CANNABIS WHEATON INCOME CORP.

(FORMERLY KNIGHTSWOOD FINANCIAL CORP).

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

Stated in Canadian Dollars, unless otherwise noted

MNP LLP

Independent Auditors' Report

To the Shareholders of Cannabis Wheaton Income Corp. (formerly Knightswood Financial Corp):

We have audited the accompanying consolidated financial statements of Cannabis Wheaton Income Corp. (formerly Knightswood Financial Corp), which comprise the consolidated statement of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in 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 in our audits 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 financial position of Cannabis Wheaton Income Corp. (formerly Knightswood Financial Corp) as at December 31, 2017, and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Toronto, Ontario — Chartered Professional Accountants

April 26, 2018 — Licensed Public Accountants

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CANNABIS WHEATON INCOME CORP.
(FORMERLY KNIGHTSWOOD FINANCIAL CORP)
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2017 and December 31, 2016
Expressed in Canadian Dollars

		December 31 2017		December 31 2016
Assets				
Current assets				
Cash and cash equivalents	$	33,453,680	$	306,803
Other receivables		460,005		108,544
Note receivable (Note 4)		1,170,535		-
Prepaid expenses		435,674		1,598
		35,519,894		416,945
Non-current assets				
Debt obligation receivable in product equivalents (Note 9)		6,377,986		-
Long-term investments (Note 8)		13,501,384		-
Property, plant and equipment (Note 5)		3,474,484		-
Intangible assets (Note 6, 7)		29,204,543		-
Goodwill (Note 7)		4,499,666		-
		57,058,063		-
Total assets	$	92,577,957	$	416,945
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	6,114,837	$	32,958
Interest payable on convertible debenture		654,683		-
		6,769,520		32,958
Non-current liabilities				
Convertible debenture (Note 10)		17,738,489		-
Long-term loans (Note 11)		911,635		-
Deferred tax liability (Note 17)		4,365,606		-
		23,015,730		-
Total liabilities		29,785,250		32,958
Shareholders' Equity				
Share capital (Note 12)		60,812,677		1,758,106
Reserves (Note 12)		18,206,388		190,041
Accumulated other comprehensive income		3,514,577		-
Deficit		(19,740,935)		(1,564,160)
		62,792,707		383,987
Total liabilities and shareholders' equity	$	92,577,957	$	416,945

Commitments (Note 16)
Subsequent events (Note 18)

The consolidated financial statements were approved by the Board of Directors on April 26, 2017 and were signed on its behalf by:

(s) Chuck Rifici — Chuck Rifici

(s) Brandon Boddy — Brandon Boddy

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

CANNABIS WHEATON INCOME CORP.

(FORMERLY KNIGHTSWOOD FINANCIAL CORP)

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2017 and December 31, 2016
Expressed in Canadian Dollars

		December 31 2017		December 31 2016
Income				
Administration fee	$	-	$	231,233
Fair value change on investment for debt obligation receivable in product equivalents (Note 9)		1,377,986		-
Total income		1,377,986		231,233
Expenses				
Wages and salaries		1,671,632		386,400
Director fees (Note 13)		8,000		29,750
General and administration		1,535,330		75,571
Professional fees		2,937,151		83,911
Business development		8,448,712		14,861
Share-based payments (Note 12c)		3,329,568		-
Depreciation		32,064		-
Interest expense		710,314		(2,570)
Total expenses		18,672,771		587,923
Loss before undernoted items		(17,294,785)		(356,690)
Accretion expense		(1,487,310)		-
Gain from sale of investment		-		81,113
Foreign exchange loss		(66,302)		-
		(1,553,612)		81,113
Net loss before income tax		(18,848,397)		(275,577)
Income tax recovery		671,622		46,000
Net loss	$	(18,176,775)	$	(229,577)
Other comprehensive income (loss)				
Fair value change on fair value through other comprehensive income investments - not subsequently reclassified to profit or loss (net of tax)	$	3,514,577	$	(81,113)
Total comprehensive income loss	$	(14,662,198)	$	(310,690)
Net loss per common share				
Basic and diluted	$	(0.11)	$	(0.03)
Weighted average number of shares outstanding				
Basic and diluted		168,556,699		3,011,667

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

CANNABIS WHEATON INCOME CORP.
(FORMERLY KNIGHTSWOOD FINANCIAL CORP)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and December 31, 2016
Expressed in Canadian Dollars

	December 31 2017	December 31 2016
Operating activities		
Net loss for the year	**$ (18,176,775)**	$ (229,577)
Items not affecting cash		
Depreciation	**32,064**	-
Share-based payments (Note 12c)	**3,329,568**	-
Gain from sale of investment	**-**	(81,113)
Accretion expense (Note 10, 11)	**1,487,310**	-
Fair value change on deobt obligation receivable in product equivalents (Note 9)	**(1,377,986)**	-
Deferred income tax expense (recovery) (Note 17)	**(671,622)**	(46,000)
Changes in non-cash working capital items		
Other receivables	**(269,909)**	1,454
Prepaid expenses	**(409,721)**	-
Accounts payable and accrued liabilities	**3,995,394**	(4,099)
Interest payable on convertible debentures	**654,683**	-
Net cash used in operating activities	**(11,406,994)**	(359,335)
Investing activities		
Cash acquired through business combination	**553,243**	-
Promissory notes	**(1,170,535)**	-
Investment of debt obligation receivable in product equivalents (Note 9)	**(5,000,000)**	-
Investment in long-term investments (Note 8)	**(7,450,000)**	-
Purchase of capital assets (Note 5)	**(686,339)**	-
Purchase of intangible assets (Note 6)	**(11,088,000)**	-
Proceeds from sale of investments	**-**	100,000
Acquisitions of investee companies	**-**	(700)
Deposition of investee companies	**-**	126
Net cash used in investing activities	**(24,841,631)**	99,426
Financing activities		
Proceeds from special warrant and unit issuances (Note 12b)	**22,504,609**	-
Net proceeds from convertible debentures (Note 10)	**46,425,449**	-
Proceeds from share options exercised (Note 12c)	**200,000**	-
Proceeds from warrants exercised (Note 12d)	**1,083,420**	-
Repayment of long-term debt (Note 11)	**(817,976)**	-
Net cash from financing activities	**69,395,502**	-
Net increase in cash and cash equivalents	**33,146,877**	(259,909)
Cash position, beginning of period	**306,803**	566,712
Cash position, end of period	**$ 33,453,680**	$ 306,803

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

CANNABIS WHEATON INCOME CORP.
(FORMERLY KNIGHTSWOOD FINANCIAL CORP)
Consolidated Statements of Changes in Shareholders’ Equity
EXPRESSED IN CANADIAN DOLLARS

	Share Capital		Reserves					
	Number of Shares	Share Capital	Warrants	Contributed Surplus	Convertible Debenture	Deficit	Accumulated Other Comprehensive Income	Shareholders' Equity
Balance January 1, 2017	**9,035,001**	**$ 1,758,106**	**$ -**	**$ 190,041**	**$ -**	**$ (1,564,160)**	**$ -**	**$ 383,987**
Units issued on private placements	**76,531,968**	**891,161**	**511,925**					**1,403,086**
Broker warrant units issued on private placement June 29 (net of deferred tax)	**-**	**-**	**-**	**1,499,476**	**-**	**-**	**-**	**1,499,476**
Equity component of convertible debentures issued on private placement June 29 (net of deferred tax)	**-**	**-**	**694,004**	**-**	**1,872,309**	**-**	**-**	**2,566,313**
Shares issued on exercise of warrants	**41,219,593**	**1,083,420**	**-**	**-**	**-**	**-**	**-**	**1,083,420**
Fair value transfer on exercise of warrants	**-**	**259,358**	**(259,358)**	**-**	**-**	**-**	**-**	**-**
Shares issued on exercise of special warrants	**81,179,749**	**14,441,279**	**4,459,305**	**-**	**-**	**-**	**-**	**18,900,584**
Shares issued on acquisition of Rock Garden	**17,499,970**	**19,971,658**	**-**	**-**	**-**	**-**	**-**	**19,971,658**
Shares issued on conversion of convertible debt	**8,620,000**	**7,689,791**	**-**	**-**	**(537,977)**	**-**	**-**	**7,151,814**
Units issued on convertible debt placement	**29,166,665**	**14,368,431**	**6,596,568**	**-**	**-**	**-**	**-**	**20,964,999**
Share-based payments	-	**-**	**-**	**3,329,568**	**-**	**-**	**-**	**3,329,568**
Shares issued on exercise of stock options	**200,000**	**200,000**	**-**	**-**	**-**	**-**	**-**	**200,000**
Fair value transfer on exercise of stock options	**-**	**149,473**		**(149,473)**				**-**
Net Loss	**-**	**-**	**-**	**-**	**-**	**(18,176,775)**	**-**	**(18,176,775)**
Changes in fair value of long-term investments	**-**	**-**	**-**	**-**	**-**	**-**	**3,514,577**	**3,514,577**
Balance December 31, 2017	**263,452,946**	**$ 60,812,677**	**$ 12,002,444**	**$ 4,869,612**	**$ 1,334,332**	**$ (19,740,935)**	**$ 3,514,577**	**$ 62,792,707**

	Share Capital		Reserves					
	Number of Shares	Share Capital	Warrants	Contributed Surplus	Convertible Debenture	Deficit	Accumulated Other Comprehensive Income	Shareholders' Equity
Balance January 1, 2016	**$ 9,035,001**	**$ 1,758,106**	**$ -**	**190,041**	**$ -**	**$ (1,334,583)**	**$ 81,113**	**$ 694,677**
Reversal on available for sale investments sold	-	-	-	-	-	-	(81,113)	(81,113)
Net loss for the period	-	-	-	-	-	(229,577)	-	(229,577)
Balance December 31, 2016	**$ 9,035,001**	**$ 1,758,106**	**$ -**	**$ 190,041**	**$ -**	**$ (1,564,160)**	**$ -**	**$ 383,987**

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

1. Nature of operations and going concern

Cannabis Wheaton Income Corp. (the "Company") is a publicly traded company listed on the TSX Venture Exchange under the symbol "CBW", and was incorporated in British Columbia, Canada. The principal business address is located at 777 Richmond Street West, Toronto, Ontario

a) Historical business of the Company

Historically, the Company's investments have been in private companies (the "Investee Companies") so as to provide those companies with the ability to issue debt instruments that are eligible for registered plans as defined in the Income Tax Act (Canada).

In January 2017, the Company and Knightswood Holdings Ltd. entered into an assignment agreement under which the Company transferred all of its right, title and interest in the Investee Companies to Knightswood Holdings. Knightswood Holdings is a wholly owned subsidiary of the Company to hold the Company's equity interest in the Investee Companies and administer the contracts between the Company and the Investee Companies.

b) Updated investment strategy

In the third quarter of 2016, the Company commenced its search for investment opportunities outside of holding interests in the Investee Companies and identified the cannabis industry to be of interest for future investments. In order to initiate its investment portfolio in the cannabis industry, the Company completed several financings in January and March of 2017.

Subsequently, the Company closed on its agreement with PanCann Streaming Corp. ("PanCann"), to acquire the rights to all of PanCann's interests in 13 executed streaming agreements and assume the rights to several other agreements in the final stages of negotiation between PanCann and various Licensed Producers or companies that have applied to become Licensed Producers. The Company also entered into an agreement with 2557788 Ontario Ltd. ("255") to acquire all of 255's interest in patient outreach and services agreements between 255 and 5 patient outreach and service providers.

Based on these streaming interests and future investments, the Company's current mandate is to facilitate growth for our partners by providing them with financial support and sharing our collective cannabis industry experience.

In 2017, the Company entered into various non-recurring consulting contracts and other business contracts to assess business opportunities and support its business operations. The Company also incurred fees in relation to marketing activities (print and digital), investor relations and communications, and travel expenses as it sought to publicize its new investment strategy and pursue opportunities in the cannabis sector. While the Company anticipates that it will continue to devote significant resources to business development, fiscal 2017 was a standout year where resources were allocated to promoting awareness and generating interest amongst streaming partners. Business development costs in fiscal 2018 will be mainly allocated towards investment and capital-raising activities as the Company accelerates its operational activities.

2. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

2. Basis of preparation (continued)

These financial statements were approved and authorized for issue by the Board of Directors on April 26, 2018.

Basis of measurement

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of Financial Statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period ended December 31, 2017.

3. Significant accounting policies

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. As at December 31, 2017, RockGarden Medicinals (2014) Inc. ("RockGarden") and Knightswood Holdings Ltd. are the only wholly owned subsidiaries of the Company.

Intragroup balances, and any unrealized gains and losses or income and expenses arising from transactions with jointly controlled entities are eliminated to the extent of the Company's interest in the entity. Unrealized losses are eliminated to the extent of the gains, but only to the extent that there is no evidence of impairment.

a) Changes in accounting policies

The Company has early adopted IFRS 9 Financial Instruments with a date of initial application of January 1, 2017. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The Company has elected to apply the limited exemption in IFRS 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. The adoption of IFRS 9 had no impact on the Company's consolidated financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39 Financial Instruments: Recognition and Measurement to the new measurement categories under IFRS 9. The Company classified its debt investments and equity investments acquired during 2017 based on the classification requirements of IFRS 9.

b) Financial instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated balance sheet when the Company becomes a party to the financial instrument or derivative contract.

3. Significant accounting policies (continued)

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

3. Significant accounting policies (continued)

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

3. Significant accounting policies (continued)

Summary of the Company's classification and measurements of financial assets and liabilities

	IFRS 9		IAS 39	
	Classification	**Measurement**	**Classification**	**Measurement**
Cash and cash equivalents	FVTPL	Fair value	FVTPL	Fair Value
Other receivables	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Note receivable	Amortized cost	Amortized cost	Balance did not exist in 2016	Balance did not exist in 2016
Long-term investments	FVOCI	Fair value	Balance did not exist in 2016	Balance did not exist in 2016
Debt obligation receivable in product equivalent	FVTPL	Fair Value	Balance did not exist in 2016	Balance did not exist in 2016
Trade and other payables	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Convertible debenture	Amortized cost	Amortized cost	Balance did not exist in 2016	Balance did not exist in 2016
Long-term loans payable	Amortized cost	Amortized cost	Balance did not exist in 2016	Balance did not exist in 2016
Interest payable on convertible debt	Amortized cost	Amortized cost	Balance did not exist in 2016	Balance did not exist in 2016

c) Intangible assets

Intangible assets, either acquired as a result of an acquisition or developed internally, are assets that can be identified, are controlled by the Company and provide future economic benefits to the Company. Intangible assets are recognized at cost and, unless determined to have an indefinite life, are amortized over their expected useful life. Intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that the assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount is reduced to its recoverable amount. The Company derecognizes the carrying amount of intangible assets on disposal or when no future economic benefits are expected from its use.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are comprised of the Company's acquired cultivation license. Intangible assets not yet in use include the streaming interests and the patient referral agreements. The streaming agreement intangible assets are to be amortized over 5 years

3. Significant accounting policies (continued)

d) Share capital and share-based payments

The Company has a stock option plan for directors, officers and employees. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over each tranche's vesting period, based on the number of awards expected to vest, with the offset credited to contributed surplus. When options are exercised, the amount received is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Contributed surplus includes amounts in connection with conversion options embedded in compound financial instruments, stock-based compensation and the value of expired options and warrants. Deficit includes all current and prior period income and losses.

e) Compound financial instruments

Compound financial instruments issued by the Company comprise of convertible debentures that can be converted into common shares of the Company. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the computed financial instrument as whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. On conversion or upon expiration, the carrying value of the equity portion is transferred to common shares or contributed surplus.

f) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Gains and losses are determined by comparing the proceeds from disposal and the carrying amount of the asset and are recognized in the profit and loss statement. Depreciation is calculated using the straight-line method over the useful life of each asset as follows:

- Computer Equipment 3 - 5 years
- Office Furniture 5 - 10 years
- Leasehold Improvements Over lease term
- Equipment 5 - 10 years
- Buildings 20 years
- Construction in progress Not yet in use

Depreciation methods, useful lives, and estimated residual values are reviewed at each financial year end.

3. Significant accounting policies (continued)

g) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit (the "CGU") or CGUs to which it relates. For the purpose of goodwill impairment test, the management has determined that RockGarden is a separate CGU.

Goodwill, intangible assets with an indefinite useful life and intangible assets not yet in use are measured at historical cost and are evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. Impairment is determined by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed

h) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise warrants and share options issued.

For the periods presented, all options, conversion features and warrants were anti-dilutive.

i) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case the income tax is also recognized directly in shareholders' equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.
In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted at the statements of financial position dates and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

j) Operating Segments

Currently, the Company has two reportable segments, being the Corporate/Streaming Investments and RockGarden/Cultivation. The RockGarden operating segment information is disclosed in the Note 7.

3. Significant accounting policies (continued)

k) Use of estimates and judgments

The preparation of 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.

i) Impairment assessment of indefinite life intangible assets, intangible assets not yet in use and goodwill

The carrying value of goodwill, indefinite life intangible assets and intangible assets not yet in use are subject to annual impairment assessments. The Company's impairment tests for goodwill and intangible assets are based on the greater of value in use calculations that use a discounted cash flow model over a five-year period and estimated fair value less cost to sell. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections including economic risk assumptions and estimates of achieving key operating metrics. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimated fair value less cost to sell is based on assessment of comparable company multiples and precedent transactions.

ii) Business Combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent considerations have all been classified as equity which is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values.

iii) Valuation of the debt obligation receivable in product equivalents

In determining the valuation of the fair value of the debt obligation receivable in product equivalents, management estimates were used such as an appropriate discount rate, estimate of future selling prices and estimate of future production abilities.

iv) Inputs when using Black-Scholes valuation model

The estimates used in determining the stock option and warrant fair values, utilizes estimates made by management in determining the appropriate input variables in the Black-Scholes valuation model. Inputs are subject to estimates include volatility, forfeiture rates, estimated lives and market rates.

3. Significant accounting policies (continued)

v) Discount rates

The discount rates used to calculate the purchase price allocation, impairment analysis, net present value of notes receivable, the convertible debentures and the notes payable are based on management's best estimates of an approximate industry peer group weighted average cost of capital and management's best estimate of the Company's risk levels.

Changes in the general economic environment could result in significant changes to this estimate.

vi) Depreciation and amortization rates

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets. Management estimated the cultivation license has indefinite life due to the fact that it can be renewed annually with no substantial cost incurred.

vii) Valuation of long-term investments in private companies

In determining the valuation of long-term investments in companies not publicly traded (IFRS 13 level 3 security), there are unobservable inputs are used to measure fair value. Estimates were used for unobservable inputs using the best information available such as public company market comparables and recent public company transactions.

viii) Convertible instruments

Convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible debentures components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

3. Significant accounting policies (continued)

l) Adoption of new accounting standards

IAS 7 Disclosures, required entities to provide disclosures in their financial statements about changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

IAS 12 Income taxes – *Deferred Tax* clarifies the recognition of deferred tax assets for unrealized losses. It was amended to specify (i) the requirement for recognizing deferred tax assets or unrealized losses; (ii) deferred tax where an asset is measured at a fair value below the asset's tax base; and (iii) certain other aspects of accounting for deferred tax assets. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

IFRS 9 Financial Instruments: Classification and Measurement – In November 2009, the IASB introduced IFRS 9, Financial Instruments ("IFRS 9"), which was part of a project to replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the current multiple classification and measurement model for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the financial instruments. Adoption of IFRS 9 is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has elected to early adopt IFRS 9 and the related consequential amendments effective January 1, 2017, which was the date of initial application. There were no differences in the comparative periods' financial statements arising from the initial adoption of IFRS 9.
The adoption of this new standard did not have any impact on the classification of the Company's financial instruments compared to the old standard under IAS 39. There were no quantitative adjustments as a result of adopting IFRS 9.

m) Future Accounting Pronouncements

IFRS 2 Share-based Payment was issued by the IASB in June 2016. These amendments provide clarification on how to account for certain types of share-based transaction. The amendments are effective for the annual period beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers was issued by the IASB in June 2014. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 will be effective for the Company on January 1, 2018. Since the Company did not recognize any revenue for the year, there will be no impact on the consolidated financial statements.

IFRS 16 Leases was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management is currently assessing the impact of adopting the standard.

4. Note receivable

On August 9, 2017, the Company issued a note receivable with a principal value of $650,000. The note has an original maturity date of December 31, 2017 that was extended to December 31, 2018, and interest is accrued on the outstanding value of the principal at 1% per annum. The note is secured by an interest in the Debtor's property and assets, which include securities in the capital of Curative Cannabis. The effective interest rate used to value the note was 20%. The fair value of the note approximates its carrying amount.

On October 30, 2017, the Company issued a convertible promissory note receivable to Good Leaf, with a principal value of $400,000 USD. The note has a maturity date of October 13, 2018 and interest is accrued on the outstanding value of the principal at 5% per annum. The effective interest rates used to value the note was 20%. The fair value of the note approximates its carrying amount. As at December 31, 2017, the carrying amount of the note is CAD $520,535.

5. Property, plant and equipment

	Computer Equipment	Office Furniture	Leasehold Improvements	Equipment	Building	Construction in Progress	Total
Cost:							
Balance at December 31, 2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	55,808	73,082	54,850	52,447	-	450,152	**686,339**
Additions from acquisitions	15,357	-	-	96,425	2,654,749	53,678	**2,820,209**
Dispositions	-	-	-	-	-	-	-
Balance at December 31, 2017	**$ 71,166**	**$ 73,082**	**$ 54,850**	**$ 148,872**	**$ 2,654,749**	**$ 503,830**	**$ 3,506,548**
Accumulated Depreciation:							
Balance at December 31, 2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation	4,130	1,450	1,671	7,056	17,758	-	**32,064**
Balance at December 31, 2017	**$ 4,130**	**$ 1,450**	**$ 1,671**	**$ 7,056**	**$ 17,758**	**$ -**	**$ 32,064**
Carrying amounts:							
Balance at December 31, 2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Balance at December 31, 2017	**$ 67,036**	**$ 71,632**	**$ 53,179**	**$ 141,816**	**$ 2,636,991**	**$ 503,830**	**$ 3,474,484**

6. Intangible assets

	Patient Referral Agreements	Streaming Agreements	Streaming Interests	Cultivation License	Total
Cost:					
Balance at December 31, 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Additions	838,369	603,474	10,800,000	-	12,241,843
Additions from business combination	-	-	-	16,962,700	16,962,700
Dispositions	-	-	-	-	-
Balance at December 31, 2017	**$ 838,369**	**$ 603,474**	**10,800,000**	**$ 16,962,700**	**$ 29,204,543**

a) Patient referral agreements

On April 18, 2017, the Company entered into a purchase agreement with 2557788 Ontario Ltd. ("255") , a private Ontario company, acting at arm's length to the Company, and acquired all of 255's interests in patient outreach and services agreements between 255 and several different patient outreach and service providers for total consideration of $1,200,000, which included cash of $288,000 on closing and the assumption of a promissory note in a separate legal agreement (Note 11). As at December 31, 2017, no amortization has been recorded as the assets are not yet in use as the Company has not obtained the product needed to execute on the agreements.

b) PanCann Streaming agreements

On April 27, 2017, the Company entered into a purchase agreement with PanCann Streaming Corp. ("PSC"), a private Ontario company, acting at arm's length to the Company, pursuant to which the Company acquired all of PSC's interests in certain binding interim streaming agreements between PSC and various licensed producers (“LP”) and LP applicants. In consideration of the acquisition, the Company issued a loan to PanCann Streaming Corp. for $1,000,000, which formed the purchase consideration (Note 11). The intangible assets associated with these streaming arrangements commenced operation towards the end of the year, resulting in nominal amortization being recorded.

c) Streaming interests

On July 10, 2017, the Company entered into an agreement to purchase $15,000,000 of ABcann Global Corporation (“ABcann”) shares. On August 1, 2017, the Company paid $15,000,000 and received 6,666,666 common shares of ABcann. The Company has allocated $8,800,000 of the $15,000,000 investment in ABcann as a streaming interest asset. This amount represents the premium paid by the Company over and above the fair market value of the shares on the date of the agreement.

On December 22, 2017, the Company entered into an agreement with its streaming partner CannTx Life Sciences Inc. (“CannTx”) to fund the construction of its cannabis production facility. The Company has allocated $2,000,000 of the $5,000,000 investment in CannTx as a streaming interest asset. This amount represents the premium paid by the Company over and above the fair market value of the shares on the date of the agreement. As at December 31, 2017, the Company has paid $3,000,000 of the $5,000,000 purchase price, and recorded the remaining $2,000,000 in accounts payable.

7. Business Combination

a) Rock Garden

On October 31, 2017 the Company purchased 100% of the issued and outstanding shares of RockGarden Medicinals (2014) Inc. ("RockGarden"). The transaction was accounted for as a business combination. The shareholders of RockGarden are entitled to receive aggregate consideration of common shares in the capital of the Company as follows:

i. 17,499,970 common shares upon closing of the acquisition;
ii. 4,999,971 common shares issued and held in escrow to be released to the RockGarden shareholders upon RockGarden receiving a sales authorization ("Sales License"); and
iii. 4,999,971 issued and held in escrow to be released to key employees at the earlier of three months after RockGarden receives its sales license; and 20 months after closing, subject in both cases to certain key individuals remaining employed by RockGarden

The contingent consideration of 9,999,942 shares has been classified as equity. Management assessed the probability of the issuance of the contingent shares to be highly probable and discounted the share value to present value for the lock-up periods. The discount rates range from 22.5% to 35% depending on the lock-up period, calculated using the put-option pricing models. The total fair value of the consideration is $19,971,658, of which $6,840,220 is contingent consideration. The following table summarizes the weighted average assumptions used in the model.

Risk-Free Annual Interest Rate	0.90% - 1.39%
Expected Strike Price	1.01
Expected Annual Dividend Yield	0%
Expected Annualized Volatility	95.50%
Expected Life of Options	0.33 - 1.67 year

Located in Carleton Place, Ontario, RockGarden is a privately owned licensed producer of cannabis pursuant to the Access to Cannabis for Medical Purposes regulations (the "ACMPR"). The acquisition furthers the Company's streaming strategy by providing the Company with additional resources and strategic regulatory tool to help accelerate current and future partners' development and their pathways to licensing under the ACMPR.

The purchase price was allocated as follows:

Net assets acquired	$	2,874,898
Cultivation license		16,962,700
Goodwill*		134,060
Total Purchase Price	**$**	**19,971,658**

* before deferred tax liability adjustment (Note 17)

7. Business combination (continued)

The net assets acquired included the following:

Cash and cash equivalents	$	553,243
Amounts receivable		81,552
Prepaid Expenses		24,355
Property, plant and equipment		2,820,209
Total assets	**$**	**3,479,359**
Accounts payable and accrued liabilities	$	86,485
Long-term notes		517,976
Total liabilities	**$**	**604,461**
Net assets acquired	**$**	**2,874,898**

Net cash inflow on acquisition of RockGarden is as follows:

Consideration paid in cash	$	-
Less: cash and cash equivalents acquired		553,243
Net cash inflow	**$**	**553,243**

Goodwill arose in the acquisition of RockGarden primarily due to the assembled work force of RockGarden. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

For the year ended December 31, 2017, RockGarden accounted for $195,539 in net loss since November 1, 2017.

For the purposes of the goodwill and cultivation license impairment test, the Company considered RockGarden as a separate CGU. The recoverable amount of the CGU was estimated based on fair value less cost to sale using comparable company multiples and precedent transactions. The most critical assumption used was the production capabilities per year. The fair value less cost to sell of the CGU was estimated to be higher than its carrying amount. As a result, no impairment was required. A 10% change in the production capacity would not impact the result.

8. Long-term investments

a) ABcann Global Corp. Investment

On May 29, 2017, the Company entered into an agreement to purchase $15,000,000 of ABcann Global Corp. ("ABcann") shares. On August 1, 2017, 6,666,666 shares were purchased at an agreed upon valuation of $2.25 per ABcann share.

The investment forms part of a larger phased investment by the Company to fund the expansion of ABcann's proposed cannabis cultivation facility located in Napanee, Ontario and known as the Kimmett facility. As part of the agreement with ABcann, the Company also committed to invest a further $15,000,000, within 60 calendar days of the Company accepting ABcann's construction plan, and fund the construction of the financed expansion area. The shares will be issued at a price equal to the greater of two times the prevalent market price and $2.25. Upon the full investment and construction of the expansion, the Company will be entitled to 50% of the cultivation yield generated by Kimmett facility. All cannabis product produced that is allocated to the Company will be sold by ABcann through its ordinary distribution channels or wholesale transferred in bulk at the request of the Company to another legal purchaser.

On August 1, 2017, the Company recorded the fair value of the long-term investment at $6,200,000 using the quoted price of $0.93/share on TSX-V. The premium of $1.32 per common share was recorded within intangible assets (Note 6). As at December 31, 2017, the fair value of the long-term investment has been revalued at $10,200,000 using the quoted price of $1.53/share on TSX-V. The gain on revaluation was recorded in other comprehensive income, net of applicable income taxes on the consolidated statement of comprehensive loss.

b) Broken Coast Cannabis Investment

On May 11, 2017, the Company purchased 184 common shares of Broken Coast Cannabis ("BC"), a licensed producer of medicinal cannabis located on Vancouver Island, for $250,000.

On February 13, 2018, Aphria Inc. announced the acquisition of BC's 99.86% issued and outstanding shares at approximately $217 million. The management used this transaction as the proxy of fair value to calculate the fair value of the 0.14% shares the Company owned as at December 31, 2017. As the result, the fair value of the long-term investment has been revalued at $301,384. The gain on revaluation was recorded as other comprehensive income, net of applicable income taxes on the consolidated statement of comprehensive loss.

8. Long-term investments (Continued)

c) CannTx Life Sciences Inc. Investment

On December 21, 2017, the Company entered into an agreement with CannTx Life Sciences Inc. ("CannTx") to fund the construction of its cannabis production facility. The Company will provide CannTx with $5,000,000 related to the initial costs for the phase I construction of the facility. In consideration for the financing, the Company received a minority equity interest (35,885 common shares) in CannTx and an entitlement to 33% of all cannabis (or cannabis-derived products including any cannabis trim) produced at the facility for a period of 10 years from the date of first sale at a fixed cost. Management has estimated the fair value of the shares acquired at $83.60/share, resulting in the fair value of the investment of $3,000,000. The $55.73 premium/share was recorded as intangible assets (Note 6). Since the transaction occurred close to December 31, 2017, the change in fair value of the long-term investment in the year ended December 31, 2017 was nominal. As at December 31, 2017, $2,000,000 out of the $5,000,000 remains payable and is included in accounts payable.

The key assumptions of the fair value measurement are described in Note 14(a).

9. Debt obligation receivable in product equivalents

On October 5, 2017, the Company and Beleave Inc. ("Beleave") entered into an agreement where the Company will provide Beleave with up to $10,000,000 in debt financing repayable in product equivalents. The proceeds 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. On October 17, 2017, the Company advanced $5,000,000 of the up to $10,000,000 financing to Beleave. Beleave's debt obligation will be receivable in product equivalents (the "DOPE Note").

DOPE Note terms

The DOPE note is subject to an interest rate of 1% per annum, with a minimum guaranteed interest being $100,500.

Under the terms of the DOPE Note, the principal is due within 24 months from the closing date, provided that, if any time during the term of the DOPE 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 DOPE Note by paying the Company a portion of all gross proceeds received from the retail or wholesale sale of grams of dried, finished, saleable cannbis ("CBW Grams") produced at any of its cultivation facilities. As a result, based on a $5,000,000 principal amount, the Company would receive the proceeds from the sale of 1,275,125 CBW Grams. Until the DOPE Note is repaid in full, the proceeds from 85% of all Grams sold by Beleave will be delivered to the Company as payment against the outstanding principal of the DOPE Note. The sales of CBW Grams are subject to certain wholesale and retail floors.

The instrument was deemed to be a fair value through profit or loss debt investment per IFRS 9 guidance. The fair value of the promissory note was estimated to be $6,377,986 and a fair value gain of $1,377,986 was recorded on the consolidated statement of loss.

The key assumptions of the fair value measurement are described in Note 14(a).

10. Convertible debenture

June 29, 2017 Issuance

On June 29, 2017, the Company completed a brokered private placement of unsecured convertible debentures units in the aggregate amount of $30,000,000. Each convertible debenture unit consists of a $1,000 principal amount of unsecured convertible debentures and 500 share purchase warrants.

The debentures bear interest at 6% per annum, payable semi-annually and mature within 24 months. The principal amount of the debentures will be convertible into common shares of the Company at a price of $1.00 per share, at the option of the holder. The fair value of the debenture was recorded at its fair value of $23,460,785, discounted at a market interest rate of 12% and is net of debt issue costs. The accretion expense calculated using the effective interest method for the twelve months period ended December 31, 2017 was $1,429,518. Interest expense accrued for the twelve months period ended December 31, 2017 for convertible debentures was $917,804.

The residual value of the conversion feature was estimated at $1,872,309, net of issue costs using relative fair value allocation, based on the following assumptions: Share price – $1.06, Annualized volatility – 89%; Risk-free interest rate – 1.08%; Dividend yield – 0%; and Expected life – 2 years.

Each warrant will be exercisable to acquire one common share at an exercise price of $1.50 per share until June 28, 2019. The fair value of these warrants was estimated at $731,892, net of issuance cost, based on the following assumptions: Share price – $1.06, Annualized volatility – 89%; Risk-free interest rate – 1.08%; Dividend yield – 0%; and Expected life – 2 years.

On closing, the Company paid the Agent (i) a commission of $2,100,000 representing 7% of the gross proceeds of the private placement; and (ii) 2,100,000 broker warrant units. The broker warrants were measured based on the fair value of the equity instruments granted as the fair value of services cannot be reliably measured. The estimated fair value of $997,692 was based on the following assumptions: Special warrant price – $1.00; Annualized volatility – 89%; Risk-free interest rate – 1.08%; Dividend yield – 0%; and Expected life – 2 years. Each broker warrant unit is exercisable into one common share and one warrant at an exercise price of $1.00 per share, expiring two years from the date of issuance. In addition, the Company also paid legal fees and advisory expenses as part of the wider private placement that is further described in Note 12.

Beginning on the date that is four months and one day following the closing date, the Company may force the conversion of the principal amount of the convertible debentures and the expiry of date of the convertible debt warrants should the daily volume weighted average trading price of the Company's common shares be greater than $2.00 for 10 consecutive trading days.

		Convertible debenture
BALANCE AT DECEMBER 31, 2016	$	-
Face value of debt upon issuance		30,000,000
Less: Allocation to warrants and conversion feature		(2,997,356)
Less: Debt issue costs		(3,541,859)
Fair value of debt on initial recognition		23,460,785
Accretion expense during the year		1,429,518
Less: Units converted during the year		(7,151,814)
BALANCE AT DECEMBER 31, 2017	$	17,378,489

10. Convertible debenture (Continued)

October 24, 2017 Issuance

On October 24, 2017, the Company issued 35,000 convertible debenture units for aggregate gross proceeds of $35,000,000. Each convertible debenture unit consisted of $1,000 principal amount of senior unsecured convertible debenture and 833 common share purchase warrants of the Company. The exercise price of the warrants was $1.20, and they expire in 2 years after the closing date.

The convertible debenture bears an 8% annual interest and matured in 60 months from the closing date. The debenture holders had the option to convert the principal amount at any time before the maturity date, at a conversion price of $1.20 per common share, and a cash payment equal to the interest that the holder would have received if it had held the debenture from the date of conversion until the maturity date.

On November 1, 2017, the debenture holders exercised all conversion options, resulting in an issuance of 29,166,665 common shares, and an interest cash payment of $14,035,000 was made to the debentures holders.

The legal form of the issuance was a convertible debenture, but the essence of the transaction was the issuance of 29,166,667 shares, 29,155,000 warrants, and 29,155,000 share purchase warrants for net cash proceeds of $20,965,000.

The Company recorded $14,035,000 for the issuance of shares and $6,033,548 for the issuance of warrants based on a relative fair value calculation. The fair value of these warrants for the relative fair value calculation was based on the following assumptions: Annualized volatility – 95.5%; Risk-free interest rate – 1.39%; Dividend yield – 0%; and Expected life – 2 years.

11. Long-term loans

		2557788 Ontario Ltd. (a)		**PanCann Streaming Corp. (b)**		**Total**
BALANCE AT DECEMBER 31, 2016	$	-	$	-	**$**	**-**
Face value of debt upon issuance		912,000		1,000,000		**1,912,000**
Less: Discount		(361,631)		(396,526)		**(758,157)**
Fair value of debt on initial recognition		550,469		603,474		**1,153,843**
Repayments during the year		-		(300,000)		**(300,000)**
Accretion expense during the year		27,518		30,174		**57,792**
BALANCE AT DECEMBER 31, 2017	$	577,987	$	333,648	**$**	**911,635**

a) The Company entered an unsecured promissory note with 255 for $912,000 as part of the purchase of the patient referral agreement (see Note 6). The loan has a term of five years and matures on April 17, 2022. The amount can be repaid at any time and is not subject to a prepayment fee. The loan bears interest at 1% per annum, compounded annually. The Company recognized the fair value of the below-market interest loan using a market interest rate of 12%.

b) The Company entered into an unsecured promissory note with PSC for $1,000,000 as part of the purchase of the streaming agreements (see Note 6). The loan has a term of five years and matures on April 25, 2022. The amount can be repaid at any time and is not subject to a prepayment fee. The loan bears interest at 1% per annum, compounded annually. The Company recognized the fair value of the below-market interest loan using a market interest rate of 12%.

11. Long-term loans (continued)

c) The long-term loan assumed on RockGarden business combination was resulted from the building transfer from the original shareholders to RockGarden, which was repaid immediately by the Company upon closing of the acquisition.

12. Share capital

a) Authorized

Until January 6, 2017, the Company was authorized to issue 100,000,000 common shares with no par value. In January 2017, the authorized share capital of the Company was approved to increase to an unlimited number of common shares. On April 10, 2017, the Company completed a forward stock split of its common shares on a three for one basis. All historical references to share transactions or balances prior to this date have been recast on a three for one basis.

b) Issued and outstanding

At December 31, 2017, there were 263,452,946 issued and fully paid common shares and 9,999,942 were held in escrow related to the contingent considerations in RockGarden acquisition (Note 7).

On January 20, 2017, the Company closed a non-brokered private placement and distributed 60,927,546 special warrants for gross proceeds of $1,117,005. The special warrants converted to warrant units on February 22, 2017.

Each warrant entitled the holder to receive one unit of the Company, with each unit consisting of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional share at $0.023 until January 20, 2019. The Company recorded $740,033 for the issuance of shares and $376,972 for the issuance of warrants based on a relative fair value calculation. The fair value of these warrants for the relative fair value calculation was based on the following assumptions: Share price – $0.075, Annualized volatility – 72.40%; Risk-free interest rate – 0.76%; Dividend yield – 0%; and Expected life – 2 years.

In March 2017, the Company closed two non-brokered private placements and distributed a total of 76,531,968 units for gross proceeds of $1,403,088. Each unit consists of one share and one warrant, with each warrant entitling the holder to purchase one additional share at $0.023 until March 2019. The Company recorded $891,162 for the issuance of shares and $511,925 for the issuance of warrants based on a relative fair value calculation. The fair value of these warrants for the relative fair value calculation was based on the following assumptions: Share price - $0.075, Annualized volatility – 72.40%; Risk-free interest rate – 0.85%; Dividend yield – 0%; and Expected life – 2 years.

On June 29, 2017, the Company closed a private placement of special warrants and distributed a total of 20,252,203 special warrants for gross proceeds of $20,252,203. The warrants converted to warrant units on October 3, 2017.

Each warrant entitled the holder to receive one unit of the Company, with each unit consisting of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional share at $1.50 until June 28, 2019. The Company recorded $13,725,476 for the issuance of shares and $4,082,331 for the issuance of warrants based on a relative fair value calculation. The fair value of these warrants for the relative fair value calculation was based on the following assumptions: Annualized volatility – 89%; Risk-free interest rate – 1.52%; Dividend yield – 0%; and Expected life – 2 years.

12. Share capital (continued)

On closing of the June 29, 2017 issuance, the Company paid the Agent (i) a commission of $1,319,549 representing 7% of the gross proceeds of the private placement; and (ii) 1,319,549 broker warrant units estimated at a fair value of $598,710 based on the following assumptions: Annualized volatility – 89%; Risk-free interest rate – 1.08%; Dividend yield – 0%; and Expected life – 2 years. Each broker warrant unit is exercisable into one common share and one warrant at an exercise price of $1.00 per share, expiring two years from the date of issuance. The Company paid legal fees and advisory expenses of $526,137 for the issuance of the June 29, 2017 special warrants, and the debenture units discussed in Note 10.

On November 1, 2017, the full principal of the convertible debentures that were issued on October 24, 2017 were exercised and the Company issued 29,166,665 shares and 29,155,000 warrants. Each warrant will entitle the holder to purchase one common share at $1.20 per common share until November 1, 2019. The Company recorded $14,931,452 for the issuance of shares and $6,033,548 for the issuance of warrants based on a relative fair value calculation. The fair value of these warrants for the relative fair value calculation was based on the following assumptions: Annualized volatility – 95.5%; Risk-free interest rate – 1.39%; Dividend yield – 0%; and Expected life – 2 years.

c) Stock options

The Company has a stock option plan to provide incentives to directors, employees and consultants of the Company. The total number of options awarded in any 12-month period was not to exceed 10% of the issued and outstanding shares to any one individual or 2% to any one consultant or employee. No options were granted or exercised during the year ended December 31, 2016.

At December 31, 2017, 7,484,204 options were available for grant under the stock option plan.

In March 2017, the Company issued 6,881,787 stock options at an exercise price of $0.025 per share, exercisable for 5 years to employees and officers. All the options vest immediately.

In March 2017, the Company issued 5,834,298 stock options at an exercise price of $0.025 per share, exercisable for 5 years to officers of the Company. All the options vest immediately.

In December 2017, the Company issued 5,345,000 stock options at an exercise price of $1.00 per share, exercisable for 10 years to consultants, employees, and officers. Of the options issued, 2,375,000 vest immediately, 75,000 vest over one year, 2,850,000 vest over three years, and 45,000 vest over four years.

The consultant options were measured based on the fair value of the equity instruments granted as the fair value of services cannot be reliably measured.

In December 2017, the Company issued 800,000 stock options at an exercise price of $1.00 per share, exercisable for 10 years to directors of the Company. Of the options issued, 650,000 vest immediately and 150,000 vest over three years.

In December 2017, the Company issued 1,050,000 stock options at an exercise price of $1.00 per share, exercisable for 5 years to consultants of the Company. All the options vest immediately.

In December 2017, the Company issued 150,000 stock options at an exercise price of $1.72 per share, exercisable for 5 years to consultants of the Company. Of the options issued, 50,000 vest immediately and 100,000 vest over two years.

12. Share capital (continued)

The following table summarizes information about stock options outstanding as at December 31, 2017:

Options Outstanding				Options Exerciseable		
Number Outstanding at December 31, 2017		Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exerciseable at December 31, 2017		Weighed Exercise Price
12,716,085	$	0.025	2.7	7,920,637	$	0.016
5,845,000	$	1.00	2.9	2,889,042	$	0.24
100,000	$	1.00	0.0	100,000	$	0.01
50,000	$	1.00	0.0	50,000	$	0.00
1,000,000	$	1.00	0.3	1,000,000	$	0.08
150,000	$	1.72	0.1	50,616	$	0.01
19,861,085	**$**	**0.38**	**5.99**	**12,010,296**	**$**	**0.36**

The following table reflects the continuity of stock options for the periods presented:

	Options Issued		Average Exercise Price
Balance outstanding at December 31, 2016	-		-
Option granted			
March 14 Grant	12,716,085	$	0.025
December 1 Grant	6,045,000	$	1.00
December 2 Grant	100,000	$	1.00
December 12 Grant	50,000	$	1.00
December 18 Grant	1,000,000	$	1.00
December 29 Grant	150,000	$	1.72
Total options granted	**20,061,085**	**$**	**0.39**
Total options exercised	**(200,000)**	**$**	**1.00**
Balance outstanding at December 31, 2017	**19,861,085**	**$**	**0.38**

On December 27, 2017, one option holder exercised his 200,000 options at $1.00 per common share, when the market price at the exercise date was $1.74.

As at December 31, 2017, stock options outstanding have a weighted average remaining life of 5.99 years.

The total fair value of stock options granted during the year ended December 31, 2017 was $3,329,568 (2016 – $Nil).

12. Share capital (continued)

The fair value of stock options was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2017	2016
Risk-Free Annual Interest Rate	1.26%-1.52%	-
Expected Annual Dividend Yield	0%	-
Expected Annualized Volatility	53.12% - 95.50%	-
Expected Life of Options	5 - 10 years	-
Forfeiture rate	0%	-

The expected annualized volatility was estimated based on the Company's historical stock returns and comparable companies.

d) Warrants

Each warrant entitles the holder to purchase one common share of the Company. The following table reflects the continuity of warrants for the periods presented:

WARRANT ACTIVITY	December 31, 2017		Weighted Average Exercise Price		December 31, 2016		Weighted Average Exercise Price
Balance – Beginning of Year	**-**	**$**	**-**	$	-	$	-
Issued	201,866,717		0.451		-		-
Expired	-		-		-		-
Exercised	(41,219,593)		0.023		-		-
Balance – End of Period	**160,647,124**	**$**	**0.561**	$	-	$	-

The weighted average fair value of warrants outstanding during the year ended December 31, 2017 was $0.075. As at December 31, 2017, warrants outstanding have a weighted average remaining life of 1.40 years.

The following table summarizes information about warrants outstanding as at December 31, 2017:

Date of Issuance	Date of Expiry		Exercise Price	December 31, 2017 Outstanding	December 31, 2016 Outstanding
February 22, 2017	February 21, 2019	$	0.023	28,363,407	-
March 13, 2017	March 12, 2019	$	0.023	46,162,865	-
March 20, 2017	March 19, 2019	$	0.023	21,713,649	-
June 29, 2017	June 28, 2019	$	1.500	15,000,000	
October 3, 2017	June 28, 2019	$	1.500	20,252,203	
November 1, 2017	October 31, 2019	$	1.200	29,155,000	-
				160,647,124	-

12. Share capital (continued)

e) Broker warrant units

During the year ended December 31, 2017, the Company issued 3,419,549 broker warrant units. See note 12b) for details on the broker warrant unit issuance. The following table reflects the continuity of broker warrant units issued for the periods presented:

Date of Issuance	Date of Expiry		Exercise Price	December 31, 2017	December 31, 2016
June 29, 2017	June 28, 2019	$	1.000	**3,419,549**	-

f) Earnings per share

The calculation of basic and diluted income (loss) per share is based on the income (loss) for the year divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potentially dilutive shares such as options, convertible debt and warrants have not been included as they would have the effect of decreasing the loss per share and they would, therefore be antidilutive.

13. Related party balances and transactions

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, executive officers and the President. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries, bonuses and medical benefits. Long-term benefits include stock options or post-employment benefits. Compensation provided to current and former key management are as follows:

For the year ended December 31	2017	2016
Short-term benefits	$ 1,970,315	$ 45,000
Long-term benefits (*)	674,414	-
	$ 2,644,729	$ 45,000

(*) Consists of share-based payments as the fair value of options granted to key management personnel of the Company under the Company’s stock option plan.

Nesta Holding Co Ltd, a company owned and controlled by the CEO of the Company, provides travel and accommodation services to the Company on a month to month basis. For the year ended December 31, 2017, the Company incurred $28,434 (December 31, 2016 - $Nil) in travel expenses. There was $13,445 outstanding to Nesta Holding Co Ltd at December 31, 2017 (December 31, 2016 - $Nil).

Canterra Capital Corp., a company owned and controlled by a former director of the Company, provides management consulting services to the Company on a month to month basis. For the year ended December 31, 2017, the Company incurred $307,789 (December 31, 2016 - $155,342) in management consulting fees. There was no amount outstanding to Canterra Capital Corp. at December 31, 2017 (December 31, 2016 - $Nil).

Elcyc Holdings Ltd., a company owned and controlled by the former President and former director of the Company, provides management consulting services to the Company on a month to month basis.

13. Related party balances and transactions (continued)

For the twelve-month period ended December 31, 2017, the Company incurred $137,750 (December 31, 2016 - $166,013). There was $50,000 outstanding to Elcyc at December 31, 2017 (December 31, 2016 - $6,250).

The Company provides a monthly fee to former directors for services provided. For the twelve-month period ended December 31, 2017, the Company incurred $8,000 (December 31, 2016 – $22,500) in director's fees. The Company also paid $198,154 for additional consulting services to the former President and former director of the Company (December 31, 2016 - $Nil) and $202,000 for additional consulting services to another former director (December 31, 2016 - $Nil).

14. Financial instruments and risk management

The Company has exposure to the following risks from its use of financial instruments. The Board of Directors approves and monitors the risk management processes.

a) Financial instrument classification and measurement

Financial instruments that are recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significant of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

	Cost and Fair Value, Dec. 31, 2016	Investment	Divesture (cost)	Cost Dec. 31, 2017	Cumulative change in fair value	Fair value Dec. 31, 2017
Level 1 on fair value hierarchy						
ABcann Global Corp	$ -	$ 6,200,000	$ -	$ 6,200,000	$ 4,000,000	**$ 10,200,000**
	$ -	**$ 6,200,000**	**$ -**	**$ 6,200,000**	**$ 4,000,000**	**$ 10,200,000**
Level 2 on fair value hierarchy						
Broken Coast Cannabis	-	250,000	-	250,000	51,384	**301,384**
	$ -	**$ 250,000**	**$ -**	**$ 250,000**	**$ 51,384**	**$ 301,384**
Level 3 on fair value hierarchy						
CannTx Life Sciences Inc.	-	3,000,000	-	3,000,000	-	**3,000,000**
Debt obligation receivable in product equivalents	-	5,000,000	-	5,000,000	1,377,986	**6,377,986**
	$ -	**$ 8,000,000**	**$ -**	**$ 8,000,000**	**$ 1,377,986**	**$ 9,377,986**

14. Financial instruments and risk management (Continued)

Instrument	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Debt obligation receivable in product equivalent	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the investment	- Risk adjusted discount rate: 20% - Usable production space - Selling price per gram of cannabis	- If the estimated discount rate was lower (higher) by 1%, the fair value would increase (decrease) by $57,000 ($57,000). - If the estimated usable production space increases (decreases) by 10%, the fair value would increase (decrease) by $1,704,000 ($1,654,000). - If the price per gram of Cannabis increases (decreases) by 10%, the fair value would increase (decrease) by $630,000 ($630,000).
Investment in CannTx	Market approach	- Facility production capacity	If the facility production capacity increased by 10% (decreased), the estimated fair value of long-term investment would increase (decrease) by $300,000 ($300,000)

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, marketable securities, note and other receivables, long-term investments, debt obligation receivable in product equivalent, accounts payable and accrued liabilities, convertible debenture and long-term loans and interest payable on convertible debt. As at December 31, 2017 and December 31, 2016, the carrying value of cash and cash equivalents is carried at fair value. Cash and cash equivalents, notes receivable and accounts payable and accrued liabilities, interest payable on convertible debenture approximate their fair value due to their short-term nature. The note receivable, convertible debenture and long-term loans' carrying value approximate fair value due to their recent issuance and being at market rates for similar instruments.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns.

The Company is exposed to equity price risk, which arises from investments measured at FVTOCI. For such investments classified as at FVTOCI, the impact of a 10% increase in the share price would have increased equity by $1,350,138 before tax. An equal change in the opposite direction would have decreased equity by $1,350,138 before tax.

The company is exposed to price risk of medical cannabis, which arises from the investment in Debt obligation receivable in product equivalent, the table in note (a) summarizes the impact of price changes.

d) Interest rate risk

Interest rate risk is the risk that changes interest rates will impact the cash flows of the Company. As all of the Company's financial debt are on fixed interest rates, the impact of a change in interest rates will not impact the Company's income or cash flows.

e) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk as the change in credit risk does not impact the value of note receivable materially.

15. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company considers its capital structure to include convertible debt, working capital and shareholders' equity.

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, acquire or dispose of assets to maintain or adjust its capital structure.

The Company is dependent on expected business growth, changes in the business environment and capital markets as its source 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 in the year.

16. Commitments

a) As at December 31, 2017, the Company has entered into streaming agreements with 17 partners. By entering into these streaming agreements, the Company has commitments, subject to due diligence and other closing conditions, to do one or both of the following:
   i. invest in a private placement of common shares of the streaming partner for certain gross proceeds resulting in the Company owning an equity interest in the streaming partner.
   ii. provide all necessary funding to secure proposed cultivation sites and for the construction of cultivation sites.

b) As at December 31, 2017, the Company has entered into patient referral agreements with 5 clinics. By entering into these patient referral agreements, the Company has committed to milestone payments to the clinics based on specific referral targets.

c) As at December 31, 2017, the Company has the commitment to pay another $15,000,000 subscription and fund the ABcann's financed expansion area upon the receipts of the construction budget.

d) As at December 31, 2017, the Company has the commitment to pay CannTx another $7,000,000 related to phase II expansion of the Facility, subject to the completing satisfactory due diligence on the parties agreeing to a construction budget and timeline for the phase II expansion.

e) The Company is committed under two sublease agreements with respect to its office premises located in Toronto, Ontario, expiring May 31, 2020 and April 30, 2024 as follows:

2018	$	462,362
2019		462,362
2020		456,499
2021		456,778
Thereafter		1,091,130
Total	**$**	**2,929,131**

17. Income Taxes

The reconciliation of the combined Canadian federal and provisional statutory income tax rate of 26.5% (2016 – 26.5%) to the effective tax rate is as follows:

		2017		2016
Net Income (Loss) before recovery of income taxes	$	(18,848,397)	$	(275,577)
		26.50%		26%
Expected income tax expense/(recovery)	$	(4,994,825)	$	(71,650)
Increase/(decrease) due to:				
Non-deductible expenses & permanent differences		761,546		(10,391)
Change in tax rates		2,074		1,078
Change in unrecognized/(recognized) deferred tax assets		3,824,349		34,963
Other		(264,765)		-
Income tax (recovery) expense	$	(671,622)	$	(46,000)

Deferred tax

The following table summarizes the movement of deferred tax assets (liabilities)

	Jan 1, 2017 (Opening balance)	Recognized in profit or loss	Recognized in OCI	Recognized in equity	Acquired in business combinations	Net
Non-capital losses	-	1,398,412	-	-	164,156	1,562,568
Convertible & other debt	-	(726,790)	-	(789,000)	-	(1,515,790)
Intangible assets	-	-	-	-	(4,495,116)	(4,495,116)
Marketable securities	-	-	(536,808)	-	-	(536,808)
Property, plant & equipment	-	-	-	-	(34,646)	(34,646)
Financing and share issuance costs	-	-	-	654,186	-	654,186
Total deferred income tax assets/(liabilities), net	**-**	**671,622**	**(536,808)**	**(134,814)**	**(4,365,606)**	**(4,365,606)**

17. Income Taxes (continued)

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items because it is not probable that future taxable profit will be available which the Company can use the benefits therefrom:

	2017	**2016**
Deductible temporary differences	**3,954,238**	479,689
Tax losses	**11,178,009**	175,029
	15,132,247	654,718

The total amount of Canadian non-capital loss carry-forwards for which deferred income tax assets have not been recognized at December 31, 2017 is $11,178,009 (2016: $175,029) expiring between 2036 and 2037.

18. Subsequent events

a) On January 15, 2018, the Company announced the launch of KoLab Project Inc. (formerly RockGarden Medicinals (2014) Inc.). Upon receiving the necessary regulatory approvals, Kolab Project Inc. will offer an exclusive monthly subscription platform to authorized medical cannabis patients.

b) On January 16, 2018, the Company announced that it elected to exercise its right under the warrants issued in June 2017 to accelerate the date of expiry to February 15, 2018.

c) On January 17, 2018, the Company issued 100,000 convertible debenture units for aggregate gross proceeds of $100,000,000. Each convertible debenture unit consists of $1,000 principal amount of senior unsecured convertible debentures and 322 common share purchase warrants of the Company. The debentures bear interest at 6.0% per annum, calculated semi-annually on June 30 and December 31 of each year and mature 24 months from the date of closing. MMCAP International Inc. SPC subscribed for $85 million of the aggregate principal amount of convertible debenture units and is considered to be an insider of the Company.

d) On January 29, 2018, the Company announced the settlement of $3,064,943 of debt in consideration for the issuance of an aggregate of 3,018,109 common shares.

e) On January 30, 2018, the Company announced that it had entered into a binding agreement with Inverell S.A. (“Inverell”), a federally licensed cannabis operator based in Montevideo, Uruguay to purchase 80% of the issued and outstanding common shares of Inverell on a fully diluted basis. Inverell’s “Cannabis Operator” license allows it to cultivate and harvest its proprietary hemp strain.

Pursuant to the Agreement, the shareholders of Inverell are entitled to receive aggregate consideration of USD$15,000,000, to be paid as follows:

- USD$2,000,000 in cash on closing of the transaction
- USD$3,562,500 payable in common shares of the Company on closing
- USD$9,437,500 payable in common shares of the Company upon the achievement of certain milestones,

f) On February 7, 2018, the Company completed a strategic investment in Inner Spirit Holdings Ltd., a market leader in the franchising of retail cannabis dispensaries in jurisdictions in Canada where the private distribution of recreational cannabis will be legalized. The Company will acquire 15,000,000 common shares of Inner Spirit in exchange for:

(i) a cash payment of $350,000;
(ii) 674,418 common shares of the Company and;
(iii) 1,250,000 common share purchase warrants of the Company.

Pursuant to the investment agreement entered into by the Company and Inner Spirit, the Company also exercised its pre-emptive right to acquire an additional 1,500,000 Inner Spirit Shares for $150,000.

g) On February 8, 2018, the Company subscribed for 1,818,181 common shares and 909,090 common share purchase warrants of Lotus Ventures Inc. for the subscription price of $1,000,000.

18. Subsequent events (continued)

h) On March 1, 2018, the Company announced that it had entered into a joint venture with Peter Quiring, one of Canada's largest greenhouse builders and operators, to develop, construct and operate a state-of-the-art purpose-built greenhouse for cannabis cultivation in Leamington, Ontario.

i) On March 1, 2018, the Company announced that it had entered into a definitive agreement with Sundial Growers Inc. ("Sundial") whereby the Company advanced $7,000,000 to Sundial by way of a promissory note for a period of 6 months. Sundial will repay will repay the Note either by a cash payment, through the delivery of an agreed upon volume of dried cannabis produced by Sundial ("Grams") or through a combination of cash and Grams.

i) On March 5, 2018, the Company announced that it had entered a binding agreement with FV Pharma Inc., a licensed producer with a cultivation license, to finance the construction of a cultivation facility in Cobourg, Ontario. In return, the Company will be entitled to a 49.9% streaming interest of the cannabis cultivation yield.

k) On March 15, 2018, the Company announced that it had entered into a strategic alliance agreement with Ontario-based research and development firm Honest Inc. ("Province"). The Company will assist Province with the establishment and licensing of a cannabis facility focused on the research, development and commercialization of cannabis-based beverages. The Company and Province have also agreed to explore and collaborate on further commercial opportunities including supply and offtake arrangements, cannabis genetics development and refinement, co-branding opportunities, white-label opportunities, IP development and licensing as well as international distribution opportunities. In consideration, the Company will receive 2,068,284 preferred shares in the capital of Province, representing a 10% equity ownership interest in Province, and the Company will issue 303,030 common shares to Province.

l) On April 3, 2018, the Company entered into a definitive agreement to acquire 100% of the issued and outstanding shares of Dosecann Inc. Dosecann is a late-stage "Licensed Dealer" applicant pursuant to the Narcotic Control Regulations with a purpose-built 42,000 square foot facility located in Charlottetown, Prince Edward Island. The Company will pay the holders of the Dosecann securities an aggregate of up to $1.83 per security, payable in common shares of Cannabis Wheaton, subject to the satisfaction of certain post-closing time and performance-based milestones.

m) On April 4, 2018, the Company obtained regulatory approval for a licensing agreement with a Canadian cannabis testing, analysis and licensing company (the "Licensor"). The Company will be granted an exclusive data access for cannabis testing, analysis and ranking for a term of two years. In consideration, the Company will issue 359,211 common shares to the Licensor.

n) On April 9, 2018, the Company announced that it had entered into a definitive agreement to acquire 100% of the issued and outstanding shares of Robinson's Cannabis Inc. Robinson's is a late-stage licensed producer applicant and is currently constructing a 27,700 square foot facility located in Kentville, Nova Scotia. As consideration for the Robinson's Shares, the Company will issue 9,395,968 common shares, subject to the satisfaction of certain post-closing time and performance-based milestones.

o) On April 16, 2018, the Company advanced another $1,000,000 to CannTx, in line with their construction budget and timeline.

18. Subsequent events (continued)

p) Subsequent to December 31, 2017, 128,676,125 common shares were issued on the exercise of 128,676,125 warrants for gross proceeds of $87,700,981 and 550,000 common shares were issued on the exercise of 550,000 options for gross proceeds of $550,000.

q) Subsequent to December 31, 2017, the Company granted 6,300,000 stock options with each stock option permitting the holder to acquire one common share of the Company at a price between 1.54 and 2.40 per share.

r) Subsequent to December 31, 2017, 21,240,000 common shares were issued on the exercise of 21,240 convertible debt units.