SOL Global Investments Corp.

(Formerly Scythian Biosciences Corp.)

FINANCIAL STATEMENTS

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SOL Global Investments Corp. (formerly Scythian Biosciences Corp.),

Opinion

We have audited the financial statements of SOL Global Investments Corp. (formerly Scythian Biosciences Corp.) (the “Company”), which comprise the statement of financial position as at March 31, 2019, and the statements of income (loss) and comprehensive income (loss), changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 27, 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 29, 2019

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	As at March 31, 2019	2018
		$	$
ASSETS			
Cash		**10,044,474**	822,397
Guaranteed investment certificates	7	-	31,341,836
Other receivables	6	**1,567,810**	383,478
Prepaid expenses	5	**1,101,709**	2,556,010
Investments	4	**182,422,020**	-
Deferred tax asset	14	**1,107,108**	-
Convertible debenture	4	**1,400,000**	-
Promissory note receivable	4	**26,430,183**	-
Total assets		**224,073,304**	35,103,721
LIABILITIES			
Trading overdraft account		**583,505**	-
Accounts payable and accrued liabilities	18	**12,288,755**	1,822,582
Income tax payable	14	**14,565,000**	-
Lease obligation	16	**218,741**	-
Deferred tax liability	14	**2,305,000**	-
Deferred share unit liability	11	**4,955,861**	4,416,000
Total liabilities		**34,916,862**	6,238,582
SHAREHOLDERS' EQUITY			
Capital stock	8	**117,100,041**	52,116,837
Contributed surplus	9, 10	**9,924,108**	9,601,674
Retained earnings (deficit)		**62,132,293**	(32,853,372)
Total shareholders' equity		**189,156,442**	28,865,139
Total liabilities and shareholders' equity		**224,073,304**	35,103,721

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

Nature and Continuance of Operations (note 1), Commitments and Contingencies (note 16) and Subsequent Events (note 22)

On behalf of the Board, on July 29, 2019:

/s/ Roger Rai
Director

/s/ Brady Cobb
Director

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

For the year ended March 31,

	Note	2019	2018
		$	$
Income from investments			
Gain on sale of LATAM Holdings Inc.	12	**204,803,703**	-
Realized/Unrealized loss on investments	4	**(53,173,171)**	-
Loss on disposal of Go Green B.C. Medical Marijuana Ltd.	12	**-**	(234,675)
Interest and other income	4	**784,824**	141,054
Total other income		**152,415,356**	(93,621)
Expenses			
Salaries and consulting fees	18	**16,454,238**	1,748,789
Transaction costs		**7,014,293**	-
General and administrative		**4,798,644**	1,227,612
Share-based compensation	9	**5,914,980**	6,714,790
Research and development	13	**2,679,322**	3,137,653
Professional fees		**1,472,751**	1,066,855
Foreign exchange loss		**745,988**	27,770
Listing expenses		**28,651**	9,990,840
Change in fair value of deferred share units	11	**(522,829)**	1,780,637
Total expenses		**38,586,038**	25,694,946
Income (loss) before the following:		**113,829,318**	(25,788,567)
Loss on deconsolidation of Impact Biosciences Corp.	13	**(3,080,653)**	-
Income (loss) before income taxes		**110,748,665**	(25,788,567)
Deferred income tax	14	**(1,197,892)**	-
Current income taxes	14	**(14,565,108)**	-
Net income (loss) from continuing operations		**94,985,665**	(25,788,567)
Net loss from discontinued operations	15	**-**	(142,819)
Net income (loss) and comprehensive income (loss)		**94,985,665**	(25,931,386)
Income (loss) per common share, basic			
- Continuing operations	17	**2.38**	(1.60)
- Discontinued operations	17	**-**	(0.01)
Income (loss) per share, basic		**2.38**	(1.61)
Income (loss) per common share, diluted			
- Continuing operations	17	**2.30**	(1.60)
- Discontinued operations	17	**-**	(0.01)
Net income (loss) per share, diluted		**2.30**	(1.61)
Weighted average number of shares – basic	17	**39,884,524**	16,109,438
Weighted average number of shares - diluted	17	**41,246,396**	16,109,438

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

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Statements of Shareholders' Equity

(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital $	Contributed Surplus $	Other Capital Reserves $	Retained Earnings (Deficit) $	Total $
Balance, April 1, 2017		**11,498,208**	**6,216,198**	**1,506,806**	**-**	**(6,921,986)**	**801,018**
Share subscriptions received		-	-	-	12,196,191	-	12,196,191
Shares issued on conversion of subscription receipts		6,642,500	13,285,000	-	(13,285,000)	-	-
Issuance of common shares							
-For settlement of accounts payable		50,000	100,000	819,245	-	-	919,245
-For cash at $8.00		6,183,544	28,753,480	-	-	-	28,753,480
Less share issue costs		-	(5,789,152)	1,808,117	1,088,809	-	(2,892,226)
Share issuance relating to reverse take-over	19	2,642,264	5,284,528	3,886,447	-	-	9,170,975
Settlement of accrued wages with related parties		-	-	669,388	-	-	669,388
Finder's fee		198,800	397,600	-	-	-	397,600
Shares issued on exercise of warrants	8, 10	973,608	1,957,182	(1,171,083)	-	-	786,099
Shares issued on exercise of options	8, 9	52,664	143,001	(38,673)	-	-	104,328
Disposition of Go-Green	12	(108,000)	(189,000)	-	-	-	(189,000)
Share-based compensation		-	-	2,121,427	-	-	2,121,427
Shares issued on exercise of deferred share units	8, 11	400,000	1,958,000	-	-	-	1,958,000
Net loss		-	-	-	-	(25,931,386)	(25,931,386)
Balance, March 31, 2018		**28,533,588**	**52,116,837**	**9,601,674**	**-**	**(32,853,372)**	**28,865,139**
Shares issued on exercise of options	8, 9	513,000	2,079,574	(1,535,386)	-	-	544,188
Shares issued on exercise of warrants	8, 10	1,022,496	2,145,736	(1,564,745)	-	-	580,991
Shares issued on exercise of deferred share units	8, 11	536,667	1,969,245	-	-	-	1,969,245
Shares issued on purchase of LATAM Holdings Inc.	12	18,855,630	64,016,574	-	-	-	64,016,574
Common shares repurchased	8	(2,451,861)	(5,227,925)	332,216	-	-	(4,895,709)
Share-based compensation		-	-	3,090,349	-	-	3,090,349
Net income		-	-	-	-	94,985,665	94,985,665
Balance, March 31, 2019		**47,009,520**	**117,100,041**	**9,924,108**	**-**	**62,132,293**	**189,156,442**

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

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)
Statements of Cash Flows
(Expressed in Canadian Dollars)

For the year ended March 31,	2019	2018
	$	$
OPERATING ACTIVITIES		
Net income (loss) from continuing operations	**94,985,665**	(25,788,567)
Net loss from discontinued operations	**-**	(142,819)
Items not affecting cash:		
Gain on sale of LATAM Holdings Inc.	**(204,803,703)**	-
Unrealized gain on investments	**(8,858,564)**	234,675
Realized loss on investments	**62,031,735**	-
Interest income accrual	**(773,223)**	-
Change in value of deferred share units	**(522,829)**	1,780,637
Share-based compensation	**5,914,980**	6,714,790
Depreciation	**-**	136,007
Accrued lease liability	**218,741**	-
Net change in deferred tax assets and liabilities	**1,197,892**	-
Loss on deconsolidation of Impact Biosciences Corp.	**3,080,653**	-
Listing expense paid in common shares	**-**	9,723,199
Purchase of investments	**(226,490,948)**	-
Proceeds of disposition of equity securities	**287,542,597**	-
Purchase of convertible debentures	**(1,600,000)**	-
Purchase of promissory notes	**(26,057,212)**	-
Costs associated with the purchase of LATAM	**(28,746,950)**	-
Changes in non-cash working capital:		
Prepaid expenses	**(105,712)**	(1,684,103)
Other receivables	**(1,184,332)**	(261,684)
Accounts payable and accrued liabilities	**10,673,476**	1,401,390
Income tax payable	**14,565,000**	-
Cash flows provided by (used in) operating activities	**(18,932,734)**	(7,886,745)
INVESTING ACTIVITIES		
Proceeds of disposition of guaranteed investment certificates	**31,341,836**	(31,341,836)
Cash advances to Kitrinor	**-**	(87,931)
Proceeds from sale of subsidiary	**-**	100,000
Cash flows provided by (used in) investing activities	**31,341,836**	(31,329,767)
FINANCING ACTIVITIES		
Increase in trading overdraft account	**583,505**	-
Proceeds from the exercise of warrants	**580,991**	786,099
Proceeds from the issuance of common shares, net	**-**	25,900,828
Proceeds from the exercise of options	**544,188**	104,328
Proceeds from issuance of subscription receipts for common shares, net	**-**	12,156,617
Common shares repurchased	**(4,895,709)**	-
Net cash provided by (used in) financing activities	**(3,187,025)**	38,947,872
Net change in cash during the year	**9,222,077**	(268,370)
Cash, beginning of year	**822,397**	1,090,767
Cash, end of year	**10,044,474**	822,397

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

1. NATURE AND CONTINUANCE OF OPERATIONS

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.) (the "Company") was incorporated under the laws of the Province of Ontario, Canada on January 28, 2005. The common shares of the Company are listed on the Canadian Securities Exchange under the symbol "SOL", the OTCPK in the United States of America under the symbol "SOLCF", and on the Frankfurt Exchange under the symbol "9SB". The Company is an international investment company with a focus on investing in cannabis and cannabis related companies in legal U.S. states, the hemp and CBD marketplaces and the emerging European cannabis and hemp marketplaces with an objective of providing shareholders with a long term return through capital appreciation, dividends and interest from its investments. The Company may also invest in companies not in the cannabis sector, if the Company believes there is a strategic reason to do so.

On August 1, 2017, the Company completed a business combination with Scythian Biosciences Inc. ("Scythian Inc.") (the "Transaction"), a company incorporated under the Federal laws of Canada on July 9, 2014. Scythian Inc. was focused on the acquisition of companies in the medical marijuana market, either in its application for medical and academic uses in the development of new pharmaceuticals, or in the business of production and sales of prescription marijuana to individual consumers. The Transaction constituted a reverse takeover ("RTO") of the Company by Scythian Inc. and the business of the resulting merged entities became the business of Scythian Inc. In connection with the Transaction, the Company effected a reverse stock split on the basis of 1:20 and Scythian Inc. effected a reverse stock split on the basis of 1:80. In addition, on April 13, 2018, the Company effected a stock split on the basis of 4:1. These financial statements give retroactive effect to such splits and all share and per share amounts have been adjusted accordingly (Note 19)

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's registered office and principal place of business is 5600-100 King Street West, Toronto, ON, Canada, M5X 1C9.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using the significant accounting policies outlined in Note 3.

The financial Statements were approved by the Board of Directors and authorized for issuance on July 29, 2019.

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. In addition, these financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

The following criteria within IFRS 10, Financial Statements ("IFRS 10"), were assessed by the Company to determine whether it qualifies as an investment entity, as defined within IFRS 10: (a) Does the Company obtain funds from one or more investors for the purpose of providing those investors with investment management services; (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all its investments on a fair value basis. As at August 1, 2018, the Company determined that it met the definition of an investment entity. As a result of this classification, effective August 1, 2018, the Company deconsolidated its subsidiaries and recognized the interests held as financial instruments classified at Fair Value through Profit and Loss. The comparative financial statements were not restated to deconsolidate subsidiaries held as at March 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to:

Classification of the Company as an investment company under IFRS 10 – Judgement was applied in assessing the criteria within IFRS 10 in order to be classified as an investment company, as defined within IFRS 10.

Fair value of financial assets including equity investments and convertible debentures held - The Company reviews its investments and records their fair value at each financial statement reporting date. For investments in public companies, fair value is determined based on the quoted market price. For investments in private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available the Company uses judgement to determine fair value.

Income Taxes - Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Management exercises judgment in estimating the provision for taxes. The Company is subject to tax laws in various jurisdictions where it operates. Various tax laws are potentially subject to different interpretations by the taxpayer and the relevant tax authority. To the extent that the Company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for taxes may increase or decrease in future periods to reflect actual experience.

Share-based Compensation - The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions in certain instances requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Going concern risk assessment - The assessment of the Company's ability to continue as a going concern and whether it is able to meet its liabilities for the ensuing year, involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances. In making its determination that the Company is able to continue as a going concern, the Company has taken into consideration its cash position, the fact that some of its publicly traded investments can be liquidated in a short time period, its current liabilities, which consist primarily of incentives owed to key management, and the fact that the Company completed $50,000,000 non-convertible debenture issuance after March 31, 2019.

Cash and Cash Equivalents

Cash and cash equivalents include cash at banks and on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Guaranteed Investment Certificates
The Company's guaranteed investment certificates have maturities greater than 90 days but less than one year.

Other Receivables
Other receivables are measured at amortized cost, net of allowance for uncollectible accounts.

Income Taxes
Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting period, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Provisions
Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Earnings (Loss) Per Share
Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average number of shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and deferred share units, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods.

Share Capital
Common shares are classified as equity. Costs directly attributable to the raising of share capital financing are charged against share capital. The Company does not bifurcate the value of warrants issued as part of a unit raise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the date of the transaction. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a foreign currency are translated at the rate of exchange prevailing at the statement of financial position date, while non-monetary assets and liabilities are translated at the exchange rate prevailing on the transaction date. Revenues and expenses are translated at the exchange rates of those in effect on the date of the transaction. Exchange gains and losses arising on translation of amounts denominated foreign currencies to the Company's functional currency are included in profit or loss.

Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options, determined using a Black Scholes option pricing model, at the date of grant, is charged to the statement of comprehensive income (loss) over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income (loss) over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement comprehensive income (loss) over the vesting period, described as the period during which all the vesting conditions are to be satisfied. When vesting conditions are not satisfied and the options are forfeited, any previously recognized stock based compensation expense is reversed. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive income (loss). When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model or the fair value of the shares granted.

Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital. All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled, or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Share Units

The Company's deferred share unit ("DSU") plan provides for grants to employees, directors and consultants as a long-term incentive component of their compensation. DSU's vest immediately upon grant and are paid out in either cash or shares when a participant ceases to be an employee, director or consultant of the Company. The DSUs are recorded as a liability in the statement of financial position at fair value at the date of grant because the amount to be paid can either be settled by the issuance of shares or cash. Each subsequent reporting period, the DSU liability is updated to the period end fair value, which is based on the Company's period end share price and changes are recorded as a change in fair value of deferred share units in the statement of comprehensive income (loss).

Financial Instruments

The Company adopted IFRS 9 *Financial Instruments*, effective April 1, 2018, which supersedes IAS 39, *Financial Instruments: recognition and measurement* (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI), and fair value through profit and loss (FVTPL).

Where financial assets are measured at fair value at each reporting date, gains and losses are either recognized entirely in profit or loss (FVTPL) or recognized in other comprehensive income (fair value through other comprehensive income, FVTOCI). For debt instruments, the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. For equity investments, the FVTOCI classification is an election. Further, the requirements for reclassifying gains or losses recognized in other comprehensive income are different for debt instruments and equity investments. The classification of a financial asset is made at the time it is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified. A debt instrument that meets both the business model test and cash flow characteristics test must be measured at amortized cost (net of any write down for impairment) unless the asset is designated at FVTPL under the fair value option. All investments are classified upon initial recognition at fair value through profit or loss ("FVTPL"), with changes in fair value at each reporting date recorded in profit or loss. Purchases and sales of investments are recognized on the settlement date. Gains and losses arising from the sale of investments are recognized in profit or loss.

Investments in common shares of public companies are measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss. When units are purchased that consist of shares and warrants, the warrants received are also recognized at fair value, but any resulting gain or loss is deferred to the extent that the warrant fair value is determined using unobservable inputs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

IFRS 9 requires the Company to record an allowance for expected credit loss ("ECL") based on a 12-month ECL or lifetime ECL. Assets within the scope of IFRS 9 that are considered to have low credit risk have an impairment provision recognized during the period limited to a 12-month ECL. However, when credit risk has increased significantly since origination, that allowance will be based on the lifetime ECL. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. For other receivables, the Company applies the simplified approach permitted by IFRS, which requires lifetime ECLs to be recognized from initial recognition. Other receivables primarily consist of commodity taxes recoverable from the Government of Canada and interest receivable.

The Company has classified its financial instruments as follows:

Financial Instrument	IFRS 9 Classification	IAS39 Classification
Cash	FVTPL	FVTPL
Guaranteed investment certificates	FVTPL	FVTPL
Promissory note receivable	FVTPL	FVTPL
Investments	FVTPL	FVTPL
Convertible debenture	FVTPL	FVTPL
Other receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Trading overdraft account	FVTPL	FVTPL
Deferred share unit liabilities	FVTPL	FVTPL

The Company's financial instruments measured at fair value on the statements of financial position are measured using one of the three levels of the fair value hierarchy are as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Transaction costs

Transaction costs for financial instruments classified as FVTPL are recognized as an expense in the year they are incurred. For all non-FVTPL financial instruments, transaction cost are capitalized and amortized using the effective interest rate method over a period that corresponds with the term of the financial instruments.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as accumulated other comprehensive income. The Company has not had other comprehensive income since inception.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research and development costs
Prior to becoming an investment entity, research costs are expensed as incurred. Development expenditures are expensed when incurred unless the Company can demonstrate that the development expenditures satisfy the criteria for recognition as an intangible asset pursuant to IAS 38 Intangible Assets ("IAS 38"). Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate: the technological feasibility of completing the asset so that the asset will be available for sale or use; the Company's ability and intention to use or sell the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development. Following initial recognition of the development expenditures as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when the development is complete and the asset is available for use. It is amortized over the expected period of future benefit. During the period of development, the asset is tested for impairment at least annually.

Revenue recognition
Interest income is recorded on an accrual basis using the effective interest rate method. Under the effective interest rate method, the interest rate realized is not necessarily the same as the stated loan interest rate. When a loan is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new circumstances. These revised cash flows are discounted using the original effective interest rate to determine the impaired carrying value of the loan. Interest income is thereafter recognized on this impaired carrying value using the original effective interest rate. Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of comprehensive income. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the statement of comprehensive income as incurred. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established.

IFRS 15 – Revenue from Contracts with Customers
The Company has adopted, effective April 1, 2018, IFRS 15 - Revenue from Contracts with Customers – The IASB issued IFRS 15 Revenue from Contracts with Customers and replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. IFRS 15 excludes from its scope revenue related to financial instruments. As a result, the adoption of IFRS 15 did not have a material impact on the financial statements.

New Accounting Policies to be Adopted
In January 2016, the IASB issued IFRS 16 - Leases which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company will adopt IFRS 16 starting on April 1, 2019 and the adoption of IFRS 16 will have no material impact on the financial statement as the Company has already accrued the full amount payable under a lease of office premises as an onerous lease liability due to the fact that the Company is not using its premises. The onerous lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing which was determined to be 5.95% per annum for similar assets.

(Expressed in Canadian Dollars)

4. INVESTMENTS, FAIR VALUE MEASUREMENT

Fair value measurements are based on a three-level fair value hierarchy, based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Investments consisted of the following at March 31, 2019:

Financial assets measured at fair value	Cost	Level 1	Level 2	Level 3	Total Fair Value
Equities	173,338,052	32,788,159	-	149,461,444	182,249,603
Warrants	-	-	-	172,417	172,417
Promissory note	25,656,960	-	-	26,430,183	26,430,183
Convertible debentures	1,600,000	-	-	1,400,000	1,400,000
	200,595,012	**32,788,159**	**-**	177,464,044	**210,252,203**

Change in Level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year ended March 31, 2019.

	Private equities	Convertible debentures	Promissory note	Warrants	Total Fair Value
Balance April 1, 2018	-	-	-	-	-
Purchases	142,209,613	1,600,000	25,656,950	-	169,466,563
Unrealized gains (losses)	7,251,831	(200,000)	773,233	172,417	7,997,481
Balance March 31, 2019	**149,461,444**	**1,400,000**	**26,430,183**	**172,417**	**177,464,044**

Significant unobservable inputs

The key assumptions the Company used in the valuation of level 3 investments include and are not limited to the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities.

	Fair value as at March 31, 2019	Valuation technique	Unobservable inputs	Range of inputs
Private equities	**149,461,444**	Recent financings and trends in comparable companies	Year end transaction prices	N/A
Promissory note	**26,430,183**	Discounted cash flow method	Discounted rate	10%
Convertible debenture	**1,400,000**	Black-Scholes Option Pricing and effective interest rate	Expected volatility Discount rate	42% 20%
Warrants	**172,417**	Black-Scholes Option Pricing	Expected volatility	143.26%
	177,464,044			

For these Level 3 investments, the inputs used can be highly judgmental. A 10% increase or decrease in the assumptions will result in a corresponding $17,746,404 change to the total fair value of Level 3 investments.

(Expressed in Canadian Dollars)

4. INVESTMENTS, FAIR VALUE MEASUREMENT (Continued)

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

Financial assets

	March 31, 2019	**March 31, 2018**
Investments	**$**	$
Common shares, in public and private companies	**182,249,603**	-
Common share purchase warrants, in public companies	**172,417**	-
Total Investments	**182,422,020**	-
Promissory notes (private companies)	**26,430,183**	-
Convertible debentures, public companies	**1,400,000**	-

As at March 31, 2019, the fair value of the Company's investments in cannabis and related investments in the United States of America totalled $132.9 million (2018: $Nil). The fair value of non-United States of America cannabis and related investments totalled $49.5 million (2018: $Nil).

Investments

The Company's investments totalling $182,422,020 (2018: $Nil) include both common shares in public companies and common share purchase warrants of public companies. The Company values its shares of public companies at price quotations in active markets. Common share purchase warrants are valued using the Black-Scholes option pricing model. The following are the assumptions used in valuing the common share purchase warrants:

	March 31, 2019	**March 31, 2018**
Expected volatility	143.26%	-
Risk-free interest rate	1.54%	-
Expected life (in years)	2.10	-
Expected dividend yield	0.0%	-
Underlying share price	$ 1.59	-

Promissory Notes

A total of $26,430,183 (2018: $Nil) is held in promissory notes that are due from private companies. In December 2018, the Company advanced $25,656,960 (USD$19,200,000) under promissory note bearing interests at 10% per annum to CannCure Investments Inc. ("CannCure") to assist CannCure in closing their 100% acquisition of 3 Boys Farms, LLC ("3 Boys"). This amount was advanced after the Company had agreed to acquire CannCure's 100% interest in 3 Boys. Upon the Company acquiring CannCure, which occurred subsequent to year end on April 8, 2019 (Note 22), this amount was added into the consideration for the purchase price paid. The interest accrued for this promissory note as at March 31, 2019 is $773,223. The Company holds an unrelated promissory note with a private company totalling $400,252 (2018: $Nil), which has been fully impaired.

(Expressed in Canadian Dollars)

4. INVESTMENTS, FAIR VALUE MEASUREMENT (Continued)

Convertible Debentures

The fair value of convertible debentures in public companies totalled $1,400,000 (2018: $Nil). Convertible debentures in public companies represent an amount advanced bearing interests at 12% per annum and maturing on December 18, 2020. Pursuant to the terms of the convertible debenture, the Company has the option to convert the principal amount of the debentures into units in the investee. Each unit consists of one common share and one common share purchase warrant with an exercise price of $0.09 per share (before December 18, 2019) or $0.10 per share (between December 19, 2019 and December 18, 2020) for both the underlying share and the common share purchase warrant. Accrued interest as of March 31, 2019 totalled $54,181 (2018: $Nil). The fair value of the convertible debentures was estimated using a market discount rate of 20% and the fair value of the warrants was estimated using a Black-Scholes option pricing model with the following assumptions:

	March 31, 2019	**March 31, 2018**
Expected volatility	42%	-
Risk-free interest rate	1.80%	-
Expected life (in years)	1.72	-
Expected dividend yield	0.0%	-
Underlying share price	$ 0.08	-

The fair value of the convertible debentures at the issuance was more than the amount advanced. In accordance with IFRS 13, a day 1 gain should not be recognized. Accordingly the fair value inputs were calibrated to reduce the fair to the amount advanced. Subsequent measurements of the fair value use the calibrated inputs adjusted for changes in time or market related changes that have occurred since the original issuance date.

5. PREPAID EXPENSES

The following table reflects the Company's prepaid expenses:

	March 31, 2019	**March 31, 2018**
	$	$
General prepaid expenses (1)	**1,101,709**	995,996
University of Miami research study (2)	-	1,560,014
	1,101,709	2,556,010

(1) This includes D&O Insurance and Security Deposit for Corporate Offices.

(2) University of Miami research study prepaid related to unspent amounts advanced to the University of Miami for a concussion study (note 13).

6. OTHER RECEIVABLES

Other receivables total $1,567,810 (2018: $383,478). Of this amount, $1,241,496 (2018: $177,513) is due from the Government of Canada for goods and services taxes with the remaining $326,314 (2018: $205,965) amounts due from third parties.

7. GUARANTEED INVESTMENT CERTIFICATES

As at March 31, 2019, the Company held no guaranteed investments certificates. As at March 31, 2018, the Company held $31,341,836 in guaranteed investments certificates maturing June 2018 to February 2019 and bearing interest at rates from 0.2% to 1.8% per annum.

(Expressed in Canadian Dollars)

8. CAPITAL STOCK

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at March 31, 2019 the Company has 47,009,520 (2018: 28,523,588) common shares outstanding.

1) During the year ended March 31, 2019, the Company purchased, and subsequently cancelled, 2,451,861 (2018: Nil) of its common shares for total consideration of $4,895,709 (2018: $Nil) through a normal course issue bid.
2) During the year ended March 31, 2019, 513,000 (2018: 52,664) stock options were exercised for cash proceeds of $544,188 (2018: $104,328). On exercise, the recorded value of $1,535,386 (2018 – $38,673) related to the stock options original issuance was reclassified from contributed surplus to share capital.
3) During the year ended March 31, 2019, a total of 1,022,496 (2018 – 973,608) warrants were exercised for cash proceeds of $580,991 (2018: $786,099). Upon exercise, the recorded value of $1,564,745 (2018: $1,171,083) related to the warrants original issuance was reclassified from contributed surplus to share capital.
4) During the year ended March 31, 2019, 536,667 (2018 – 400,000) deferred share units were exercised with a fair value of $1,969,245 (2018: $1,958,000) on the date of issue.

9. SHARE PURCHASE OPTIONS

Under the Company's Stock Option Plan ("Option Plan"), it may grant stock options to directors, officers, employees and consultants of the Company. The maximum aggregate number of common shares that may be issued under the Option Plan shall not exceed, combined with any other securities-based compensation plan including the Company's Deferred Share Unit Plan (defined later), 10% of the issued and outstanding common shares of the Company at the grant date. The Option Plan is administered by the Board. The minimum exercise price of options shall be equal to the market price of the Company's shares on the grant date, less an applicable discount, if any, permitted by securities legislation.

The following table summarizes the Option Plan activity for the years ended March 31, 2019 and 2018:

	Number of Options		Weighted Average Exercise Price
Balance, April 1, 2017	**545,000**	$	**2.73**
Granted	1,665,000		3.90
Issued pursuant to RTO	42,700		12.50
Forfeited	(298,333)		(5.00)
Expired	(65,200)		(9.91)
Exercised	(52,664)		(2.00)
Balance, March 31, 2018	**1,836,503**		**3.47**
Granted	1,272,400		4.22
Forfeited	(648,503)		4.64
Exercised	(513,000)		2.60
Balance, March 31, 2019	**1,947,400**	$	**3.73**

(Expressed in Canadian Dollars)

9. SHARE PURCHASE OPTIONS (continued)

As at March 31, 2019, the Company's outstanding share purchase options were as follows:

Grant date	Exercise price	Number of options outstanding	Number of vested options	Expiry Date
February 12, 2016	5.00	5,000	5,000	February 12, 2021
September 1, 2017	2.00	10,000	7,000	September 1, 2022
September 6, 2017	2.00	40,000	28,000	September 6, 2022
September 18, 2017	2.00	100,000	50,000	September 18, 2022
November 27, 2017	2.00	10,000	7,000	November 27, 2022
December 1, 2017	2.00	20,000	14,000	December 1, 2022
December 7, 2017	2.00	10,000	7,000	December 7, 2022
March 8, 2018	5.28	280,000	186,667	March 8, 2023
March 8, 2018	5.28	200,000	200,000	July 26, 2019
April 11, 2018	5.00	42,400	21,200	April 11, 2023
April 30, 2018	4.70	100,000	33,333	April 30, 2023
June 4, 2018	4.00	480,000	-	June 4, 2023
September 21, 2018	4.35	100,000	33,333	September 21, 2023
September 28, 2018	4.25	300,000	100,000	September 28, 2023
February 5, 2019	3.04	250,000	250,000	February 5, 2021
		1,947,400	**942,533**	

During the year ended March 31, 2019, the Company recorded $3,090,349 (2018: $2,121,427) in connection with the vesting of share purchase options. Share purchase options granted during the year were valued using the Black-Scholes option pricing model and the following assumptions:

	March 31, 2019	March 31, 2018
Expected Volatility	78.08% – 101.91%	76.47% - 117.71%
Risk-free interest rate	1.85% - 2.33%	1.26% - 2.08%
Expected life (in years)	2.00 – 4.00	2.50 - 3.50
Expected dividend yield	0.0%	0.0%
Underlying Share Price	$3.06 – $4.70	$1.25 - 5.25
Fair value range for option issued	$1.38 - $3.42	$2.21 -$4.84

(Expressed in Canadian Dollars)

10. SHARE PURCHASE WARRANTS

The following table summarises warrant activity for the year ended March 31, 2019 and 2018:

	Number of warrants		Weighted average exercise price
Outstanding, April 1, 2017	568,784	$	2.18
Issued	9,085,184		3.86
Expired	(1,000)		12.50
Exercised	(973,608)		0.81
Balance, March 31, 2018	**8,679,360**		**4.34**
Exercised	(1,022,496)		0.57
Balance, March 31, 2019	**7,656,864**	$	**4.84**

As at March 31, 2019, the Company's outstanding warrants were as follows:

Issuance Date	Number of warrants		Weighted average exercise price	Expiry Date
March 13, 2017	297,684	$	2.00	June 12, 2019
March 20, 2017	37,888		3.00	March 20, 2020
March 31, 2017	4,552		2.00	June 12, 2019
March 31, 2017	348		3.00	March 31, 2020
August 1, 2017	700,000		0.50	October 11, 2019
February 13, 2018 (1)	432,848		4.65	February 13, 2020
February 13, 2018	6,183,544		5.50	February 13, 2020
	7,656,864	$	**4.84**	

(1) Each warrant converts into one common share and one warrant with each warrant being exercisable at $5.50.

Share purchase warrants were valued using the Black-Scholes option pricing model and the following assumptions:

	March 31, 2019	March 31, 2018
Expected Volatility	Not applicable	75.92% - 101.91%
Risk-free interest rate	Not applicable	0.78% - 1.78%
Expected life (in years)	Not applicable	2-3
Expected dividend yield	Not applicable	0.0%
Underlying Share Price	Not applicable	7.475-8.00

(Expressed in Canadian Dollars)

11. DEFERRED SHARE UNITS

Pursuant to the Deferred Share Unit Plan ("DSU Plan"), the Board may, from time to time, at its discretion and in accordance with exchange requirements, grant to employees and directors and consultants, of the Company (collectively the "DSU Participants"), Deferred Share Units ("DSUs") representing the right of the DSU Participant to receive one common share of the Company or cash equivalent (a "DSU Payment") for each whole DSU held by such DSU Participant. The maximum aggregate number of common shares that may be issued under the DSU Plan shall not exceed, combined with any other share-based compensation plan, including the Company's Option Plan, 10% of the issued and outstanding common shares of the Company at the grant date. The DSU Plan is administered by the Board. Upon a DSU Participants death, or retirement from or loss of office or employment with the Company (the "Termination Date"), the Company shall satisfy the DSU Payment for each DSU Participant by either: (i) issuing to such DSU Participant one common share of the Company for each outstanding DSU held by such DSU Participant on such relevant Termination Date, or (ii) payment of an amount in cash equivalent equal to the number of outstanding DSUs held by such DSU Participant multiplied by the last closing price of the Company's common shares immediately prior to the Termination Date, subject to applicable statutory source deductions.

During the year ended March 31, 2019, 320,000 DSUs with an initial value of $947,200 (2018: $Nil) were forfeited. The initial value of the DSUs were recorded as a reduction in salaries and consulting expense during the year ended March 31, 2019. In addition, during the year ended March 31, 2019, the Company incurred DSU expense of $3,031,935 (2018: $131,500) in connection with issuance and forfeiture of DSUs. A summary of the Company's outstanding DSUs for the year ended March 31, 2019 and 2018, is as follows:

	Number of Deferred Share Units		Fair Market Value
Balance, April 1, 2017	-	$	-
Granted	1,360,000		4,593,363
Exercised	(400,000)		(1,958,000)
Fair Value Adjustment	-		1,780,637
Balance, April 1, 2018	**960,000**	$	**4,416,000**
Granted	867,578		2,862,958
Fair value of DSU granted but not yet issued	-		1,480,000
Forfeited	(320,000)		(1,311,023)
Exercised	(536,667)		(1,969,245)
Fair value adjustment - outstanding units (1)	-		(522,829)
Balance, March 31, 2019	**970,911**	$	**4,955,861**

(1) Fair value adjustment reflects the DSU's liability marked to market as of March 31, 2019.

In addition, during the period from June 4, 2019 to October 3, 2022, certain directors and officers are entitled to 1,649,248 DSUs (2018: Nil). These DSUs have not been issued but a portion has vested and share-based compensation in the amount of $1,480,000 has been recorded in these financial statements.

(Expressed in Canadian Dollars)

12. DISPOSALS

Sale of LATAM Holdings Inc. ("LATAM")

On September 27, 2018, the Company sold its investment in LATAM to Aphria Inc. ("Aphria"). Pursuant to the transaction, Aphria indirectly acquired the following interests from the Company: (a) 49% of Marigold Projects Jamaica Limited ("Marigold Projects"). Marigold Projects had received licenses to cultivate and conditional licenses to process, sell and provide therapeutic or spa services using cannabis products in Jamaica; (b) 100% of ABP S.A., an Argentinean pharmaceutical import and distribution company, which supported a number of university hospitals to secure an import permit for cannabis oil; (c) 90% of Colcanna S.A.S., a Colombian medical cannabis producer, currently licensed for cultivation and importation of THC and CBD, extraction, production, research and exportation of medical cannabis products; and (d) the right to purchase, a Brazil asset in one or more separate tranches, of up to 90% of the common shares which the Company is seeking to acquire, The Brazilian company is seeking a medical cannabis license. As consideration, Aphria issued 15,678,310 of its common shares to the Company and Aphria agreed to assume $1,290,210 ($1,000,000 USD) in aggregate liabilities.

The gain on sale of LATAM was calculated as follows:

Fair market value of consideration received on closing date [1]	$	297,887,890
Less: Cost related to the LATAM investment [2]		(93,084,187)
Gain on sale of investment	$	**204,803,703**

(1) The fair market value on consideration received represents the value of 15,678,310 Aphria common shares at a September 26, 2018 closing price of $19.00 per share, the day before the close of the transaction.

(2) Amount includes $93,084,187 of direct costs to acquire the LATAM investments including the fair value of the Company's 18,855,630 common shares issued as consideration to acquire LATAM and its subsidiaries totalling $64,016,574. The amount also includes transaction costs totalling $11,319,038.

Sale of Go Green B.C. Medicinal Marijuana Ltd.

On November 29, 2017, the Company sold its Investment in Go Green. The disposition resulted in a loss of $234,675, calculated as follows:

Cash paid at closing	$	100,000
Other receivable, subsequently collected		100,000
Return of shares (108,000 shares at $1.75 per share)		189,000
Total consideration received		**389,000**
Carrying amount of net assets sold		(623,675)
Loss on sale	$	**234,675**

13. DECONSOLIDATION OF IMPACT BIOSCIENCES CORP.

Effective August 1, 2018, the Company determined it met the criteria to be to be designated as an investment entity, as defined within IFRS 10. Accordingly, the Company de-consolidated its former subsidiary, Impact Biosciences Corp. (formerly Scythian Biosciences Inc.). As a result of this deconsolidation, the Company has recorded a loss on deconsolidation totalling $3,080,653 (2018: $Nil). As a result of the de-consolidating Impact Biosciences Corp. the Company will no longer be recording research and development cost which amounted to $2,679,322 for the period from April 1, 2018 to August 1, 2018 (year ended March 31, 2018 - $3,137,653). No revenues had been recorded related to Impact Biosciences Corp**.**

(Expressed in Canadian Dollars)

14. INCOME TAXES

The Company's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income (loss) before income taxes as a result of the following:

An analysis of deferred tax assets and deferred tax liabilities is as follows:

For the year ended March 31,	2019	2018
	$	$
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	**771,108**	-
Deferred tax asset to be recovered within 12 months	**336,000**	-
Deferred tax liabilities		
Deferred tax liability within 12 months	**(2,305,000)**	-
Deferred tax liability, net	**(1,197,892)**	-

A reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2018: 26.5%) to the effective tax rate is as follows:

For the year ended March 31,	2019	2018
	$	$
Net income (loss) before recovery of income taxes	**110,748,665**	(25,931,386)
Expected income tax (recovery) expense	**29,348,396**	(6,871,817)
Share based compensation and non-deductible expenses	**1,036,720**	4,857,846
Loan Impairment Loss (For Accounting Purposes)	**59,650**	-
Transaction Costs	**3,100,650**	-
Accounting Loss on Disposition of Aphria Shares	**15,847,110**	-
Funding to Foreign Company (Acquired the control after the year end)	**614,110**	-
Net Capital Gain on Disposition of Shares	**24,014,780**	-
Accounting Gain on disposal of LATAM Assets	**(57,357,500)**	-
Accounting Gain on Disposition of Shares in Other Canadian Companies	**(241,420)**	-
Unrealized Fair Value Adjustment on Securities	**(102,570)**	-
Equity pick up and deconsolidation	**1,509,810**	-
Utilization of losses for debt forgiveness	**-**	372,856
Other Adjustments	**515,814**	71,077
Change in tax benefits not recognized	**(2,582,550)**	1,570,038
Income tax expense	**15,763,000**	-

The following table summarizes the components of deferred tax:

For the year ended March 31,	2019	2018
	$	$
Share issue costs	1,107,108	-
Deferred tax assets	**1,107,108**	**-**
Unrealized gain on investments	(2,305,000)	**-**
Deferred tax liability	**(2,305,000)**	**-**

(Expressed in Canadian Dollars)

15. DISCONTINUED OPERATIONS

The following table shows the statement of loss and comprehensive loss for discontinued operations:

For the year ended	March 31, 2019	March 31, 2018
Total income	$ -	$ -
Total expenses	-	(142,819)
Net loss from discontinued operations	$ -	$ (142,819)

The majority of the expenses for the year ended March 31, 2018 related to depreciation and accordingly had no material impact on the statement of cash flows.

16. COMMITMENTS AND CONTINGENCIES

Promissory Note Due to Verano Holdings LLC ("Verano")

In addition, on October 23, 2018 the Company announced a binding membership interest purchase agreement (the "Purchase Agreement') to sell a 100% interest in 3 Boys Farms LLC ("3 Boys"), which it will acquire as described below, to Verano in exchange for $130,976,000 (USD$100,000,000) of Class B units in Verano. Subsequent to this announcement, on April 1, 2019, the Company announced that it had entered into an agreement to terminate the Purchase Agreement with Verano after thorough negotiations with Verano. Prior to the termination, Verano elected to enter into a form of a merger agreement with Harvest, and since Harvest already owned a Florida medical marijuana treatment center license the parties negotiated and finalized a termination of the Purchaser Agreement on terms that were agreeable to the Company. As a result of the termination, the Company and Verano entered into an agreement under which Verano sold certain marquee assets to the Company and/or 3 Boys including eleven (11) qualified and entitled dispensary sites (some of which had been purchased by Verano) and a 33 acre parcel of land in Indiantown Florida (strategically located in close proximity to South Florida) that was being developed as a state of the art cultivation, processing and manufacturing facility in exchange for a promissory note of $6,670,000 (USD$5,000,000) payable 12 months from the date of execution at an interest rate of 10% per annum.

Lease Obligations

The Company entered into a lease agreement for office space which terminates in 2022. The Company has recognized a liability of $218,741. The Company has accrued the full amount of this liability with the corresponding amount expensed in the profit and loss as the Company is presently not utilizing the premises. The liability were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 5.95% per annum for similar assets.

Litigation

From time to time the Company may be subject to litigation and claims against it, in ordinary course of business. The Company is aware of two actions relating to its disposal of LATAM. As such no amounts have been accrued in these financial statements.

17. INCOME (LOSS) PER SHARE

Income (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding deferred share units, stock options and warrants. The weighted average number of shares outstanding for the year ended March 31, 2019 was 39,884,524 (2018: 16,109,438). Basic net income per share for the year- ended March 31, 2019 totalled $2.38 per share (2018: net loss of $1.60 per share). The fully diluted weighted average number of shares outstanding for the year ended March 31, 2019 was 41,246,396 (2018: 16,109,438). Fully diluted net income per share for the year ended March 31, 2019 totaled $2.30 per share (2018: net loss of $1.60 per share).

(Expressed in Canadian Dollars)

18. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered related if one party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and senior officers as key management. During the year ended March 31, 2019, the Company incurred payroll related costs of $13,333,672 (2018: $6,729,730) with directors and officers. As at March 31, 2019, $17,791 (2018: $Nil) was included in account payables owed to related parties. In addition, as at March 31, 2019, $10,300,167 is included in accounts payable and accrued liabilities related to bonus amounts due to key management accrued that had not been paid as at March 31, 2019.

For the year ended March 31,	2019		2018
Salaries and consulting fees to directors and officers	7,984,374		652,711
Share-based payments to directors and officers	4,864,214		6,069,519
Consulting fees to directors	485,084		7,500
Total	**13,333,672**	**$**	**6,729,730**

In addition to the amounts noted above $5,908 (2018: $Nil) was paid to a law firm in which a director of the Company is a partner.

19. REVERSE TAKEOVER TRANSACTION

On August 1, 2017, the Company closed a reverse takeover transaction with Scythian Inc. pursuant to which the Company acquired all of the issued and outstanding securities of Scythian Inc. by way of a three-cornered amalgamation (the "Amalgamation"). As part of the Amalgamation, the Company changed its name to Scythian Biosciences Corp. ("Scythian Corp.", which later became SOL Global Investments Corp.) and Scythian Inc. became a wholly-owned subsidiary of Scythian Corp. Under the terms of the Amalgamation, Scythian Corp. effected a reverse stock split on the basis of 1:20 and Scythian Inc. effected a reverse stock split on the basis of 1:80. Scythian Inc. shareholders received post-consolidation shares of Scythian Corp. for each post-consolidation Scythian Inc. share held on the basis of 1:1. Further, all post-consolidation share purchase options and warrants outstanding in Scythian Inc. were exchanged for share purchase options and warrants in Scythian Corp. on the basis of 1:1. The Amalgamation was accounted for as a RTO transaction that was not a business combination and effectively a capital transaction of Scythian Inc. Scythian Inc. has been treated as the accounting acquirer (legal subsidiary) and Scythian Corp. has been treated as the accounting acquiree (legal parent) in these financial statements. As Scythian Inc. was deemed to be the acquirer for accounting purposes, these financial statements are presented as a continuation of Scythian Inc. Details of the purchase price consideration and allocation are shown below:

Consideration paid	Number		Price		Amount
Common shares	2,642,264	$	2.00	$	5,284,528
Warrants	2,308,792	$	1.57		3,886,447
Options	42,700	$	-		-
Total Consideration	**4,993,756**			$	**9,170,975**
Net Assets (Liabilities) Acquired					
Cash				$	379
Other receivables					11,816
Accounts payable and accrued liabilities					(78,508)
Due to the Company					(88,310)
Net Assets (Liabilities) Acquired					**(154,623)**
Listing Expense				$	**9,325,598**

19. REVERSE TAKEOVER TRANSACTION (Continued)

The fair value of the Company's net assets and liabilities were estimated to be consistent with their carrying values due to their short-term nature. The warrant value was calculated using the Black-Scholes option pricing model using the following assumptions: share price: $2.00; expected life: 2.13 years, expected annualized volatility: 75.51%, annual rate of dividends: 0.00%, risk-free interest rate: 1.25%. The Company paid a finder's fee of 198,800 common shares in connection with the Amalgamation. These shares were recorded at a fair value of $2.00 per share, or $397,600 and are included as additional listing expense on the statement of operations during the year ended March 31, 2018. The Company incurred additional listing expenses of $267,642.

20. FINANCIAL RISK MANAGEMENT

The Company is exposed and the impact on the Company's financial statements are summarised below:

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices. The market risks to which the Company is exposed are equity price risk and interest rate risk.

- Equity price risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Company's investments are subject to fluctuations in fair value arising from changes in the equity market. As at March 31, 2019, a 30% change in closing trade price of the Company's equity investment portfolio would impact net income by $54,726,606 (2018: $Nil).
- Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents, promissory notes and convertible debts held. The change in fair value of the Company's cash and cash equivalents, promissory notes and convertible debts held, due to changes of interest rates, is considered low.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency risk. From time to time, the Company holds financial instruments that are denominated in a currency other than the Canadian dollar. A significant portion of the Company's cash outflows are in United States Dollars, Euros and Great British Pounds. A significant portion of the Company's investments are denominated in foreign currencies. A 10% change in foreign currencies held would have resulted in a change in net income by $719,647 (2018: $96,138). During the year ended March 31, 2019, the Company recognized a foreign currency exchange loss of $745,988 (2018: $27,770).

(Expressed in Canadian Dollars)

20. FINANCIAL RISK MANAGEMENT – (Continued)

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations as they become due. A company's ability to continue as a going concern is dependent on receiving continued financial support from its stakeholders and, ultimately, on the ability to generate continued and sustainable profitable operations. The Company generates cash flow from the disposal of investments, financing activities, and dividend and interest income. The Company primarily invests in equity and debt instruments of various public and private cannabis and non-cannabis companies. Due to a lack of an active market, the return on the disposal of investments in non-publicly traded companies may differ significantly from the carrying value of these investments. As of March 31, 2019, the Company's contractual cash flows, which were payable under financial liabilities consists of accounts payables, accrued liabilities and income tax payable with payments due in less than one year. The Company's financial assets are classified as being convertible into cash in less than one year. Management is of the opinion that sufficient working capital is available from its financings, its operations and its divestitures to meet the Company's liabilities and commitments as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Given the relatively small size of the Company's staff, senior management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has two types of financial assets that are subject to the expected credit loss model: (a) other receivables from government agency and third parties; and (b) promissory notes. While cash and cash equivalents is subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial, as these funds are held with reputable financial institutions. The Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all promissory notes and other receivables while ECL calculation based on stage assessment has been performed for promissory notes.

Concentration risk

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the Company's operating results. As at March 31, 2019, the Company has invested in equities, convertible debentures, and warrants of public and private companies in the cannabis and non-cannabis sectors. The allocation between public and private companies is as follows:

	Cost	Fair value	Percentage
Publicly listed companies	31,128,439	32,788,159	18%
Private companies	142,209,613	149,461,444	82%
Warrants in listed companies	-	172,417	-%
	173,338,052	**182,422,020**	**100%**

As at March 31, 2019 77% (2018: Nil%) of the total fair value of the Company's investments were United States based companies while 16% (2018: Nil%) and 7% (2018: Nil%) of the total fair value of the Company's investments were in Canada and Europe, respectively.

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties. The Company considers its Shareholders' equity as its capital. The Company has no externally imposed capital requirements.

21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
- to give shareholders sustained growth in shareholder value by increasing shareholders' equity. It is the intention of the Company in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends; and
- to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk of its underlying assets. The Company has the ability to maintain or adjust its capital level to enable it to meet its objectives by:

- realizing proceeds from the disposition of its investments;
- utilizing leverage in the form of margin (due to brokers) and long-term debt from financial lenders; and
- raising capital through equity financings.

22. SUBSEQUENT EVENTS

$50,000,000 Debt Financing

On July 8, 2019, the Company completed a $50,000,000 private placement financing by way of the issue and sale of a senior secured non-convertible debenture ("Debenture"). The Debenture bears an interest rate of 6.0% per annum and will mature on July 8, 2021, unless such maturity date is otherwise shortened due to the occurrence of certain milestones. The Debenture may be repaid by the Company in cash or in-kind with securities held within the Company's investment portfolio. A director and senior officers of the Company and certain other shareholders each provided guarantees under the Debenture.

Acquisition of CannCure Investments Inc.

On April 8, 2019, the Company completed the acquisition of CannCure, an entity that indirectly holds a 100% interest in 3 Boys Farms, LLC. Pursuant to the terms of the agreement, the Company paid consideration of $55,128,200 (USD$41,207,519) which was partially satisfied by the issuance of 7,317,500 of the Company’s common shares at a negotiated price of CAD $4.00 per share totaling $29,270,000 (USD$21,878,878). In the event that the Company announces a binding agreement to sell 3 Boys within 24 months of the closing date, the Company will pay an earn-out structured as follows: (i) the Company and the sellers will each receive funds from the sale proceeds as reimbursement of the amounts each had invested into 3 Boys; and (ii) any remaining amount from such sale proceeds would be split, with 42% of any additional proceeds being earned by the Company and 58% of any additional proceeds being earned by the sellers. Further, if the Company fails to announce a binding agreement to sell 3 Boys within 2 years of the closing date, the Company will be required to pay the sellers $107,025,000 (USD$80,000,000).

Further Investment into Heavenly Rx

On July 29, 2019, the Company announced a further investment into Heavenly Rx, bringing its total investment to $23,909,000.