CITATION GROWTH CORPORATION

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2019 and 2018

(Expressed in thousands of Canadian Dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditors' Report

To the Shareholders of:
CITATION GROWTH CORPORATION
(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Opinion

We have audited the consolidated financial statements of **Citation Growth Corporation** (formerly Liht Cannabis Corp. and Marapharm Ventures Inc.) ("the Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018 and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 Consolidated 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 consolidated 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $28,178 during the year ended March 31, 2019, and as of that date, had accumulated losses since inception of $59,880. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 6 to the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. 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.

Responsibility of Management and Those Charged with Governance for the Consolidated financial statements

SERVICE

INTEGRITY

TRUST

SUITE 420
1501 WEST BROADWAY
VANCOUVER, BRITISH COLUMBIA
CANADA V6J 4Z6

TEL: (604) 734-3247
FAX: (604) 734-4802
WWW.WDMCA.COM

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Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C., Canada
July 25, 2019

CITATION GROWTH CORPORATION

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Consolidated Statements of Financial Position
March 31, 2019 and 2018
(In thousands of Canadian dollars except for share data)

	Notes	**2019**	2018
		$	$
			(As restated - Note 6)
Assets			
Current assets			
Cash		**107**	815
Accounts receivable	7	**258**	140
Share subscriptions receivable	20(b)(ii)	**198**	1,590
Biological assets	8	**204**	-
Inventory	9	**464**	52
Prepaid expenses and deposits	10	**751**	3,121
Derivative asset	13(a)	**1**	2,472
Assets held for sale	17	**9,786**	-
		11,769	8,190
Property, plant and equipment	12	**16,941**	12,520
Investment in associate	13	**-**	267
Intangible assets	16	**20,036**	3,936
		48,746	24,913
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**1,854**	2,300
Loans and borrowings	18	**2,929**	-
Convertible debentures	19	**3,503**	-
Derivative liabilities	19	**1,126**	33
Liabilities associated with assets held for sale	17	**2,744**	
		12,156	2,333
Convertible debentures	19	**-**	997
		12,156	3,330
Shareholders' equity			
Share Capital	20	**86,645**	48,446
Reserves		**8,992**	6,944
Accumulated other comprehensive loss		**833**	138
Deficit		**(59,880)**	(33,945)
		36,590	21,583
		48,746	24,913

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

Nature of operations and ability to continue as a going concern (Note 1)
Commitments and contingencies (Note 24)
Segmented information (Note 26)
Subsequent events (Notes 13(b), 20(b), 20(b)(i) and 30)

Approved on behalf of the Board:

"Rahim Mohamed" — Rahim Mohamed, Director

"Marcel LeBlanc" — Marcel LeBlanc, Director

CITATION GROWTH CORPORATION

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Consolidated Statements of Comprehensive Loss
For the Years Ended March 31, 2019 and 2018
(In thousands of Canadian dollars except for share data)

	Notes	2019	2018
		$	$ *(As restated - Note 6)*
Revenue		**32**	-
Cost of sales		**7**	-
Gross profit (loss) before fair value adjustments		**25**	-
Unrealized gain on changes in fair value of biological assets	8	**148**	-
Goss profit		**173**	-
Expenses			
General and administrative expenses	21, 23(b), 23(c)	**16,007**	6,173
Depreciation and amortization	12, 16	**692**	283
Share-based compensation	20(e), 20(f)	**4,787**	11,230
		21,486	17,686
Loss from operations		**(21,313)**	(17,686)
Other income (expenses)			
Interest and other income		**-**	3
Finance and other costs	22	**(1,048)**	(330)
Foreign exchange loss		**(60)**	(144)
Loss on sale of marketable securities	13(a)	**(211)**	-
Gain on sale of shares of associate	13(a)	**48**	219
Share of loss in investment in associate	13(a)	**(259)**	(1,081)
Gain on deemed disposal of investment in associate	13(a)	**1,184**	-
Realized and unrealized losses on derivative asset	13(a)	**(2,471)**	(933)
Write-off non-refundable deposits		**-**	(485)
Write-off of loan receivable	11	**(346)**	(285)
Impairment of property, plant and equipment	12, 17(a)	**(2,271)**	(21)
Impairment of intangible assets	15(b), 16(a)	**(1,176)**	(372)
Unrealized gain (loss) on derivative liabilities	19	**(260)**	661
Gain (loss) on settlement of debt	20(b)(v)	**5**	(285)
		(6,865)	(3,053)
Net loss from continuing operations		**(28,178)**	(20,739)
Other comprehensive income (loss)			
Gain (loss) from discontinued operations	17(b)	**(1,245)**	22
Foreign currency translation		**695**	14
Comprehensive loss		**(28,728)**	(20,703)
Net loss per share			
Basic and diluted		**(0.62)**	(0.88)
Weighted average number of shares outstanding			
Basic and diluted		**45,522,831**	23,174,175

Loss per share and weighted average number of shares outstanding, basic and diluted, are presented after giving effect to the share consolidation. Notes 20(b) and 30(a)

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

CITATION GROWTH CORPORATION
(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Consolidated Statements of Changes in Equity
For the Years Ended March 31, 2019 and 2018
(In thousands of Canadian dollars except for share data)

		Share Capital		**Reserves**					
	Note	Common Shares [(1)]	Amount	Stock Options	Share Purchase Warrants	Total Reserves	Accumulated other comprehensive loss	Deficit	Total Equity
		#	$	$	$	$	$	$	$
Balance, March 31, 2017 *(as restated – Note 6)*		**78,490,136**	**26,475**	**1,215**	**92**	**1,307**	**124**	**(14,322)**	**13,584**
Shares issued for cash	20(b)(ii)	6,726,764	5,801	-	-	-	-	-	5,801
Residual value of warrants	20(b)(ii)	-	(279)	-	279	279	-	-	-
Share issuance costs		-	(714)	-	82	82	-	-	(632)
Shares issued for acquisitions	20(b)(iii)	100,000	135	-	-	-	-	-	135
Shares issued for services	20(b)(iv)	824,122	853	-	-	-	-	-	853
Shares issued for debt	20(b)(v)	700,000	546	-	-	-	-	-	546
Exercise of warrants	20(b)(vi)	12,801,250	5,121	-	-	-	-	-	5,121
Exercise of finders' warrants	20(b)(vi)	1,031,750	503	-	(90)	(90)	-	-	413
Exercise of stock options	20(b)(vii)	1,740,000	1,703	(493)	-	(493)	-	-	1,210
Shares issued for bonus bonds	20(b)(viii)	46,800	48	-	-	-	-	-	48
Redemption of restricted share units	20(b)(ix)	9,225,000	8,254	-	-	-	-	-	8,254
Share-based compensation	20(f)	-	-	2,578	-	2,578	-	-	2,578
Forfeited stock options and warrants		-	-	(1,093)	(1)	(1,094)	-	1,094	-
Warrant subscriptions received	20(c)	-	-	-	4,345	4,345	-	-	4,345
Warrants issued for services	20(c)	-	-	-	30	30	-	-	30
Comprehensive loss for the year		-	-	-	-	-	14	(20,717)	(20,703)
Balance, March 31, 2018 *(as restated – Note 6)*		111,685,822	48,446	2,207	4,737	6,944	138	(33,945)	21,583
Shares issued for cash	20(b)(i)	**21,577,808**	**10,496**	**-**	**-**	**-**	**-**	**-**	**10,496**
Residual value of warrants	20(b)(i)	**-**	**(301)**	**-**	**301**	**301**	**-**	**-**	**-**
Share issuance costs		**64,315**	**(57)**	**-**	**1**	**1**	**-**	**-**	**(56)**
Shares issued for acquisitions	20(b)(iii)	**95,191,397**	**22,096**	**-**	**860**	**860**	**-**	**-**	**22,956**
Shares issued for services	20(b)(iv)	**11,928,696**	**3,761**	**-**	**-**	**-**	**-**	**-**	**3,761**
Shares issued for debt	20(b)(v)	**650,000**	**126**	**-**	**-**	**-**	**-**	**-**	**126**
Exercise of warrants	20(b)(vi)	**700,000**	**200**	**-**	**(60)**	**(60)**	**-**	**-**	**140**
Exercise of stock options	20(b)(vii)	**1,900,000**	**1,033**	**(262)**	**-**	**(262)**	**-**	**-**	**771**
Redemption of restricted share units	20(b)(ix)	**154,494**	**106**	**-**	**-**	**-**	**-**	**-**	**106**
Conversion of debentures	20(b)(x)	**2,931,600**	**739**	**-**	**-**	**-**	**-**	**-**	**739**
Share-based compensation	20(f)	**-**	**-**	**4,681**	**-**	**4,681**	**-**	**-**	**4,681**
Forfeited stock options and warrants		**-**	**-**	**(3,421)**	**(67)**	**(3,488)**	**-**	**3,488**	**-**
Finders' warrants		**-**	**-**	**-**	**15**	**15**	**-**	**-**	**15**
Comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**695**	**(29,423)**	**(28,728)**
Balance, March 31, 2019		**246,784,132**	**86,645**	**3,205**	**5,787**	**8,992**	**833**	**(59,880)**	**36,590**

[(1)] The number of shares outstanding is presented before giving effect to the Share Consolidation. Notes 20(b) and 30(a)

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

CITATION GROWTH CORPORATION

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Consolidated Statements of Cash Flows
For the Years Ended March 31, 2019 and 2018
(In thousands of Canadian dollars except for share data)

	Notes	2019	2018
		$	$
			(As restated - Note 6)
Operating activities			
Net loss from continuing operations		**(28,178)**	(20,739)
Non-cash items			
Unrealized gain on changes in fair value of biological assets	8	**(148)**	-
Depreciation, amortization and impairment	12, 16	**4,187**	677
Share-based compensation	20(e), 20(f)	**4,787**	11,230
Accretion expense	22	**702**	190
Accrued interest expense		**140**	-
Loss on sale of marketable securities	13(a)	**211**	-
Gain on sale of shares of associate company	13(a)	**(48)**	(219)
Share of loss in investment in associate	13(a)	**259**	1,081
Gain on deemed disposal of investment in associate	13(a)	**(1,184)**	-
Realized and unrealized losses on derivative asset	13(a)	**2,471**	933
Unrealized loss (gain) on derivative liabilities	19	**260**	(661)
Write-off of non-refundable deposits		**-**	485
Write-off of loan receivable	11	**346**	285
Bad debt		**-**	367
Loss (gain) on settlement of debt	20(b)(v)	**(5)**	285
Shares and warrants issued for services	20(b)(iv)	**3,761**	485
		(12,439)	(5,601)
Changes in non-cash working capital			
Accounts receivable		**(183)**	97
Biological assets		**(506)**	-
Inventory		**46**	51
Current portion of loan receivable		**-**	(50)
Prepaid expenses and deposits		**2,366**	1,548
Accounts payable and accrued liabilities		**(1,616)**	(1,613)
Net cash used in operating activities from continuing operations		**(12,332)**	(5,568)
Investing activities			
Acquisition of property, plant and equipment	12	**(11,518)**	(10,413)
Acquisition of intangible assets	16	**(202)**	(2,714)
Acquisition of assets, net of cash acquired	15	**1,900**	-
Investment in associate	13(a)	**-**	(420)
Net cash used in investing activities from continuing operations		**(9,820)**	(13,547)
Financing activities			
Loan receivable	11	**(310)**	-
Proceeds on sale of shares of associate	13(a)	**1,030**	275
Loans and borrowings	17(a), 18	**4,993**	-
Proceeds of convertible debentures, net of issuance costs	19(b)	**3,210**	-
Shares issued for cash, net of issuance costs	20(b)	**12,707**	10,631
Proceeds from issuance of warrants	20(c)	**-**	4,345
Net cash provided by financing activities from continuing operations		**21,630**	15,251
Net cash used in continuing operations		**(522)**	(3,864)
Net cash provided by (used in) discontinued operations	17(b)	**(297)**	36
Effect of foreign currency translation on cash		**111**	326
Decrease in cash		**(708)**	(3,502)
Cash, beginning of the year		**815**	4,317
Cash, end of the year		**107**	815
Supplemental cash flow information:			
Addition to Property, plant and equipment included in accounts payable		**1,251**	-
Interest paid		**268**	128

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

1. Nature of operations and going concern

Citation Growth Corporation (formerly Liht Cannabis Corp. and Marapharm Ventures Inc.) (the "Company") is governed by the *Business Corporations Act* (British Columbia). The head office is located at Suite 102 – 1561 Sutherland Avenue, Kelowna, British Columbia, Canada V1Y 5Y7. The Company's common shares are traded on the Canadian Stock Exchange ("CSE") under the trading symbol "CGRO" and OTCQX markets under the ticker symbol "CGOTF".

The Company was established to enter into the emerging market of regulated medical marijuana and has applied to Health Canada to become a licensed producer under the *Cannabis Act* (Canada) ("Cannabis Act") which is still pending. The Company also has operations in the United States, in the states of Nevada and California. The Company has six state approved licenses in Nevada which consist of medical and recreational marijuana cultivation and medical and recreational production licenses, medical cannabis licenses associated with lands owned in Washington, and a distribution license with a dispensary in California.

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

The Company has incurred losses and negative operating cash flows since inception. As at March 31, 2019, the Company had accumulated deficit of $59,880 (2018 - $33,945), and working capital deficiency of $387 (2018 - – working capital of $5,857). The Company's ability to continue as a going concern is dependent on obtaining continued financial support, securing debt and/or equity financing and generating profitable operations in the future. Management is committed to raising additional capital to meet its financial obligations and commitments, fund its growth initiatives, capital expenditures and sustain its operations in the normal course of business. Although the Company has raised funds in the past and subsequent to March 31, 2019 (Note 30(b)), there can be no assurance that the Company will be able to secure additional adequate financing.

These factors indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the year ended March 31, 2019.

Certain reclassifications have been made to the prior year's consolidated financial statements and notes to conform to the current year's presentation.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 25, 2019.

(In thousands of Canadian dollars except for share data)

2. Significant accounting policies (continued)

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and the following wholly owned subsidiaries (collectively, the "Company"). Intercompany balances and transactions are eliminated on consolidation.

Entity	Country of Incorporation	Ownership	Functional Currency
Marapharm Inc.	Canada	100%	Canadian Dollar
Full Spectrum Medicinal Inc. ("Full Spectrum")	Canada	100%	Canadian Dollar
Marapharm Las Vegas LLC ("MLV")	United States	100%	U.S. Dollar
Marapharm Washington LLC ("MWA")	United States	100%	U.S. Dollar
EcoNevada LLC ("EcoNevada")	United States	100%	U.S. Dollar
Phenofarm NV LLC ("Phenofarm")	United States	100%	U.S. Dollar
MWA Management LLC	United States	100%	U.S. Dollar
Marapharm DHS California LLC ("MDHS")	United States	100%	U.S. Dollar
420 Express Delivery Inc., dba, Green Leaf Wellness LLC ("Green Leaf")	United States	100%	U.S. Dollar

(c) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, biological assets and other investments which are measured at fair value.

(d) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company. The functional currencies of the Company's subsidiaries are outlined in Note 2(b).

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated into Canadian dollars at period end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences arising on the translation of foreign operations are recognized in other comprehensive income and accumulated in equity.

(e) Biological assets

The Company measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the initial basis for the cost of finished goods inventories after harvest. Seeds are measured at fair market value. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are included in the results of operations for the related period.

2. Significant accounting policies (continued)

(f) Inventory

Inventories for finished goods, packaging and supplies are initially valued at cost and subsequently at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets into inventory at their fair value at harvest less costs to sell, which is deemed to be their cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs to sell.

(g) Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those decisions. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting rights of another entity.

The Company accounts for an associate using the equity method of accounting. Interest in an associate is initially recognized at cost and subsequently adjusted for the Company's share of comprehensive income or loss and distributions of the investee. When the Company's share of losses exceeds the Company's carrying value of the investment, the Company discontinues recognizing its share of further losses. The carrying value of the associate is assessed for impairment at each reporting date.

Upon loss of significant influence over an associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the investment and the fair value of the retained investment or proceeds from disposal of the investment is recognized in profit or loss.

(h) Business combinations and asset acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The cost of a business combination is measured as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are expensed to profit or loss.

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. The cost of an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

(i) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Land	Not depreciated
Furniture and equipment	3 to 5 years
Buildings and leasehold improvements	5 - 30 years

2. Significant accounting policies (continued)

(i) Property, plant and equipment (continued)

Depreciation for property, plant and equipment commences when they become available for use. Expenditures for plant under construction are capitalized and will be depreciated over the life of the asset, commencing at the time the asset is ready for its intended use. The different components of property, plant and equipment are recognized separately when their useful lives are materially different and such components are depreciated separately in profit or loss.

Borrowing costs directly attributable to properties acquired and under construction are capitalized (Note 12). Upon the asset becoming available for use, capitalized borrowing costs, as a portion of the total cost of the asset, are depreciated over the estimated useful life of the related asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and recognized in profit or loss.

(j) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over their estimated useful lives which do not exceed the contractual period, if any, as follows:

Marijuana licenses	Useful life of the facility or term of lease
Intellectual property	Useful life of the facility
Sublease rights and options	Term of lease

Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from the de-recognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

(k) Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets

2. Significant accounting policies (continued)

(k) Impairment of property, plant and equipment and intangible assets (continued)

If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the cash generating unit is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cash generating unit in prior years. A reversal of an impairment loss is recognized as income immediately.

(l) Goodwill

Goodwill represents the excess of the purchase 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 ("CGU") or CGUs to which it relates. Currently, the Company has one reportable segment. The Company has determined that the goodwill associated with all acquisitions belongs to this segment as this is the lowest level at which management monitors goodwill. Goodwill is measured at historical cost and is evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. CGUs have been grouped for purposes of impairment testing. Impairment is determined for goodwill by assessing if the carrying value of CGUs, including goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGUs. Any goodwill impairment is recorded in profit and loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

(m) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition, its sale must be highly probable and expected to be completed within one year from the date of classification.

When there is a plan to sell involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and their fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Prior period consolidated statements of financial position are not restated to reflect the new classification of a non-current asset (or a disposal group) as held for sale.

2. Significant accounting policies (continued)

(n) Share capital

Cash consideration received from the issuance of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants under the residual method. Share issue costs are netted against share capital. Proceeds received for shares that have not yet been issued as at the reporting date are recorded as share subscriptions.

Shares issued for non-monetary consideration are recorded at fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance.

(o) Loss per share

Loss per share is calculated using the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

(p) Share-based compensation

The fair value method of accounting is used for share-based compensation transactions. Under this method, the cost of stock options and finders' warrants is recorded based on the estimated fair value using the Black-Scholes option-pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and finders' warrants, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Upon the expiry or cancellation of stock options and finders' warrants, their fair value previously recorded in reserve is transferred to deficit.

(q) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. As at March 31, 2019 and 2018, the Company has no material provisions.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when the Company has transferred the significant risks and rewards of ownership to the customer, the amount of revenue can be reliably measured and it is probable that the Company will receive the previously agreed upon payment. Significant risks and rewards are generally considered to be transferred when the Company has delivered the product to customers.

2. Significant accounting policies (continued)

(s) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

(i) Current income tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred income tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows.

3. Significant accounting judgments, estimates and assumptions (continued)

(a) Biological assets and inventory

The Company measures biological assets consisting of cannabis on plants at fair value less cost to sell up to the point of harvest. Determining the fair value requires management to make a number of estimates, including costs incurred for each stage of growth of the plants up to the point of harvest, expected yield per plant, wastage of plants, selling prices per gram and post-harvest costs.

The Company measures inventory at the lower of cost and net realizable value and estimates the sales price, costs of completion and selling costs.

(b) Business combination

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in the income statement in the subsequent period.

(c) Investment in associates

In determining the appropriate basis of accounting for the Company's interests in associates, judgment is applied regarding the degree to which the Company has the ability to exert influence directly or indirectly over the associate's financial and operating activities.

(d) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Among other conditions, management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. However, in some cases, an asset may remain classified as held for sale for a period exceeding one year if it remains unsold due to events or circumstances beyond the Company's control.

(e) Impairment of property, plant and equipment and intangible assets

An impairment loss is recognized for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors. These assumptions relate to future events and circumstances. Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

3. Significant accounting judgments, estimates and assumptions (continued)

(f) Useful lives of property, plant and equipment and intangible assets

Depreciation and amortization are dependent upon estimates of useful lives and impairment is dependent upon estimates of recoverable amounts. Management reviews the useful lives of property, plant and equipment and intangible assets at each reporting date and makes assessments of any impairment considering factors such as economic and market conditions, anticipated changes in laws and technological improvements.

(g) Share-based compensation

The fair value of share-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(h) Deferred tax assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

4. Accounting standards adopted in the current year

(a) IFRS 15 Revenue from Contracts with Customers

IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively.

The Company adopted this new standard effective April 1, 2018 using the full retrospective method and there were no significant changes as a result of the adoption of this new standard. Under IFRS 15, the revenue recognition model has changed from one based on the transfer of risks and rewards of ownership, to one based on the transfer of control. Revenue from sales of cannabis to customers is recognized when the Company transfers control of the good to the customer which is upon shipment or delivery.

4. Accounting standards adopted in the current year (continued)

(b) IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 "Financial Instruments: Recognition and Measurement" and applies to the classification and measurement of financial assets. The mandatory effective date is for fiscal years beginning on or after January 1, 2018 with early adoption permitted.

The Company adopted this new standard effective April 1, 2018. The Company determines the classification of its financial instruments at initial recognition and classifies them at amortized cost or fair value through profit and loss ("FVTPL"). IFRS 9 allows for an exemption from restating prior periods in respect of the standard's classification and measurement requirements and the Company has chosen to apply this exemption on initial adoption.

The following is the new accounting policy for financial instruments under IFRS 9. The change did not impact the carrying value of any of the Company's financial instruments on transition date. The Company continued to classify its equity securities at FVTPL.

Financial assets at FVTPL
All financial assets not classified as amortized cost or FVOCI are measured at FVTPL. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Net gains and losses arising from changes in fair value, including any interest or dividend income, are recognized in profit or loss. FVTPL is applied to all derivative financial assets and marketable securities.

Financial assets at amortized cost
A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVTPL
Equity investments carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Realized and unrealized gains and losses are recognized in profit or loss.

Financial liabilities
Financial liabilities are measured at amortized cost using the effective interest method unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

(In thousands of Canadian dollars except for share data)

4. Accounting standards adopted in the current year (continued)

(b) IFRS 9 Financial Instruments (continued)

Impairment of Financial Instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of Financial Assets

Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized within finance income or other income and finance costs, respectively. Gains or losses on financial assets classified as FVTPL remain within profit and loss.

The Company completed an assessment of its financial assets and liabilities as at April 1, 2018. The adoption of IFRS 9 has no quantitative impact on the Company's financial instruments as at April 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original Classification IAS 39	**New Classification IFRS 9**
Financial Assets		
Cash	Loans and receivables	**Amortized cost**
Marketable securities	FVTPL	**FVTPL**
Accounts receivable	Loans and receivables	**Amortized cost**
Share subscriptions receivable	Loans and receivables	**Amortized cost**
Loan receivable	Loans and receivables	**Amortized cost**
Derivative asset	FVTPL	**FVTPL**
Financial Liabilities		
Accounts payable and accrued liabilities	Other liabilities	**Amortized cost**
Loans and borrowings	Other liabilities	**Amortized cost**
Derivative liabilities	FVTPL	**FVTPL**

5. Accounting standards issued but not yet adopted

(a) IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of 'low-value' assets; and short-term leases. For those assets determined to meet the definition of a lease, at the commencement date, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. IFRS 16 also requires lessees to make more extensive disclosures than under IAS 17.

5. Accounting standards issued but not yet adopted (continued)

(a) IFRS 16 Leases (continued)

In transitioning to IFRS 16, a lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Company will apply IFRS 16 on April 1, 2019 using the modified retrospective approach, which means the cumulative impact of adoption will be recognized as at April 1, 2019 and the comparatives will not be restated. The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low-value.

In 2019, the Company continued its impact assessment of IFRS 16 and based on the Company's evaluation, IFRS 16 is expected to have a material effect on the consolidated financial statements by increasing the Company's recognized assets and liabilities. The Company does not expect a material impact to the consolidated statements of comprehensive loss or the consolidated statements of cash flows.

6. Restated and amended financial statements

The consolidated financial statements as at and for the year ended March 31, 2018 have been amended to correct for errors related to:

(a) the investments in the private placements of units and warrant offering (the "Investments") of Veritas Parma Inc. ("Veritas") (Note 13(a)). In the 2017 and 2018 annual financial statements, the value of the warrants in the warrant offering was included in investment in associates and no value was assigned to the warrants from the unit private placements. The warrants are derivative financial instruments under IAS 39, and as a result, the warrants in the unit private placements should have been subsequently measured at FVTPL and the warrant from the offering should have been initially and subsequently measured at FVTPL and excluded from investment in associates.

(b) the US convertible bonds (the "Bonds") issued on March 31, 2017 (Note 19(a)). In the 2017 and 2018 annual financial statements, the Company classified the Bonds as a compound instrument and recognized a liability component and an equity component related to the conversion feature of the Bonds. Under IAS 39, since the Bonds are denominated in US dollars which is not the functional currency of the Company, the conversion feature embedded in the Bonds should have been classified as a derivative liability. The overall instrument should have been classified as a financial liability and an embedded derivative conversion feature instead of a compound instrument as originally reported.

In addition, the bonus interest feature was recognized as a financial liability. Since there was no alternative obligation to pay the bonus in cash, the Company should have recognized the obligation to issue common shares in equity.

(c) the fair value of the warrants issued pursuant to the March 28, 2018 private placement (Note 20(b)(ii)). Given that the quoted market price of the Company's common shares of $0.78 was less than the unit offering price of $0.865 on the date the unit price was fixed by a resolution of the directors of the Company, a value of $279 should have been assigned to the warrants under the residual method instead of $nil.

(In thousands of Canadian dollars except for share data)

6. Restated and amended financial statements (continued)

Amended and restated consolidated statement of financial position:

	As at March 31, 2018	**Adjustments**	**As at March 31, 2018**
	$	**$**	**$**
	(Previously reported)		***(As restated)***
Investment in associate	250	**17**	**267**
Derivative asset	-	**2,472**	**2,472**
Derivative liability	-	**33**	**33**
Convertible bonds	(1,334)	**337**	**(997)**
Reserves (share purchase warrants)	(4,458)	**(279)**	**(4,737)**
Deficit	36,951	**(3,006)**	**33,945**
Equity	(18,790)	**(2,793)**	**(21,583)**

Amended and restated consolidated statement of comprehensive loss:

	Year ended March 31, 2018	**Adjustments**	**Year ended March 31, 2018**
	$	**$**	**$**
	(Previously reported)		***(As restated)***
Gain on sale of shares of associate	(187)	**(32)**	**(219)**
Unrealized loss on derivative asset	-	**933**	**933**
Share of loss in investment in associate	1,320	**(239)**	**1,081**
Foreign exchange loss	130	**14**	**144**
Finance and other costs (accretion expense)	84	**106**	**190**
Unrealized loss on derivative liability	-	**(661)**	**(661)**
Earnings (loss) per share, basic and diluted	($0.22)	**-**	**($0.22)**

Amended and restated consolidated statement of cash flows:

	Year ended March 31, 2018	**Adjustments**	**Year ended March 31, 2018**
	$	**$**	**$**
	(Previously reported)		***(As restated)***
Net loss	20,593	**141**	**20,734**
Gain on sale of shares of associate	(187)	**(32)**	**(219)**
Unrealized loss on derivative asset	-	**933**	**933**
Share of loss in investment in associate	1,320	**(239)**	**1,081**
Accretion expense	84	**106**	**190**
Unrealized loss on derivative liability	-	**(661)**	**(661)**

The material impact of the correction on the audited consolidated financial statements for the year ended 2017 related to the Investments was to increase derivative asset and decrease deficit by $3,405 to recognize the fair value of the warrants, to decrease investment and associates by $250 to exclude the value of the warrants and to record an unrealized gain on derivative asset of $3,155.

The material impact of the correction on the on the audited consolidated financial statements for the year ended 2017 related to the Bonds was to decrease the fair value of the Bonds and decrease deficit by $457 to recognize the fair value of the Bonds, to decrease reserves by $213 to derecognize the equity component of the Bonds and to recognize the embedded derivative conversion feature of the Bond (derivative liability) of $695.

(In thousands of Canadian dollars except for share data)

7. Accounts receivable

	2019	2018
	$	$
GST recoverable	**258**	44
Advances receivable	**-**	96
	258	140

8. Biological assets

The Company's biological assets consist of cannabis seeds and cannabis plants. The changes in the carrying value of biological assets are as follows:

	$
Carrying amount, March 31, 2018	-
Production costs capitalized	**506**
Changes in fair value less cost to sell due to biological transformation	**43**
Transferred to inventory upon harvest	**(353)**
Foreign currency	**8**
Carrying amount, March 31, 2019	**204**

As at March 31, 2019, the fair value of biological assets included $1 in seeds and $203 in cannabis plants, and the weighted average fair value less cost to complete and cost to sell was $5.84 per gram.

Biological assets are classified as level 3 on the fair value hierarchy. Significant unobservable inputs used to fair value biological assets include the Company's selling price per gram of dried cannabis and yield of cannabis per plant. The Company expects that a $1.00 increase or decrease in the selling price per gram of dried cannabis would increase or decrease the fair value of biological assets by $63. A 10% increase or decrease in the estimated yield per cannabis plant would result in an increase or decrease in the fair value of biological assets by $20. Other unobservable inputs are less variable and will not result in significantly higher or lower fair value measurement.

During the three and twelve months ended March 31, 2019, the Company produced approximately 110,000 grams and 110,000 grams of dried cannabis respectively. As of March 31, 2019, the biological assets were on average 54% complete and it was expected that the Company's biological assets would yield approximately 92,462 grams of cannabis when harvested. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the fair values of biological assets.

9. Inventory

	2019	2018
	$	$
Harvested cannabis	**464**	-
Finished goods	**-**	46
Raw materials	**-**	6
	464	52

(In thousands of Canadian dollars except for share data)

10. Prepaid expenses and deposits

	2019	2018
	$	$
Deposit and installments on the Lynden Property (Note 16(a))	-	2,321
Security deposits	38	82
Surety bond – City of North Las Vegas (a)	342	499
Deposit on construction costs	-	174
Other prepaid expenses	371	45
	751	3,121

(a) Surety bond – City of North Las Vegas

The Company has provided non-interest bearing bonds to the City of North Las Vegas (the "City") to be applied against any potential restoration costs that may be incurred by the City relating to the Company's construction of its warehouse facilities. The funds will be released to the Company once the occupancy permit is issued by the City.

11. Loans receivable

On April 12, 2018, the Company entered into a one-year loan agreement in the principal amount of $189 (US$150) at a rate of 8% per annum. The borrower is in the business of providing services to marijuana producers and processors licensed by the Washington State Liquor Cannabis Board ("WSLCB") and used the funds to carry out the necessary work for the Company to be able to immediately commence operations upon receipt its WSLCB licenses. (Note 15(b))

During the year ended March 31, 2019, the Company made additional aggregate advances of $121 (US$82) to the Borrower. In March 2019, the Company decided not to pursue marijuana production operations in Washington and wrote-off aggregate loans and interests of $310 (US$232).

12. Property, plant and equipment

	Land	Furniture & equipment	Buildings and leasehold improvements	Buildings under construction	Total
	$	$	$	$	$
Cost					
Balance, March 31, 2017	1,548	413	505	940	3,406
Additions	2,763	1,150	44	6,456	10,413
Foreign currency	(47)	(9)	(14)	(168)	(238)
Balance, March 31, 2018	4,264	1,554	535	7,228	13,581
Additions	715	2,349	3	11,871	14,938
Foreign currency	65	63	18	414	560
Buildings completed	-	-	8,504	(8,504)	-
Reclassified to assets held for sale (Note 17)	(3,059)	(33)	(520)	(7,236)	(10,848)
Balance, March 31, 2019	**1,985**	**3,933**	**8,540**	**3,773**	**18,231**

(In thousands of Canadian dollars except for share data)

12. Property, plant and equipment (continued)

Accumulated depreciation and impairment losses					
Balance March 31, 2017	743	63	69	-	875
Depreciation	-	86	83	-	169
Impairment	-	-	21	-	21
Foreign currency	(23)	2	17	-	(4)
Balance March 31, 2018	720	151	190	-	1,061
Depreciation	**-**	**149**	**123**	**-**	**272**
Impairment	**1,011**	**185**	**-**	**1,075**	**2,271**
Foreign currency	**45**	**11**	**8**	**20**	**84**
Reclassified to assets held for sale (Note 17)	**(1,030)**	**(12)**	**(261)**	**(1,095)**	**(2,398)**
Balance March 31, 2019	**746**	**484**	**60**	**-**	**1,290**
Carrying value					
Balance, March 31, 2018	3,544	1,403	345	7,228	12,520
Balance, March 31, 2019	**1,239**	**3,449**	**8,480**	**3,773**	**16,941**

As at March 31, 2019, costs related to the construction of production facilities were capitalized and not amortized. Amortization will commence when construction is completed, and the facility is available for its intended use. During the year ended March 31, 2019, $60 (2018 - $nil) in borrowing costs were capitalized to buildings under construction at a weighted average rate of 9% (2018 - 0%).

13. Investment in associate

(a) Investment in Veritas

	Common Shares (Investment in associate)		Warrants (Derivatives)	
	#	$	#	$
Balance, March 31, 2017 *(as restated – Note 6(a))*	5,000,000	988	10,000,000	3,405
Additions	1,500,000	420	1,500,000	265
Disposals	(400,000)	(60)	-	-
Share of loss in equity investment	-	(1,081)	-	-
Unrealized loss on changes in fair value	-	-	-	(1,198)
Balance, March 31, 2018 *(as restated – Note 6(a))*	6,100,000	267	11,500,000	2,472
Disposals	**(178,000)**	**(8)**	**-**	**-**
Share of loss in equity investment	**-**	**(259)**	**-**	**-**
Reclassification to marketable securities	**(5,922,000)**	**-**	**-**	**-**
Unrealized loss on changes in fair value	**-**	**-**	**-**	**(1,625)**
Realized loss on expired warrants	**-**	**-**	**(5,000,000)**	**(846)**
Balance, March 31, 2019	**-**	**-**	**6,500,000**	**1**

In January 2017, the Company invested in unit private placements and warrant offering of Veritas and based on its 12.92% ownership interest, representation on the board of directors of Veritas and other qualitative factors, the Company obtained significant influence in Veritas and the fair value of the common shares was classified as investment in associate. The warrants were classified as derivatives and measured at fair value through profit or loss. (Note 6(a))

On June 30, 2018, the Company recognized a share of loss in Veritas of $259 reducing its carrying value in investment in associates to $Nil and recorded a gain of $48 on the sale of 178,000 shares of Veritas.

13. Investment in associate (continued)

(a) Investment in Veritas (continued)

On August 14, 2018, as a result of the Company's directors' resignation from the board of Veritas and other qualitative factors, the Company no longer exerted significant influence over Veritas. The carrying value of the Company's remaining 5,922,000 common shares of $nil was derecognized from investment in associates and reclassified to marketable securities at its fair value of $1,184 based on a quoted market price of $0.20 per share. The Company recognized a fair value gain of $1,184 on reclassification to marketable securities.

During the year ended March 31, 2019, the Company disposed of the 5,922,000 shares in Veritas for gross proceeds of $1,013 and recorded a loss on marketable securities of $211.

During the year ended March 31, 2019, the Company recorded an unrealized loss of $1,625 on the changes in fair value of the warrant derivatives and recognized a loss of $846 on the 5,000,000 warrants which expired unexercised. As at March 31, 2019, the fair value of the 6,500,000 warrants (2018 - 11,500,000 warrants) of $1 (2018 - $2,472) was estimated using the Black-Scholes option pricing model with the weighted average assumptions of: share price of $0.51 (2018 - $0.44); risk-free rate of 1.56% (2018 - 1.76%); stock price volatility of 137% (2018 - 121%); dividend yield of 0% (2018 - 0%); and expected life of warrants of 0.36 year (2018 - 0.85 year).

(b) Joint venture agreement

On January 30, 2019, as amended on May 6, 2019, the Company, through Full Spectrum, entered into a joint venture agreement with 1186626 BC Ltd. ("118") and 1196788 BC Ltd. ("119") to develop and operate cannabis production facilities located in Chase, British Columbia (the "Chase Project") through 119. 119 is currently controlled by 118, and is in the process of completing the purchase of a 120 acre parcel of land while the Company is securing a license under the Cannabis Act for the Chase Project. Note 30(b)(i)

All capital contributions on the Chase Project will be paid by 118. Upon repayment of two-thirds of the total capital contributions to 118, 119 will issue 50% of its issued and outstanding shares to the Company such that 119 will be equally held by the Company and 118. In addition, a director of the Company will be appointed to the board of 119 resulting in both parties having a representation on the board of 119.

Under the agreement, the Company and 118 will be entitled to 20% and 80%, respectively, of the net cashflows from the Chase Project if at the time of the distribution, 118 has not been repaid in full for all of its capital contributions. If at the time of distribution, 118 has been fully repaid, the distribution shall be 50% to each of the Company and 118.

14. Business combination

On February 13, 2018, the Company, through MDHS, acquired Green Leaf located in Desert Hot Springs, California. Green Leaf operates a marijuana dispensary and has a multi-tenant lease with respect to the premises.

The Company acquired all of the common shares of Green Leaf for a total cash consideration of $2,063 (US$1,600). The transaction was accounted for as a business combination. The allocation of the consideration to the fair value of the net assets acquired at the date of acquisition is as follows:

(In thousands of Canadian dollars except for share data)

14. Business combination (continued)

	$
Leaseholds	**35**
Marijuana distribution license	**2,028**
	2,063

For the year ended March 31, 2018, Green Leaf accounted for $22 in net loss since February 13, 2018, including revenues of $155. If the acquisition had been completed on April 1, 2017, the Company estimates that it would have recorded an increase of $1,246 in revenues and an increase of $179 in net loss for the year ended March 31, 2018.

As of March 31, 2019, the assets and liabilities of Green Leaf have been classified as a disposal group. Note 17(b)

15. Asset acquisitions

	2019		2018
	Full Spectrum (a)	**Tonasket, WA (b)**	Phenofarm (c)
	$	**$**	$
Consideration paid			
Cash	**-**	**-**	322
Common shares	**18,959**	**2,520**	135
Warrants	**860**	**-**	-
Acquisition costs – common shares	**617**	**-**	-
Acquisition costs – cash	**4**	**-**	-
	20,440	**2,520**	457
Net identifiable assets acquired			
Cash	**1,900**	**-**	-
Accounts receivable	**64**	**-**	-
Prepaid expenses	**20**	**-**	-
Property, plant and equipment	**2,168**	**-**	-
Intangible assets – cannabis licenses	**-**	**-**	457
Intangible assets – intellectual property	**17,017**	**-**	-
Intangible assets – sublease rights and options	**-**	**2,520**	-
Accounts payable and accrued liabilities	**(254)**	**-**	-
Loans and borrowings (Note 18)	**(475)**	**-**	-
	20,440	**2,520**	457

(a) Full Spectrum

On September 25, 2018, the Company completed the acquisition of all of the issued and outstanding securities of Full Spectrum for aggregate consideration of $20,440 consisting of 88,182,102 common shares at a fair value of $18,959, 9,945,000 share purchase warrants at a fair value of $860 and acquisition costs of $621 which consisted of $4 in cash and 3,009,295 common shares at a fair value of $617. The fair value of the 9,945,000 warrants at the date of grant was estimated at $0.09 per warrant using the Black-Scholes option pricing model with the following assumptions: share price of $0.21; risk-free rate of 2.19%; stock price volatility of 87%; dividend yield of 0%; and expected life of warrants of 1.50 year. The transaction was accounted for as an asset acquisition.

15. Asset acquisitions (continued)

(a) Full Spectrum (continued)

Full spectrum owns a 40-acre property and cannabis growing facilities that are under construction located in Celista, British Columbia, and Citation has a pending late-stage license application under the Cannabis Act to be assigned to the property. A total of ten 10,000 square foot engineered bio-secure facilities are to be constructed on the site.

On January 30, 2019, the Company entered into an agreement with 118 to jointly develop the Celista property (the "Celista Project"). Under the agreement, 118 will provide a capital contribution of $10,000 towards the Celista Project (the 'Contribution") of which, $500 was paid on signing of the agreement. $2,000 ($1,454 paid (Note 18)) was to be delivered to the Company on or before February 28, 2019, and such amount will be returned to 118 if a cultivation license is not issued to the Company on or before August 31, 2019. The remaining $7,500 will be delivered to the Company in three equal tranches on or before the 30th day following the dates on which two, four and four 10,000 square foot facilities are fully completed and operational. The two 10,000 square foot facilities should be completed and operational by October 30, 2019. The Contribution is secured and bears interest at prime plus 5% per annum, compounded monthly.

Pursuant to the agreement, each of the Company and 118 will be entitled to receive 50% of the net cashflows from the Celista Project within three years after the date that all ten facilities are concurrently fully operational and in full production (the "Distribution"), and 100% to the Company thereafter and 118 will no longer be entitled to the Distribution and shall have no further obligation to the Celista Project. The Distribution will be net of all amounts due and payable in respect of any indebtedness of the Company. In the event that 118 defaults in payment of any portion of the Contribution, its entitlement to the Distribution shall be reduced by 12.5% for each tranche or portion not advanced to the Celista Project until such time the default has been remedied.

(b) Tonasket, Washington property

On May 29, 2018, the Company completed the acquisition of certain operational assets, leases, subleases and an option and right of first refusal ("ROFR') to purchase WSLCB Tier 2 and Tier 3 cultivation and processing licenses related to cannabis production and processing operations in Tonasket, Washington (the "Property"). In consideration for the acquisition, the Company issued 4,000,000 common shares of the Company at a fair value of $2,520. The full amount of the purchase consideration was allocated to intangible assets, sublease and option agreements.

As of March 31, 2019, the Company decided not to pursue cannabis production operations in Washington and is currently negotiating for an assignment of its ownership interest in the Property to Veritas in the amount of $900 in settlement of the Company's loan (Note 24(d)). As a result, the Company wrote down the carrying amount of the intangible asset by $1,176 to its estimated fair value of $900. Note 16

(c) Phenofarm

In July 2017, pursuant to an amended option agreement dated June 26, 2017, the Company exercised an option to acquire 100% of the net assets of Phenofarm, a company which owns two Nevada medical and recreational marijuana cultivation and production licenses. The Company acquired all of the common shares of Phenofarm for aggregate consideration of $457 (US$354) which consisted of $322 (US$250) in cash and 100,000 common shares of the Company at a fair value of $135 (US$104).

(In thousands of Canadian dollars except for share data)

16. Intangible assets

	Intellectual property	Marijuana licenses	Sublease right & options (a)	Creation costs	Hemp Products Formula	Total
	$	$	$	$	$	$
Cost						
Balance, March 31, 2017	-	1,113	595	-	50	1,758
Additions	-	2,820	-	30	-	2,850
Foreign exchange	-	(21)	(21)	-	-	(42)
Balance, March 31, 2018	-	3,912	574	30	50	4,566
Additions	**17,017**	**198**	**2,520**	**-**	**-**	**19,735**
Foreign exchange	**-**	**146**	**-**	**1**	**-**	**147**
Reclassified to held for sale	**-**	**(2,102)**	**-**	**(27)**	**-**	**(2,129)**
Balance, March 31, 2019	**17,017**	**2,154**	**3,094**	**4**	**50**	**22,319**
Accumulated amortization and impairment losses						
Balance, March 31, 2017	-	-	89	-	50	139
Amortization	-	-	115	1	-	116
Impairment	-	-	372	-	-	372
Foreign exchange	-	-	(2)	5	-	3
Balance, March 31, 2018	-	-	574	6	50	630
Amortization	**-**	**168**	**444**	**3**	**-**	**615**
Impairment	**-**	**-**	**1,176**	**-**	**-**	**1,176**
Foreign exchange	**-**	**2**	**-**	**3**	**-**	**5**
Reclassified to held for sale	**-**	**(135)**	**-**	**(8)**	**-**	**(143)**
Balance, March 31, 2019	**-**	**35**	**2,194**	**4**	**50**	**2,283**
Net book value						
Balance, March 31, 2018	-	3,912	-	24	-	3,936
Balance, March 31, 2019	**17,017**	**2,119**	**900**	**-**	**-**	**20,036**

(a) Sublease right

The Company purchased certain assets from a marijuana cultivation and processing licensed company (the “Subtenant”) including a sublease right on its leased industrial property located in Lynden Washington (the “Leased Property”). The sublease right allowed the Company to sublease the Leased Property to the subtenant for a term of 20 years with an option to renew for another five years. The Company agreed to complete extensive improvements on the Leased Property in order to provide the subtenant with a fully equipped operational facility for a monthly rent of $21 which would retroactively increase to $200 upon completion of the renovations.

On August 29, 2016, the Company advanced $299 (US$225) to the Subtenant at an interest rate of 5% commencing April 15, 2017 and repayable over a five-year period in blended monthly payments of US$4,241. The Company agreed to waive the monthly repayment requirement until completion of the renovations. During the year ended March 31, 2018, due to the Company not being able to complete the renovations and the inability of the subtenant to use the Leased Property, an impairment charge of $372 was recognized on the sublease right. In addition, the Company wrote-off rent receivables of $367 and loan receivables from the subtenant of $285 during the year ended March 31, 2018.

Pursuant to a lease agreement (the “Lease”) dated July 1, 2016, as amended on January 1, 2017, the Leased Property had term of five years with an option to renew for another 5 years. Monthly base rent was $21 in the first year, $22 in the second year, $25 in the third year, $27 in the fourth year, and $30 in the fifth year.

(In thousands of Canadian dollars except for share data)

16. Intangible assets (continued)

(a) Sublease right

On February 1, 2017, the Company entered into an agreement to purchase the Leased Property and the rest of the land and five buildings on the property (the "Lynden Property") for $5,491 (US$4,200). The consideration will be paid in the form of a loan from the seller as follows:

(i) A deposit of $667 (US$500) (paid); and
(ii) 37 monthly installments of $131 (US$100) - ($2,656 (US$2,025) paid as of March 31, 2019).

The closing of the property purchase was contingent upon the Company's fulfilment of its obligation under the Lease. Monthly rent was forgiven for every month that the required monthly loan instalment was paid in full and on time. The Lease remained in effect until the closing of the property purchase.

On March 8, 2019, the Company obtained a $2,550 (US$1,900) loan and completed the purchase of the property for a total of $5,759 (US$4,309). Insurance and other expenses on the property of $253 were expensed to profit or loss.

In March 2019, the property was listed for sale and was reclassified to assets held for sale. Note 17(a)

17. Assets and liabilities held for sale

(a) The assets classified as held for sale consist of certain lands and buildings which have been listed for sale. These assets are expected to be sold within a twelve-month period and are no longer productive assets as there is no interest to develop them for future use. The Company wrote-down the carrying amount of these assets by $2,125 (US$1,590) to their aggregate estimated fair value of $8,402 (US$6,288) and transferred the balance from property, plant and equipment to assets held for sale.

The Company entered into a secured promissory note dated March 8, 2019 in the principal amount of $2,539 (US$1,900) (the "Debt"). The Debt bears interest at 15% per annum and repayable over a period of 12 months with a balloon payment at the end of twelve months. The principal amount may be extended for a period of 6 months for an extension fee of 2%. If the monthly payments are not paid within 5 days of the due date, a late fee of 10% will be charged to the Company. The Debt is secured by a Security Agreement, Assignment of Leases and Rents and a Fixture Financing Statement. The Debt proceeds were used to purchase the Lynden Property (Note 16(a)). The Debt is to be repaid as part of a sale transaction and has been included in liabilities associated with assets held for sale.

	2019
	$
Lynden Property (Note 16 (a))	**6,665**
Land located at Desert Hot Springs, California	**1,737**
Assets held for sale	**8,402**
Mortgage loan	**2,539**
Liabilities associated with assets held for sale	**2,539**

(In thousands of Canadian dollars except for share data)

17. Assets and liabilities held for sale (continued)

(b) On March 5, 2019, the Company entered into a Letter of Intent (the "LOI") with respect to a proposed acquisition of a 51% ownership interest in Green Leaf for total consideration of US$350. Green Leaf holds a temporary cannabis retail license and operates a dispensary in Desert Hot Springs, California. Under the LOI, the purchaser will carry out a rebranding of the dispensary valued at US$250, and has a right of first refusal to purchase the remaining 49% of Green Leaf. Completion of the sale is subject to Green Leaf obtaining a cannabis recreational and medical license and the execution of a definitive agreement.

The Company decided to discontinue operations of Green Leaf, and as a result, the assets and liabilities of Green Leaf were classified as a disposal group. As at March 31, 2019, the assets and liabilities of Green Leaf have been reclassified as held for sale and the Company wrote-down the carrying amount of its intangible asset by $823 to its fair value of $1,164.

At March 31, 2019, the following assets and liabilities of Green Leaf are classified as held for sale:

	2019
	$
Cash	**19**
Accounts receivable	**25**
Prepaid expenses and deposits	**31**
Inventory	**98**
Property, plant and equipment	**47**
Intangible assets	**1,164**
Assets held for sale	**1,384**
Accounts payable and accrued liabilities	**205**
Liabilities associated with assets held for sale	**205**

Revenues and expenses including the remeasurement of intangible asset related to the discontinuation of Green Leaf were eliminated from profit or loss from the Company's continuing operations and were shown as a single line item in the statement of comprehensive loss as follows:

	2019	2018
	$	$
Revenue		
Sales	**1,428**	156
Cost of sales	**(1,030)**	(93)
Gross profit from discontinued operations	**398**	63
Expenses		
General and administrative	**821**	41
Sales and marketing	**14**	-
Profit (loss) from operations	**(437)**	22
Loss on remeasurement to fair value less cost to sell	**(808)**	-
Profit (loss) on discontinued operations	**(1,245)**	22

(In thousands of Canadian dollars except for share data)

17. Assets and liabilities held for sale (continued)

Cash flows generated (used by) by Green Leaf for the reporting period is as follows:

	2019	2018
	$	$
Operating activities	(261)	36
Investing activities	(36)	-
Cash flows from discontinued operations	(297)	36

18. Loans and borrowings

	Note	Interest per annum	Maturity	2019	2018
				$	$
Loan from Veritas	24(d)	-	-	1,000	-
Mortgage loan	15(a)	9%	June 9, 2019	150	-
Mortgage loan	15(a)	9%	April 25, 2019	325	-
The Contribution	15(a)	8.95%	N/A	1,454	-
				2,929	-

19. Convertible debentures

	March 31, 2017 (a)	October 23, 2018 (b)	Total
	$	$	$
Balance, March 31, 2018 *(As restated – Note 6(b))*	997	-	997
Issued	-	3,293	3,293
Transaction costs	-	(98)	(98)
Conversion feature	-	(1,121)	(1,121)
Conversion of debentures	-	(451)	(451)
Accretion expense	276	427	703
Accrued interest	-	139	139
Interest paid	-	-	-
Foreign exchange	41	-	41
Balance, March 31, 2019	1,314	2,189	3,503

(a) On March 31, 2017, the Company closed a private placement of 117 convertible bonds at an issue price of US$10,000 per bond for total gross proceeds of $1,556 (US$1,170). The Bonds are convertible into common shares of the Company at a price of $1 per share in the first year, $2 per share in the second year and $3 per share in the third year. The Company also agreed to issue a 3% bonus interest for each Bond issued payable in common shares at a deemed price of $0.75 per share (Note 20(b)(viii)). The Bonds mature on November 30, 2019 and bear compound interest at 8.5% per annum, payable monthly. The Bonds are secured by the assets of MLV which included land, buildings and marijuana licenses in the State of Nevada.

The Bonds consisted of a liability component ("financial liability") and an embedded derivative conversion feature ("derivative liability"). The proceeds of the Bonds were first allocated to the fair value of the derivative liability with the balance of the proceeds allocated to financial liability. Subsequent changes in fair value of the conversion feature were recognized at FVTPL. Note 6(b)

19. Convertible debentures (continued)

At inception, the Bonds were recorded at its amortized cost of $831 which represented the remaining fair value from the net proceeds of $1,556 (US$1,170) after the allocation of $695 from the conversion feature which was determined using the Black-Scholes option pricing model. The Company recognized an obligation to issue shares of $47 (US$35) for the bonus interest. During the year ended March 31, 2018, the Company issued 46,800 common shares to settle the bonus interest at a fair value of $48.

During the year ended March 31, 2019, the Company recorded an unrealized gain on the derivative liability of $33 (2018 - $661). As at March 31, 2019, the fair value of the conversion feature of $1 (2018 - $25) was determined using the Black-Scholes option pricing model based on the following assumptions: share price of $0.16; risk-free rate of 1.56%; stock price volatility of 122%; dividend yield of 0%; and expected life of warrants of 0.67 year.

(b) On October 23, 2018, the Company closed a private placement of a one-year 10% unsecured convertible debentures for total gross proceeds of $3,293. The debentures are convertible into units of the Company at a price of $0.20 per unit. Each unit consisted of one common share and one share purchase warrant exercisable at $0.50 per share expiring October 23, 2019. The holder is entitled to convert all or any part of the debentures into units of the Company at a price equal to 10% less than the offering price of the Company's short form prospectus offering carried out on or prior to the maturity date.

The Company paid finders fees of $133 and issued 241,080 finders' warrants at a fair value of $16. The fair value of the finders' warrants was determined using the Black-Scholes option pricing model based on the following assumptions: share price of $0.33; risk-free rate of 2.23%; stock price volatility of 117%; dividend yield of 0%; and expected life of warrants of 0.50 year.

The debentures consisted of a liability component and an embedded derivative conversion feature. On October 23, 2018, the debentures were recorded at its amortized cost of $3,145 which represented the remaining fair value from the net proceeds of $3,293 after the allocation of $1,121 from the conversion feature. The conversion feature was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of $0.22; risk-free rate of 2.18%; stock price volatility of 97.57%; dividend yield of 0%; and expected life of warrants of 0.50 year.

During the year ended March 31, 2019, the Company recorded an unrealized loss on the derivative liability of $293 (2018 - $nil), and as at March 31, 2019, the fair value of the conversion feature of $1,126 was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of $0.22; risk-free rate of 1.56%; stock price volatility of 124.73%; dividend yield of 0%; and expected life of warrants of 0.50 year.

20. Share capital

(a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and outstanding

As at March 31, 2019, the Company had 246,784,132 common shares (2018 - 111,685,822) issued and outstanding.

20. Share capital (continued)

(b) Issued and outstanding (continued)

On June 12, 2019, the Company completed a consolidation of its share capital on the basis of four (4) existing common shares for one (1) new common share (the "Share Consolidation"). As a result of the Share Consolidation, the 247,875,997 common shares issued and outstanding at June 12, 2019 were consolidated to 61,969,032 common shares.

All information in these consolidated financial statements is presented on a pre-Share Consolidation basis unless otherwise noted, with the exception of loss per share as described in note 30(a). As a result of the Share Consolidation, the number of shares, RSUs, warrants, finders' warrants and stock options and their exercise prices will be adjusted subsequent to year end, as applicable, to reflect the Share Consolidation.

(i) Shares issued for cash in 2019

On April 2, 2018, the Company closed the second tranche of a non-brokered private placement of 246,805 units at $0.865 per unit for gross proceeds of $213. Each unit consisted of one common share and one share purchase warrant exercisable at $0.87 per share until April 2, 2019. A value of $193 has been attributed to the warrants using the residual value method. Total share issuance costs of $24 consisted of cash finders' fees of $14, 3,000 finder's warrants at a fair value of $1 and 11,561 common shares at a fair value of $10. Note 20(b)(ii)

On May 18, 2018, the Company closed a non-brokered private placement of 7,500,003 units at $0.60 per unit for gross proceeds of $4,500. Each unit consisted of one common share and one-half of one share purchase warrant of the Company. Each warrant is exercisable into one common share at a price of at $0.70 per share until May 21, 2019. In conjunction with the closing of the private placement, the Company paid aggregate consulting fees of $3,647 to all subscribers of this private placement pursuant to consulting agreements for a term of one year for services related to capital markets, mergers and acquisitions ("M&A") opportunities and other advisory services. Note 24 (e)

On June 11, 2018, the Company closed a non-brokered private placement of 9,350,000 units at $0.50 per unit for gross proceeds of $4,675. Each unit consisted of one common share and one-half of one common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.70 per share until June 11, 2019. A value of $281 has been attributed to the warrants using the residual value method. In conjunction with the closing of the private placement, the Company paid aggregate consulting fees of $3,848 to certain subscribers of this private placement pursuant to consulting agreements for a term of one year for services related to capital markets, M&A opportunities and other advisory services. Note 24 (e)

On November 19, 2018, the Company closed a non-brokered private placement of 2,156,000 units at $0.25 per unit for gross proceeds of $539. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of $0.50 per share until May 19, 2020. Finder's fees of $25 were paid on this private placement.

On March 28, 2019, the Company closed a non-brokered private placement of 2,125,000 units at $0.20 per unit for gross proceeds of $425. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of $0.50 per share until September 25, 2020.

20. Share capital (continued)

(b) Issued and outstanding (continued)

(i) Shares issued for cash in 2019 (continued)

During the year ended March 31, 2019, the Company over issued 200,000 shares (2018 - 100,000 shares) to a former director of the Company, and included in share subscriptions receivable was the fair value of these shares of $234 (2018 - $90). Subsequent to March 31, 2019, a total of 250,000 shares were returned to the Company and $198 in share subscriptions receivable was reversed. These shares were cancelled and returned to treasury.

During the year ended March 31, 2019, the Company recorded an allowance of $36 for the remaining 50,000 shares not received.

(i) Shares issued for cash in 2018

On January 31, 2018, the Company closed a non-brokered private placement of 3,443,900 units at $0.86 per unit for gross proceeds of $2,962. Each unit consisted of one common share and one share purchase warrant exercisable at $1.25 per share until January 31, 2019. Share issuance costs of $407 consisted of cash finders' fees of $308, 344,390 finders' warrants at a fair value of $67 and legal fees of $32.

On March 16, 2018, the Company closed a non-brokered private placement of 1,548,760 units at $0.865 per unit for gross proceeds of $1,340. Each unit consisted of one common share and one share purchase warrant exercisable at $0.87 per share until March 16, 2019. Share issuance costs of $307 consisted of cash finders' fees of $268, 97,528 finders' warrants at a fair value of $16 and legal fees of $23.

On March 28, 2018, the Company closed the first tranche of a non-brokered private placement of 1,734,104 units at $0.865 per unit for gross proceeds of $1,500. Each unit consisted of one common share and one share purchase warrant exercisable at $0.87 per share until March 31, 2019. A value of $148 has been attributed to the warrants using the residual value method. Included in subscription receivables as at March 31, 2018 were private placement proceeds of $1,500 received subsequent to March 31, 2018. (Note 20(b)(i)

(ii) Shares issued for business and asset acquisitions

On September 25, 2018, the Company issued 91,191,397 common shares at a fair value of $19,576 and 9,945,000 share purchase warrants at a fair value of $860 for the acquisition of Full Spectrum (Note 15(a)).

On May 29, 2018, the Company issued 4,000,000 common shares at a fair value of $2,520 for the acquisition of Tonasket assets. Note 15(b)

During the year ended March 31, 2018, the Company issued 100,000 common shares at a fair value of $135 for the acquisition of Phenofarm. Note 15(c)

(iii) Shares issued for services

During the year ended March 31, 2019, the Company issued an aggregate of 11,928,696 common shares (2018 - 824,122 common shares) at a fair value of $3,761 (2018 - $853) for consulting fees.

20. Share capital (continued)

(b) Issued and outstanding (continued)

(iv) Shares issued for debt

During the year ended March 31, 2019, the Company issued 650,000 common shares (2018 - 700,000 common shares) at a fair value of $126 (2018 - $546) to settle an outstanding debt of $131 (2018 - $261). The Company recorded a corresponding gain on the settlement of debt of $5 (2018 - loss of $285).

(v) Shares issued on exercise of warrants

During the year ended March 31, 2019, the Company issued a total of 700,000 common shares on the exercise of warrants for gross proceeds of $140.

During the year ended March 31, 2018, the Company issued an aggregate of 13,833,000 common shares on the exercise of 12,801,250 warrants for gross proceeds of $5,121 and 1,031,750 finders' warrants for gross proceeds of $413.

(vi) Shares issued on exercise of stock options

During the year ended March 31, 2019, the Company issued an aggregate of 1,900,000 common shares (2018 - 1,740,000 common shares) on the exercise of options for gross proceeds of $771 (2018 - $1,210).

(vii) Shares issued for bond bonus

During the year ended March 31, 2018, the Company issued an aggregate of 46,800 common shares at a fair value of $48 for the 3% bonus interest for each bond issued during fiscal 2017. Note 19(a)

(viii) Shares issued under the Restricted Share Unit Plan

During the year ended March 31, 2019, the Company issued 154,494 common shares at a fair value of $106 to a consultant of the Company.

During the year ended March 31, 2018, the Company issued an aggregate of 9,225,000 common shares at a fair value of $8,254 to employees, consultants and directors of the Company.

(ix) Shares issued on conversion of convertible debentures

During the year ended March 31, 2019, the Company issued a total of 2,931,600 common shares at a fair value of $739 on conversion of debentures.

(In thousands of Canadian dollars except for share data)

20. Share capital (continued)

(c) Share purchase warrants

The continuity of warrants for the year ended March 31, 2019 is as follows:

Expiry Date	Exercise Price	March 31, 2018	**Issued**	**Exercised**	**Expired/ Cancelled**	**March 31, 2019**
		#	**#**	**#**	**#**	**#**
May 21,2019	$0.70	-	**3,750,000**	**-**	**-**	**3,750,000**
June 11, 2019	$0.70	-	**4,675,000**	**-**	**-**	**4,675,000**
October 23, 2019	$0.50	-	**2,931,600**	**-**	**-**	**2,931,600**
March 16, 2020	$0.87	1,613,075	**-**	**-**	**-**	**1,613,075**
March 31, 2020	$0.87	1,734,104	**-**	**-**	**-**	**1,734,104**
April 2, 2020	$0.87	-	**246,805**	**-**	**-**	**1,980,909**
May 19, 2020	$0.50	-	**2,156,000**	**-**	**-**	**2,156,000**
September 25, 2020	$0.20	-	**9,945,000**	**700,000**	**-**	**9,245,000**
September 25, 2020	$0.35	-	**1,062,500**	**-**	**-**	**1,062,500**
January 31, 2021	$1.25	3,443,900	**-**	**-**	**-**	**3,443,900**
January 31, 2021	$2.90	43,749,053	**-**	**-**	**-**	**43,749,053**
		50,504,132	**24,766,905**	**700,000**	**-**	**74,607,037**

The continuity of warrants for the year ended March 31, 2018 is as follows:

Expiry Date	Exercise Price	March 31, 2017	Issued	Exercised	Expired/ Cancelled	March 31, 2018
			#	#	#	#
April 14, 2017	$0.40	1,150,000	-	1,150,000	-	-
June 16, 2017	$0.40	2,392,500	-	2,367,500	25,000	-
September 6, 2017	$0.40	9,363,750	-	9,283,750	80,000	-
January 31, 2019	$1.25	-	3,443,900	-	-	3,443,900
March 16, 2019	$0.87	-	1,613,075	-	-	1,613,075
March 31, 2020	$0.87	-	1,734,104	-	-	1,734,104
January 31, 2021	$2.90	-	43,749,053	-	-	43,749,053
		12,906,250	50,504,132	12,801,250	105,000	50,504,132

(d) Finders' warrants

The continuity of finders' warrants for the year ended March 31, 2019 is as follows:

Expiry Date	Exercise Price	March 31, 2018	**Issued**	**Exercised**	**Expired/ Cancelled**	**March 31, 2019**
		#	**#**	**#**	**#**	**#**
March 31, 2019	$0.86	344,390	**-**	**-**	**344,390**	**-**
May 19, 2019	$0.87	97,528	**-**	**-**	**-**	**97,528**
June 2, 2019	$0.87	-	**3,000**	**-**	**-**	**3,000**
October 23, 2019	$0.50	-	**241,080**	**-**	**-**	**214,080**
		441,918	**244,080**	**-**	**344,390**	**314,608**

(In thousands of Canadian dollars except for share data)

20. Share capital (continued)

(d) Finders' warrants (continued)

The continuity of finders' warrants for the year ended March 31, 2018 is as follows:

Expiry Date	Exercise Price	March 31, 2017	Issued	Exercised	Expired/ Cancelled	March 31, 2018
		#	#	#	#	#
April 14, 2017	$0.40	367,500	-	355,000	12,500	-
June 17, 2017	$0.40	221,000	-	206,000	15,000	-
September 16, 2017	$0.40	470,750	-	470,750	-	-
March 31, 2019	$0.86	-	344,390	-	-	344,390
May 19, 2019	$0.87	-	97,528	-	-	97,528
		1,059,250	441,918	1,031,750	27,500	441,918

During the year ended March 31, 2019, the Company recognized share issuance costs of $16 (2018 - $83) for 244,080 (2018 - 441,918) finders' warrants issued during the year. The fair value of the finders' warrants at the date of grant was estimated at $0.06 per warrant (2018 - $0.21 per warrant) using the Black-Scholes option pricing model with the following weighted average assumptions: share price of $0.33 (2018 - $0.83); risk-free rate of 2.23% (2018 - 1.48%); stock price volatility of 117% (2018 - 86%); dividend yield of 0% (2018 - 0%); and expected life of warrants of 0.5 year (2018 - 0.5 year).

(e) Stock options

Under the Company's Stock Option Plan, the maximum number of shares that may be reserved for issuance under the Company's Fixed Share Option Plan as of March 31, 2019 was 22,829,202 common shares (2018 - 9,363,494). Under the Plan, the exercise price of an option may not be less than the closing market price of the Company's shares prevailing on the day that the option is granted. The options may be granted up to a maximum term of 5 years and vested at the discretion of the board of directors.

As at March 31, 2019, 22,614,200 options, with an average exercise price of $0.29 per share and an average remaining life of 1.72 years have vested.

Expiry Date	Exercise Price	March 31, 2018	**Granted**	**Exercised**	**Expired/ Cancelled**	**March 31, 2019**
		#	**#**	**#**	**#**	**#**
September 9, 2018	$0.40	550,000	**-**	**400,000**	**150,000**	**-**
November 8, 2018	$0.93	430,000	**-**	**-**	**430,000**	**-**
November 8, 2018	$1.00	200,000	**-**	**-**	**200,000**	**-**
June 28, 2019	$1.02	3,250,000	**-**	**-**	**3,050,000**	**200,000**
January 2, 2019	$1.03	2,200,000	**-**	**-**	**2,200,000**	**-**
January 23, 2019	$0.90	400,000	**-**	**-**	**400,000**	**-**
March 6, 2019	$0.80	400,000	**-**	**-**	**-**	**400,000**
March 8, 2019	$0.71	300,000	**-**	**200,000**	**100,000**	**-**
March 4, 2020	$0.71	1,400,000	**-**	**-**	**800,000**	**600,000**
April 6, 2019	$0.71	-	**1,800,000**	**-**	**1,800,000**	**-**
April 8, 2019	$0.69	-	**900,000**	**144,928**	**755,072**	**-**
May 1, 2019	$0.61	-	**455,072**	**155,072**	**300,000**	**-**
May 17, 2019	$0.60	-	**3,578,422**	**-**	**3,578,422**	**-**
June 21, 2019	$0.30	-	**350,000**	**350,000**	**-**	**-**
June 28, 2019	$0.26	-	**650,000**	**650,000**	**-**	**-**
October 4, 2020	$0.26	-	**7,185,000**	**-**	**-**	**7,185,000**
October 30, 2020	$0.29	-	**100,000**	**-**	**-**	**100,000**
January 8, 2021	$0.245	-	**1,200,000**	**-**	**-**	**1,200,000**
March 3, 2021	$0.27	-	**12,679,200**	**-**	**-**	**12,679,200**
March 21, 2024	$0.24	-	**250,000**	**-**	**-**	**250,000**
		9,130,000	**29,147,694**	**1,900,000**	**13,763,494**	**22,614,200**

(In thousands of Canadian dollars except for share data)

20. Share capital (continued)

(e) Stock options (continued)

As at March 31, 2018, 9,130,000 options, with an average exercise price of $0.91 per share and an average remaining life of 0.46 years have vested.

Expiry Date	Exercise Price	March 31, 2017	Granted	Exercised	Expired/ Cancelled	March 31, 2018
		#	#	#	#	#
May 8, 2017	$0.50	600,000	-	600,000	-	-
September 6, 2017	$1.49	300,000	-	-	300,000	-
September 6, 2017	$2.50	800,000	-	-	800,000	-
September 24, 2017	$0.50	315,000	-	290,000	25,000	-
November 8, 2017	$0.93	220,000	-	-	220,000	-
September 9, 2018	$0.40	650,000	-	100,000	-	550,000
November 8, 2018	$0.93	430,000	-	-	-	430,000
November 8, 2018	$1.00	250,000	-	50,000	-	200,000
March 6, 2018	$1.49	700,000	-	-	700,000	-
May 15, 2019	$0.91	-	750,000	-	750,000	-
June 28, 2019	$1.02	-	3,300,000	-	50,000	3,250,000
August 25, 2019	$1.02	-	350,000	-	350,000	-
January 2, 2019	$1.03	-	2,500,000	300,000	-	2,200,000
January 4, 2019	$0.92	-	300,000	300,000	-	-
January 23, 2019	$0.90	-	500,000	100,000	-	400,000
March 6, 2019	$0.80	-	400,000	-	-	400,000
March 8, 2019	$0.71	-	300,000	-	-	300,000
March 4, 2020	$0.71	-	1,400,000	-	-	1,400,000
		4,265,000	9,800,000	1,740,000	3,195,000	9,130,000

During the year ended March 31, 2019, the Company recognized share-based compensation of $4,681 (2018 - $2,578) for stock options granted and vested during the year.

The fair value of stock options at the date of grant was estimated at $0.17 per option (2018 - $0.26 per option) using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Risk-Free Annual Interest Rate	**1.61% - 2.29%**	0.69% - 1.77%
Expected Stock Price Volatility	**80% - 100%**	80% - 106%
Expected Life of Options and Warrants	**1.0 - 2.0 years**	0.5 - 1.0 years
Expected Annual Dividend Yield	**0%**	0%

(f) Restricted share units ("RSU")

On October 10, 2017, the Company adopted a RSU Plan as approved by the shareholders of the Company. The RSU Plan is designed to provide the Company with an additional tool to compensate directors, officers, consultants and other key employees of the Company. As of March 31, 2019, the maximum number of shares that may be reserved for issuance under the RSU plan was 22,829,202 (2018 - 9,363,494) common shares. Under the plan, each vested RSU gives the eligible person the right to receive one common share of the Company.

(In thousands of Canadian dollars except for share data)

20. Share capital (continued)

(f) Restricted share units ("RSU")

The continuity of RSUs for the years ended March 31, 2019 is as follows:

Issuance date	March 31, 2018	Issued	Vested	Cancelled	March 31, 2019
July 19, 2018	-	**100,000**	**100,000**	**-**	**-**
October 4, 2018	-	**54,494**	**54,494**	**-**	**-**
March 3, 2019	-	**13,385,000**	**-**	**13,385,000**	**-**
	-	**13,539,494**	**154,494**	**13,385,000**	**-**

The continuity of RSUs for the years ended March 31, 2018 is as follows:

Issuance date	March 31, 2017	Issued	Vested	Cancelled	March 31, 2018
January 2, 2018	-	**9,225,000**	**9,225,000**	**-**	**-**
	-	**9,225,000**	**9,225,000**	**-**	**-**

During the year ended March 31, 2019, the Company recognized share-based compensation of $106 (2018 - $8,254) for 154,494 (2018 - 9,225,000) RSUs granted and vested during the year. The weighted average fair value of RSUs granted during the year ended March 31, 2019 was $0.69 (2018 - $0.89) per share.

21. General and administrative expenses

	2019	2018
	$	$
Consulting fees	**11,262**	1,750
Shareholder and investor relations	**2,307**	1,923
Office and general	**1,425**	1,594
Professional fees	**568**	700
Management fees and wages	**445**	206
	16,007	6,173

22. Finance and other costs

	2019	2018
	$	$
Accretion expenses	**702**	190
Loan interest	**267**	128
Bank charges	**28**	12
Financing fees	**51**	-
	1,048	330

(In thousands of Canadian dollars except for share data)

23. Related party transactions

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

(a) Related party balances

As at March 31, 2019 and 2018, the Company had the following amounts due to related parties which are non-interest bearing, unsecured, and have no specific terms of repayment.

	2019	2018
	$	$
Accounts payable and accrued liabilities		
Due to an officer for services and expense reimbursements	**38**	-
Directors' fees	**24**	9

(b) Compensation of key management personnel

Key management personnel includes the Company's directors and officers. The compensation paid or payable to directors and officers consisted of the following:

	2019	2018
	$	$
Consulting fees	**81**	459
Management fees	**355**	220
Share-based compensation [(1)]	**1,786**	2,543
	2,222	3,222

(1) An aggregate of 10,285,000 stock options (2018 - 3,700,000) and 54,494 RSUs (2018 - 1,950,000) were issued to these related parties.

(c) Compensation and transactions with a shareholder and key management personnel

	2019	2018
	$	$
Consulting fees (i)	**-**	934
Commission (i)	**-**	475
Share-based compensation (ii)	**-**	2,221
Office rent (iii)	**-**	12
	-	3,642

The Company entered into the following related party transactions with companies controlled by a shareholder of the Company who was interim President of the Company from June 14, 2017 to February 1, 2018.

(i) Consulting services

During the year ended March 31, 2019, pursuant to a consulting agreement with a company controlled by a shareholder, the Company paid consulting fees of $nil (2018 - $934) and commission of $nil (2018 - $475) related to a purchase of properties in California.

23. Related party transactions (continued)

(c) Compensation and transactions with a shareholder and key management personnel (continued)

(ii) Share-based compensation

During the year ended March 31, 2018, the Company granted 1,700,000 stock options at a fair value of $432 and issued 2,000,000 RSUs at a fair value of $1,789 to the shareholder or companies controlled by the shareholder.

(iii) Office lease arrangement

During the year ended March 31, 2018, the Company paid rent totalling $12 to a company controlled by the shareholder for the rental of an office space.

(iv) Software program development and marketing services

On April 14, 2017, the Company entered into a delivery service agreement with a company controlled by the shareholder for the design and development of a software program, website, databases and marketing programs for a marijuana delivery business. A deposit of $399 (US$300) was paid which was written off during the year ended March 31, 2018, as the Company is not pursuing the marijuana delivery business.

All related party transactions were in the ordinary course of business and were conducted on terms substantially similar to arm's length transactions.

24. Commitments and contingencies

(a) Desert Hot Springs dispensary lease

MDHS entered into a commercial lease agreement for the lease of its dispensary operating premises for a monthly rent of US$5. The lease expires on December 8, 2020, with 3 additional 5-year term renewal options.

(b) Office lease

The Company entered into a lease agreement for rental of an office space in Kelowna, British Columbia for an annual rent payment of $23 in the first year and $25 in the second year. The lease expires on May 3, 2021.

(c) Residential condominium lease

The Company entered into a lease agreement for rental of a condominium in Las Vegas, Nevada for a monthly rent of US$2. The lease expires on January 31, 2020.

(In thousands of Canadian dollars except for share data)

24. Commitments and contingencies (continued)

(d) Claim and litigation

On February 28, 2019, a claim was commenced against the Company by Veritas to recover a loan in the principal amount of $1,000 plus accrued interests. Veritas claims that the loan is in default and has made a demand for repayment of the loan and interests on or before January 21, 2019.

On April 12, 2019, the Company filed a counterclaim against Veritas alleging, among other things, that the Company and Veritas entered into a loan agreement which included repayment terms consisting of $100 and the assignment of the Company's ownership interest in the Property. Note 15(b)

The Company intends to vigorously defend itself against the claim made by Veritas. As set out in the Company's response to civil claim, it believes that the allegations are without merit and that the loan agreement is in full force and effect.

(e) British Columbia Securities Commission ("BCSC") temporary order

On November 26, 2018, the Company was named a respondent in the notice of hearing and temporary order (the "Temporary Order") issued by the BCSC against certain Issuers (the "Issuers"), companies and individuals (the "Non-Issuer Respondents"). The notice of hearing alleged, among other things, that the Issuers issued free-trading securities through private placements to the Non-Issuer Respondents relying on the consultant exemption to the prospectus requirement under National Instrument 45-106 (the "Consultant Exemption"). The Non-Issuer Respondents claimed to be consultants under the Consultant Exemption and were paid consulting fees pursuant to consulting agreements executed with the Issuers, resulting in the Issuers paying most part of the private placement funds back to the Non-Issuers Respondents. The Temporary Order prohibited the Issuers from relying on the Consultant Exemption in connection with private placements with the Non-Issuer Respondents. The Temporary order was to expire on December 11, 2018, but the BCSC had an application to extend the Temporary Order pending a decision of the BCSC at a hearing on December 7, 2018. On January 15, 2019, the BCSC released its decision indicating that the Temporary Order has not been extended against the Company. Note 20(b)(i)

25. Income tax

(a) Income tax expense

The income tax expense of the Company is reconciled to the net loss as follows:

	2019	2018
	$	$
Expected Income Tax Recovery at Statutory Tax Rates	**(8,114)**	(5,795)
Permanent Differences	**1,558**	3,051
Change in Valuation Allowance	**7,151**	3,155
Other	**(595)**	(411)
Income Tax Recovery	**-**	-

(In thousands of Canadian dollars except for share data)

25. Income tax

(b) Deferred tax assets and liabilities

As at March 31, 2019 and 2018, the Company has temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Accordingly, the Company recorded deferred tax assets as follows:

	2019	2018
	$	$
Deferred Tax Assets		
Tax Losses Available for Offset Against Future Taxable Income	**12,722**	6,955
Capital Losses Available for Offset Against Future Capital Gains	**94**	96
Property and Equipment	**1,249**	287
Intangible Assets	**442**	28
Financing Fees	**226**	215
Valuation Allowance	**(14,733)**	(7,581)
Net Deferred Tax Assets	**-**	-

As at March 31, 2019, the Company has Canadian non-capital losses of $37,324 and US net operating losses of US$5,659 which are available to offset future taxable income earned in Canada and the United States respectively. These tax losses expire as follows:

	Canadian Losses	US Losses
	$	US$
2033	54	-
2034	663	-
2035	820	-
2036	1,290	83
2037	7,383	1,119
2038	12,486	3,071
2039	14,628	1,386
	37,324	5,659

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable income is probable. The Company has recorded a full valuation allowance against its deferred tax assets because of uncertainty as to the realization of these assets.

(In thousands of Canadian dollars except for share data)

26. Segmented information

The assets and operations of the Company are located in Canada and the United States.

	Canada	US	Total
	$	$	$
Year Ended March 31, 2019			
Revenues	**2**	**30**	**32**
Gross profit	**(4)**	**177**	**173**
Loss from operations	**(19,850)**	**(1,463)**	**(21,313)**
Net loss from continuing operations	**(24,438)**	**(3,740)**	**(28,178)**
Year Ended March 31, 2018			
Revenues	-	-	-
Gross profit	-	-	-
Loss from operations	(15,850)	(1,836)	(17,686)
Net loss from continuing operations	(18,458)	(2,281)	(20,739)
As at March 31, 2019			
Current assets	**925**	**10,844**	**11,769**
Total assets	**24,963**	**23,783**	**48,746**
Total liabilities	**9,173**	**2,983**	**12,156**
As at March 31, 2018			
Current assets	4,907	3,283	8,190
Total assets	5,200	19,713	24,913
Total liabilities	1,326	2,004	3,330

As at March 31, 2019, $8,450 and $1,986 relating to assets in the U.S. were reclassified from property, plant and equipment and intangible assets, respectively, to assets held for sale. Notes 12 and 16.

27. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying values of cash, accounts receivable, accounts payables and accrued liabilities, loans and borrowings and convertible debentures approximate their fair values due to their short-term nature. The fair value of marketable securities is based on quoted prices in active markets. The fair values of derivative asset and derivative liability are determined using the Black-Scholes option pricing model. During the year, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

(In thousands of Canadian dollars except for share data)

27. Fair value of financial instruments (continued)

The following table summarizes the Company's financial instruments as at March 31, 2019:

	FVTPL	Amortized cost	Total	Fair value hierarchy
	$	$	$	
Financial assets				
Cash	**-**	**107**	**107**	**N/A**
Accounts receivable	**-**	**258**	**258**	**N/A**
Share subscriptions receivable	**-**	**198**	**198**	**N/A**
Marketable securities	**-**	**-**	**-**	**Level 1**
Derivative asset	**1**	**-**	**1**	**Level 2**
Financial liabilities				
Accounts payable and accrued liabilities	**-**	**1,854**	**1,854**	**N/A**
Loans and borrowings	**-**	**2,929**	**2,929**	**Level 2**
Convertible debentures [(1)]	**-**	**3,503**	**3,503**	**Level 2**
Derivative liabilities [(1)]	**1,126**	**-**	**1,126**	**Level 2**

[(1)] The fair value of convertible debentures includes the financial liability and derivative liability.

28. Financial risk management

The Company is exposed to various risks in relation to financial instruments. The Company's risk management is coordinated at its head office in Canada in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet its working capital and other operating requirements, fund capital expenditures, settle liabilities and meet its scheduled debt repayments. As of March 31, 2019, the Company had working capital deficiency of $387 (2018 - working capital of $5,857). There can be no assurance that the Company will be able to secure debt and/or equity financing for working capital and be successful in generating and maintaining profitable operations.

The Company has the following gross contractual obligations:

	Total	< 1 year	1 – 3 years	3 – 5 years
Accounts payable and accrued liabilities	**1,854**	**1,854**	**-**	**-**
Loans and borrowings	**2,929**	**2,929**	**-**	**-**
Convertible debentures	**3,503**	**3,503**	**-**	**-**
	8,286	**8,286**	**-**	**-**

28. Financial risk management (continued)

(b) Currency risk

The Company operates internationally and is exposed to foreign currency risk arising from currency exposures to Canadian dollars. The main currency to which the Company has exposure is the U.S. dollar. The Company is exposed to currency risk to the extent of its cash, accounts payables and accrued liabilities, liabilities associated with assets held for sale and convertible bonds payable that are denominated in U.S. dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates.

As at March 31, 2019, the Company has determined that a 10% change in US dollars against the Canadian dollar on financial assets and liabilities would result in an increase or decrease of approximately $2,078 (2018 - $1,495) to net income and comprehensive income for the year ended March 31, 2019.

(c) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest on the Company's loans and borrowings and convertible bonds payable are based on fixed rates, and as such, the Company is not exposed to significant interest rate risk.

(d) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivables by performing standard credit checks. The credit risk for cash and accounts receivables is considered negligible since the counterparties are reputable banks with high quality external credit ratings and customers with no history of default.

29. Capital management

The Company manages its share capital as capital, which as at March 31, 2019, was $86,645. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and expansion of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company does not pay out dividends in order to conserve cash reserves and to maximize ongoing development efforts. The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

(In thousands of Canadian dollars except for share data)

30. Subsequent events

(a) Share consolidation

The following tables show the loss per share and weighted average number of shares outstanding, basic and diluted, before and after giving effect to the Share Consolidation (Note 20(b)):

Loss per share

On a pre-Share Consolidation basis, the basic and diluted loss per share and weighted average number of shares outstanding for the years ended March 31, 2019 and 2018 were as follows:

	2019	2018
Net loss per share Basic and diluted	**($0.15)**	($0.22)
Weighted average number of shares outstanding Basic and diluted	**182,091,324**	92,696,701

The basic and diluted loss per share on the consolidated statement of comprehensive loss was calculated based on the following weighted average number of shares outstanding, which gave effect to the Share Consolidation ratio:

	2019	2018
Net loss per share Basic and diluted	**($0.62)**	($0.88)
Weighted average number of shares outstanding Basic and diluted	**45,522,831**	23,174,175

(b) Proposed acquisitions

(i) The Company, through Full Spectrum, entered into a Share Exchange Agreement (the “Agreement“) dated April 19, 2019 to acquire Buds For You Inc. (“Buds”), a late stage cannabis cultivation, processing and sales license applicant under the Cannabis Act (the “Buds License”). On the date of execution of the Agreement, the Company paid a non-refundable deposit of $250 and issued 250,000 common shares at a fair value of $55. The Company will acquire all of the issued and outstanding shares of Buds for an additional $750 and a 5% perpetual gross royalty on net sales and other income from cannabis derived by the Company from the property location where Bud’s license will be assigned to (Note 13(b)). The Company issued 135,000 shares at a fair value of $30 as a finder’s fee for the acquisition.

The Company will transfer the Buds License to 119 on closing of the acquisition.

30. Subsequent events (continued)

(b) Proposed acquisitions (continued)

(ii) On June 14, 2019, the Company entered into a Share Exchange Agreement to acquire all of the issued and outstanding shares of ACC Group of Companies ("ACC"), a Nevada based group of companies licensed for cannabis cultivation, in exchange for the following:

a. 23,500,000 post-Consolidation Shares of the Company; and

b. 11,500,000 post-Consolidation Units of the Company. Each Unit will consist of one post-Consolidation Share and 1 warrant to acquire 11,500,000 post-Consolidation Shares of the Company at $2.50 per post-Consolidation Share for a period of two years from closing of the acquisition, subject to acceleration if the volume weighted average price of the Company's post-Consolidation Shares is greater than $3.50 per post-Consolidation Share for a period of 10 consecutive trading days. The post-Consolidation Units will be in exchange for the convertible notes outstanding of ACC.

All post-Consolidation consideration Shares including post-Consolidation Shares issuable on the exercise of warrants to be issued to the management of ACC will be subject to a three year escrow. All other consideration post-Consolidation Shares shall be subject to resale restrictions in accordance with securities laws.

Additionally, subject to the policies of the CSE and applicable securities legislation, the Company and ACC will implement a management incentive plan allowing for the issuance of up to US$10 million in post-Consolidation Shares based on the achievement of certain performance milestones for each the Company's Canadian and US operations.

Concurrent with the closing of the acquisition, the Company has agreed to undertake an equity financing of up to US$10 million along with a potential debt financing of up to US$17 million secured against the Company's North Las Vegas assets. Further, the Company and ACC may elect to jointly pursue an additional unsecured non-dilutive debt financing of up to US$7 million for further development of ACC's Pahrump, Nevada licensed assets.

(c) Financing

The Company closed the first and second tranches of a one-year, 10% convertible debentures for an aggregate principal amount of $500. The debentures are convertible into units of the Company at $0.20 per unit. Each unit consists of one common share and one warrant exercisable at a price of $0.35 per share for a period of 18 months. In the event the Company issues shares (or securities convertible into shares) at a purchase price less than $0.20 per share, the conversion price shall be reduced to such lower price and the exercise price of the warrant shall be reduced on a commensurate basis.

30. Subsequent events (continued)

(d) Shares and warrants issuances

(i) An aggregate of 522,489 common shares and 503,250 warrants were issued on the conversion of $101 principal amount of debentures and interests of $4. Each warrant is convertible into common shares at a price of $0.50 per share until October 23, 2019.

(ii) 316,120 common shares were issued for services at a fair value of $65.

(iii) 118,256 common shares were issued for the purchase of assorted cannabis genetics at a fair value of $24.

(e) Stock option grants

The Company granted to directors, officers, employees and consultants stock options to purchase 1,065,000 common shares at an exercise price of $0.22 per share expiring April 22, 2024 and 300,000 common shares at an exercise price of $0.80 per share expiring June 21, 2021.

(f) RSU awards

The Company awarded 22,700,000 RSUs to directors, officers, employees and consultants. The RSUs vest every three months over a period of one year and entitle the participants to receive one share for each vested RSU.