricing model (volatility; interest rate; expected life and forfeiture rate) in accounting for share-based payment transactions;
- the valuation allowance of income tax accounts;
- accrued liabilities;
- going concern assumption;
- Biological assets (yield, sales price, costs to complete, the level of effort required to bring the cannabis up to the point of harvest, sales price, selling costs and expected future yields for the cannabis plants) and
- Valuation of note payable (product equivalents, discount rate, selling prices).

(s) Recent accounting pronouncements

(i) IFRS 9, Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement ("IAS 39") for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 will be effective for accounting periods beginning on January 1, 2018. The Company has determined the adoption of this standard does not have a significant impact on the consolidated financial statements.

(ii) IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contract with a customer, regardless of type of revenue transaction or the industry. IFRS 15 will also apply to the recognition and measurement of gains and losses on sale of certain non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has determined the adoption of this standard does not have a significant impact on the consolidated financial statements.

(iii) IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS17 - Leases. The IAS issued its standard as part of a joint project with the Financial Accounting Standards Board ("FASB"). The FASB has not yet issued its new standard, but it is also expected to require lessees to recognize most leases on their statement of financial position.

The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 - Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. The Company is still in the process of assessing the impact of this pronouncement.

Various other accounting pronouncements that have no material impact to the Company are not included above. The Company has not early adopted these standards.

3. Capital risk management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. 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. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. As at March 31, 2018, the Company has not entered into any debt financing other than the note payable. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the year. The Company considers its Shareholders equity as capital which as at March 31, 2018 is $9,392,970 (2017 - $3,016,801).

4. Financial instruments and risk factors

Fair values

At March 31, 2018 and 2017, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and note payable. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the 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).
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfer of amounts between levels.

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.

Cash and cash equivalents is classified as level 1. Note payable is clasified as level 3.

The Company has implemented a discounted cash flow valuation technique to determine the fair value of the note. The valuation model considers the present value of the net cash flows expected to be paid based on projected sales of cannabis in the retail and wholesale markets. Significant unobservable inputs include risk adjusted discount rate of 25% and selling price per gram of cannabis. If the estimated discount rate was lower by 1%, the fair value of the note payable would increase by $49,500. If the price of cannabis per gram increased by $1 on average, the fair value of the note payable would increase by $1,035,000.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk; and
- Liquidity risk

4. Financial instruments and risk factors (continued)

(i) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company’s cash is held at two financial institutions which are Canadian Chartered Banks or fund held in trust with legal counsel in which management believes that the risk of loss is minimal but the Company is subject to concentration of credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with out of cash. As at March 31, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities and note payable, which have contractual maturity dates of one year and within two years respectively. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the year.

5. Cash and cash equivalents

	March 31, 2018	March 31, 2017
Cash at bank and in trust	**$ 12,002,025**	$ 2,058,929

6. Biological assets

The Company commenced cultivating cannabis during the year. At year end, as there were uncertainties in receiving the final approval of its sales license from Health Canada, the Company has recorded any biological assets and harvested cannabis at nil. Subsequent to year-end the Company received its final sales license and commenced recognizing its biological assets at fair value.

(Expressed in Canadian Dollars)

7. Property, plant and equipment

	Production	IT and related	Leasehold	Construction in progress	Total
Cost					
At March 31, 2016	$ **148,272**	$ **241,475**	$ **512,038**	-	$ **901,785**
Additions	-	347,045	653,284	-	1,000,329
At March 31, 2017	**$ 148,272**	**$ 588,520**	**$ 1,165,322**	**$ -**	**$ 1,902,114**
Additions	54,108	202,379	588,479	1,729,909	2,574,875
Borrowing cost	-	-	-	74,000	74,000
At March 31, 2018	**$ 202,380**	**$ 790,899**	**$ 1,753,801**	**$ 1,803,909**	**$ 4,550,989**
Accumulated depreciation					
At March 31, 2016 and March 31, 2017	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Depreciation expense	35,065	210,162	81,818	-	327,045
At March 31, 2018	**$ 35,065**	**$ 210,162**	**$ 81,818**	$ -	**$ 327,045**
Carrying value					
At March 31, 2017	**$ 148,272**	**$ 588,520**	**$ 1,165,322**	**$ -**	**$ 1,902,114**
At March 31, 2018	**$ 167,315**	**$ 580,737**	**$ 1,671,983**	**$ 1,803,909**	**$ 4,223,944**

Construction in progress refers to a facility under development and not ready for use as at March 31, 2018. As such, this item has not been depreciated as at March 31, 2018.

During the year, $74,000 of borrowing costs were capitalized (Note 8).

8. Note payable

On October 5, 2017, Cannabis Wheaton Income Corp. ("Cannabis Wheaton" or "CW") and the Company announced that they, along with Beleave's wholly-owned operating subsidiary Beleave Kannabis Corp., entered a definitive agreement whereby Cannabis Wheaton will provide Beleave with up to $10,000,000 in non-dilutive debt financing by way of an instrument evidencing a debt obligation repayable in product equivalents (the "D.O.P.E. Note"). The proceeds of the D.O.P.E Note will be used by Beleave to fund the construction of an expansion facility which will be situated adjacent to Beleave's current facility outside of Hamilton, Ontario.

Under the terms of the D.O.P.E. Note, Cannabis Wheaton will advance a minimum of $5,000,000 and up to a maximum of $10,000,000 to Beleave for a period of 24 months from the closing date (the "Maturity Date"), provided that, if at any time during the term of the D.O.P.E. Note more than $5,000,000 is advanced to Beleave, the Maturity Date will be automatically extended for an additional 6 months.

Beleave will repay the D.O.P.E. Note by paying CW a portion of all gross proceeds received from the retail or wholesale sale of grams of dried, finished, saleable cannabis ("Grams") produced at any of its cultivation facilities. As a result, based on a $5,000,000 principal amount, CW would receive the proceeds from the sale of 1,275,125 Grams. Until the D.O.P.E. Note is repaid in full, the proceeds from 85% of all Grams sold by Beleave will be delivered to CW as payment against the outstanding principal of the D.O.P.E. Note. The sales of Grams are subject to certain wholesale and retail floors of $6 and $7 per Gram, respectively.

On October 17, 2017, CW provided an initial advance of $5,000,000 in debt financing by way of the D.O.P.E. Note.

The D.O.P.E. Note is subject to an interest rate of 1% per annum with minimum guaranteed interest being $100,500.

The fair value of the note payable on October 17, 2017 was estimated to be $5,000,000. Any changes in value to the note will be recorded as a gain or loss. IAS 23 requires borrowing costs to be capitalized using the effective interest method. The Company estimated the effective interest cost based on an expected discounted cash flow analysis.
Key assumptions include a discount rate used in the fair value calculation of 25% and projected cash payments to October 2019.

As the note payable is carried at FVTPL, the Company also recorded a change in fair value of $1,727,378 during the year.

Additional disclosures relating to fair value measurement of the note payable are described in Note 4.

(Expressed in Canadian Dollars)

9. Share capital

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares with no par value.

(b) Issued common shares:

	Number of shares		Amount
Balance, March 31, 2016	**14,983,980**	**$**	**1,943,035**
Shares issued on private placement, net of issue costs (i)(ii)(iii)(iv)	5,486,834		1,316,949
Shares issued in broker units (xii)(vii)	174,999		50,750
Shares issued for debt settlement (v)	1,425,837		864,449
Reclassification of fair value of warrants exercised	-		877,965
Shares issued for exercise of warrants (Note 10)	4,413,872		2,225,686
Bonus shares issued (vi)	2,200,000		3,505,000
Balance, March 31, 2017	**28,685,522**	**$**	**10,783,834**
Shares issued on private placement, net of issue costs (x)	6,626,480		9,856,468
Fair value of warrants issued on private placement	-		(3,459,620)
Shares issued for exercise of warrants (Note 10)	3,109,624		2,038,110
Reclassification of fair value of warrants exercised	-		793,204
Shares issued for debt settlement (viii)	321,061		690,340
Bonus shares issued (ix)	2,053,440		3,459,382
Shares issued for exercise of stock options (note 11)	810,000		530,000
Reclassification of fair value of stock options exercised	-		366,481
Balance, March 31, 2018	**41,606,127**	**$**	**25,058,199**

As at March 31, 2018, the Company had 2,374,500 shares in escrow.

(i) On April 12, 2016, the Company closed the first tranche of a private placement financing for gross proceeds of $439,301. Upon closing the financing, Beleave issued 1,464,336 units at a price of $0.30 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at a price of $0.50 for a period of two years from closing. A director of the Company has also participated in the financing. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $155,220 (Assumptions used were as follows: expected volatility – 120.3%, risk-free interest rate – 0.58%, expected dividend yield – 0% and expected life of 2 years). $216,801 of these proceeds were received prior to the March 31, 2016 year end.

(ii) On June 9, 2016, the Company closed a second tranche of a private placement financing for gross proceeds of $28,000. Upon closing the financing, Beleave issued 93,332 units at a price of $0.30 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at a price of $0.50 for a period of two years from closing. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $9,613 (Assumptions used were as follows: expected volatility – 113.7%, risk-free interest rate – 0.52%, expected dividend yield – 0% and expected life of 2 years).

9. Share capital (continued)

(b) Issued common shares (continued):

(iii) On September 21, 2016, Beleave closed a non-brokered private placement financing for gross proceeds of $1,405,000. Pursuant to the non-brokered private placement financing the Company issued an aggregate of 3,512,500 units at a price of $0.40 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at a price of $0.50 for a period of two years from date of closing. The common shares and warrants issued pursuant to the financing are subject to a four-month hold period. No finder's fees were paid in connection with the financing. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $509,313 (Assumptions used were as follows: expected volatility – 98.36%, risk-free interest rate – 0.57%, expected dividend yield – 0% and expected life of 2 years).

(iv) On October 6, 2016, Beleave closed a non-brokered private placement financing for gross proceeds of $250,000. Upon closing the financing, Beleave issued 416,666 units at a price of $0.60 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at a price of $0.75 for a period of two years from closing. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $93,333 (Assumptions used were as follows: expected volatility – 102.91%, risk-free interest rate – 0.57%, expected dividend yield – 0% and expected life of 2 years). The Company incurred a total cost of issue of $31,623. The common shares and warrants issued pursuant to the financing are subject to a four-month hold period.

(v) The Company completed a shares-for-debt transaction during the year ended March 31, 2017 with related parties and other parties of the Company whereby the Company issued common shares for the settlement of the amounts owing to such creditors. Pursuant to the debt settlement, the Company settled $864,449 of existing debt through the issuance of 1,425,837 shares. Included in the debt settlement was 465,987 common shares issued to its officers in lieu of cash for consulting fees in the amount of $299,024. A loss on debt settlement of $46,589 was recorded in the consolidated statements of loss and comprehensive loss.

(vi) The Company has agreed to issue common shares to employees and consultants of the Company based on certain milestones being achieved in the ACMPR licensing process. During the year ended March 31, 2017, the Company issued 2,200,000 shares valued at $3,505,000, which includes $90,000 for 300,000 common shares that were expensed during the year ended March 31, 2016. In addition, 250,000 shares were issuable as at March 31, 2017 with fair value of $647,500. Those shares were issued subsequently on April 3, 2017.

(vii) During the year ended March 31, 2017, in settlement of accrued liabilities of $87,500, the Company issued 174,999 broker units with each unit consisting of one common share of the Company and one warrant exercisable for one common share of the Company at $0.5 per share expiring on the date that is earlier of: (i) 30 days following the date of the Company provides notice to the warrant holders that it has received its license to produce marijuana for medical purposes from Health Canada, and (ii) March 4, 2017.

(viii) The Company completed shares-for-debt transactions during the year ended March 31, 2018 with related parties and other parties of the Company whereby the Company issued common shares for the settlement of the amounts owing to such creditors. Pursuant to the debt settlement, the Company settled $677,665 of existing debt through the issuance of 321,061 shares to its officers in lieu of cash for consulting fees, resulting in a gain of $1,182 for the year ended March 31, 2018.

(ix) The Company has agreed to issue common shares to employees and consultants of the Company based on certain milestones being achieved in the ACMPR licensing process. The Company also issued shares as a part of a licensing agreement to the licensor in the amount of $176,000. During the year ended March 31, 2018, the Company issued 2,053,440 shares valued at $3,459,382 including issuance of 250,000 shares valued at $647,500 that were recorded as shares to be issued as at March 31, 2017 of $647,500.

(Expressed in Canadian Dollars)

9. Share capital (continued)

(b) Issued common shares (continued):

(x) On December 5, 2017, the Company completed a non-brokered private placement (the "Non-Brokered Offering") of 6,626,480 units of the Company at a price of $1.50 per unit for aggregate gross proceeds of $9,939,720. Each unit issued is comprised of one common share of the Company (a "Common Share") and one common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of $2.00 for a period of 24 months from the date of issuance of the Warrant, subject to accelerated expiry in the event that the ten-day volume weighted average price of the Common Shares on the Canadian Securities Exchange (the "CSE"), or other exchange or quotation system where the Company's shares are listed and where a majority of the trading volume of the Common Share occurs, equals or exceeds $3.00. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $3,459,620 (Assumptions used were as follows: expected volatility – 95.98%, risk-free interest rate – 1.52%, expected dividend yield – 0% and expected life of 2 years). The Company incurred a total cost of issue of $83,252. The common shares and warrants issued pursuant to the financing are subject to a four-month hold period.

10. Warrants

As of March 31, 2018 and 2017, the Company has the following warrants outstanding with the corresponding average exercise prices:

	Number of warrants	Weighted average exercise price
Balance at March 31, 2016	**4,416,667**	**$ 0.50**
Warrants issued (Note 9(b)(i)(ii)(iii)(iv))	5,486,833	0.52
Warrants issued in Broker Units (Note 9(b)(vii))	174,999	0.50
Warrants exercised (including 174,999 of broker warrants)	(4,413,872)	0.50
Broker warrants expired	(250,000)	0.50
Warrants expired	(50,002)	0.50
Balance at March 31, 2017	**5,364,625**	**$ 0.52**
Warrants exercised	(3,109,624)	0.70
Warrants expired	(185,000)	0.50
Warrants granted (Note 9(b)(x))	6,626,480	2.00
Balance at March 31, 2018	**8,696,481**	**$ 1.58**

The following table reflects the actual warrants issued and outstanding as of March 31, 2018:

Expiry date	Exercise price ($)	Number of warrants
April 2018	0.50	535,001
June 2018	0.50	73,332
September 2018	0.50	1,795,000
October 2018	0.75	33,333
December 2019	2.00	6,259,815
		8,696,481

(Expressed in Canadian Dollars)

11. Share-based compensation and stock options

The Company has a stock option plan (the "Plan") which allows, at the discretion of the Board of Directors, eligible directors, employees, consultants or affiliates to be granted incentive stock options exercisable to purchase common shares.

The plan was amended at the Annual General meeting held on September 28, 2017, which increased the maximum number authorised for issuance to 6,334,637. The options can be granted for a maximum term of ten years.

The Board shall establish a vesting period or periods at the time each option is granted to eligible persons, provided that options granted to eligible persons providing investor relations services are required to vest in stages over 12 months with no more than one quarter of the options vesting in any three-month period.

The following table shows the continuity of options:

	Number of options	Weighted average exercise price
Balance, March 31, 2016	**2,730,000**	**$ 0.50**
Granted (i)(ii)	2,110,000	0.50
Forfeited	(560,000)	0.50
Balance, March 31, 2017	**4,280,000**	**$ 0.89**
Exercised	(810,000)	0.65
Granted (iii)	1,350,000	3.00
Balance, March 31, 2018	**4,820,000**	**$ 1.71**

(i) On June 27, 2016 the Company approved the grant of 790,000 options to various parties to purchase common shares with an exercise price of $0.50. 480,000 of these options expire in 5 years and 310,000 options expire in two years. Based on the Black-Scholes pricing model, 480,000 of the options had an estimated fair value of $204,340 which vested immediately and 310,000 had an estimated fair value of $78,651 which vested immediately.

(ii) On January 11, 2017, the Company granted 1,320,000 options exercisable at $1.75 per common share to various consultants and members of the board of directors. These options expire in 5 years. Based on the Black-Scholes pricing model, 1,220,000 of the options had an estimated fair value of $1,531,588 which vested immediately and 100,000 of these options had an estimated fair value of $125,440 which vest 25% on grant date with quarterly increase of 25%. The estimated fair value expensed during the year ended March 31, 2018 was $43,826 ($1,613,303 -2017).

(iii) On January 3, 2018, the Company granted 1,350,000 options exercisable at $3.00 per common share to various consultants and members of the board of directors. These options expire in 5 years. Based on the Black-Scholes pricing model, these options had an estimated fair value of $3,047,738 which vested immediately and The estimated fair value expensed during the year ended March 31, 2018 was $3,047,738.

(Expressed in Canadian Dollars)

11. Share-based compensation and stock options (continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2018:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
June 27, 2018	0.50	0.24	135,000	135,000
March 28, 2020	0.50	1.99	515,000	515,000
December 22, 2020	0.50	2.73	1,030,000	1,030,000
September 17, 2021	0.50	3.47	90,000	90,000
June 27, 2021	0.50	3.24	480,000	480,000
January 11, 2022	1.75	3.79	1,220,000	1,220,000
January 11, 2022	3.00	4.76	1,350,000	1,350,000
		3.48	**4,820,000**	**4,820,000**

12. Net loss per common share

The calculation of basic and diluted loss per share for the year ended March 31, 2018 was based on the loss attributable to common shareholders of $12,642,195 (2017 - loss of $8,552,033) and the weighted average number of common shares outstanding of 34,183,304 (2017 - 21,560,102).

13. Related party transactions

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

Companies owned and/or controlled by certain directors of the Company provided services or sale of items of property and equipment which are included in the financial statements as follows:

Years ended March 31,	2018	2017
Expenses:		
Rent	**$ 72,000**	$ 84,780

See Note 9(b)(v)(viii) for shares-for-debt transaction with officers.

As at March 31, 2018, there was $21,316 (March 31, 2017 - $150,500) outstanding payables to related parties.

Key management compensation is comprised of the following:

Years ended March 31,	2018	2017
Short term benefits	**$ 504,655**	$ 457,200
Share-based compensation	**4,254,659**	3,214,661

(Expressed in Canadian Dollars)

14. Income taxes

(i) Income tax expense

The Company does not have any current income tax expense. The following table reconciles the expected income tax recovery at the statutory income tax rate of 26.5% (2017 - 26.5%) to the expense in the consolidated statement of loss and comprehensive loss:

Years ended March 31,	2018	2017
Net loss for the year	$ (12,642,195)	$ (8,552,033)
Expected income tax recovery at statutory income tax rates	(3,350,180)	(2,266,290)
Tax rate changes and other adjustments	-	(300)
Share based compensation and non-deductible expenses	1,608,900	1,083,030
Change in fair value of debt	457,750	-
Change in tax benefit not recognized	1,283,530	1,183,560
Income tax recovery	$ -	$ -

(ii) Unrecognized deferred tax asset

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
Property, plant and equipment	$ 1,065,350	$ 738,300
Non-capital losses carried-forward	9,811,640	5,203,630
Share issuance costs	201,360	209,660
Unrecognized deductible temporary differences	$ 11,078,350	6,151,590

(Expressed in Canadian Dollars)

14. Income taxes (continued)

The Canadian non-capital loss carry forwards expire as noted in the table below. Share issue and financing costs will be fully amortized in 2022.

The Company's Canadian non-capital income tax losses expire as follows:

Expiry	Amount
2035	$ 239,780
2036	423,820
2037	4,540,030
2037	4,608,010
	$ 9,811,640

15. Segmented information

The Company operates in only one business segment, namely as a licensed producer of marihuana for medical purposes. All of the Company's assets are located in Canada.

16. Commitments

On July 1, 2015 the Company signed a long term net lease agreement with a related party for a term of 8.5 years and the option to extend the lease for 5 years, twice. For the first 3.5 years, the net rent payable is $14,875 monthly until December 2018, with 5% annual increase from January 1st, 2019 and each subsequent year.

The Company has agreed to issue common shares to employees and consultants of the Company based on certain milestones being achieved in the ACMPR licensing process.

The total number of shares to be issued over the remaining milestones of the agreement is 3,000,000 shares. These shares were issued on April 13, 2018.

The Company has entered into an exclusive brand license agreement where by the Company will be required to pay 7.5% of gross revenue from branded product relating to artist content and artist marks to the licensor. The Company is required to pay to the licensor a minimum guaranteed royalty of $60,000 USD on account of the artist marks royalty and $60,000 USD on account of the artist content royalty for each annual period. The Company is also committed to issuing shares to the licensor with a value of $323,118 over two successive annual periods after the branded product is approved by the licensor.

17. Subsequent events

(i) On April 13, 2018, the Company granted 200,000 stock options to purchase common shares to certain members of its board of directors in accordance with the Company's stock option plan. Each option is exercisable to purchase one common share of the Company at $3.00 per common share.

17. Subsequent events (continued)

(ii) On April 26, 2018, the Company closed a non-brokered private placement (Offering) for gross proceeds of approximately $5,000,000. Pursuant to the Offering, the Company issued an aggregate of 2,857,145 units of the Company at a price of $1.75 per unit. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $2.25 for a period of 24 months from the date of issuance of the Warrant, subject to accelerated expiry in the event that the ten-day volume weighted average price of the common shares on the Canadian Securities Exchange (the "CSE") or other exchange or quotation system where the Company's shares are listed and where a majority of the trading volume of the common shares occurs, equals or exceeds $3.00.

(iii) On April 30, 2018, the Company acquired all of the outstanding shares of 9334416 Canada Inc., o/a Medi-Green, Karmacann, and My-Grow ("Medi-Green").

Under the terms of the Transaction, Beleave will pay an aggregate purchase price of $3,000,000 to the Medi-Green shareholders payable through the issuance of common shares in the capital of the Company (the "Beleave Shares") with price determined based on the Company's 10-day VWAP leading up to closing. The Medi-Green shareholders will also be entitled to receive up to $2,000,000 of additional Beleave Shares if certain operational milestones are attained following the first twelve months of the Closing Date.

(iv) On June 11, 2018, the Company closed the first tranche of a non-brokered private placement (the "Non-Brokered Offering") In conjunction with this first closing, 2,500,000 units of the Company were issued at a price of $2.00 per unit for gross proceeds of $5,000,000.

Each unit ("Unit") is comprised of one common share of the Company (a "Common Share") and one-half common share purchase warrant of the Company (a "Warrant"), at a price of $2.00 per Unit. Each Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of $2.75 for a period of 24 months from the date of issuance of the Warrant, subject to accelerated expiry in the event that the ten-day volume weighted average price of the Common Shares on the Canadian Securities Exchange (the "CSE"), or other exchange or quotation system where the Company's shares are listed and where a majority of the trading volume of the Common Shares occurs, equals or exceeds $3.00.

(v) On April 13, 2018, the Company received a sales license from Health Canada pursuant to the ACMPR. The Company issued 3,000,000 bonus shares to employees and consultants in relation to the completion of this milestone.

(vI) On June 21, 2018, the Company announced that it purchased 51% the outstanding shares of Procannmed S.A.S. ("Procannmed"), a privately held company that is fully licensed for the cultivation, production, extraction and distribution of medical cannabis in Colombia (the "Transaction").

Under the terms of the Transaction, Beleave will pay an aggregate purchase price of $2,400,000 to the Procannmed shareholders payable through the issuance of common shares in the capital of the Company valued at $1,500,000 and $900,000 in cash.

(vii) On June 21, 2018, 245,000 stock options were exercised for 245,000 common shares of the Company.

17. Subsequent events (continued)

(viii) On July 19, 2018, the Company announced that it purchased all the outstanding shares of Seven Oaks Inc. ("Seven Oaks").

Under the terms of the Transaction, Beleave will pay an aggregate purchase price of $3,000,000 to the Seven Oaks shareholders payable through the issuance of common shares in the capital of the Company.

(ix) On May 1, 2018 the Company issued 950,000 common shares to employees and consultants as incentive compensation in relation to the Company having received its sales license under the ACMPR.