FIORE

FIORE CANNABIS LTD

(Formerly Citation Growth Corp. and Liht Cannabis Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and six months ended September 30, 2020 and 2019
(Expressed in thousands of Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Fiore Cannabis Ltd. (Formerly Citation Growth Corp.) (the “Company”) for the six months ended September 30, 2020 (the “Interim Financial Statements”) have been prepared by the management of the Company and approved by the Company’s Audit Committee and the Board of Directors.

Under National Instruments 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The management of the Company is responsible for the preparation of the Interim Financial Statements. The Company’s independent auditor has not performed a review of the Interim Financial Statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

FIORE CANNABIS LTD.

(Formerly Citation Growth Corp and Liht Cannabis Corp.)

Consolidated Statements of Financial Position
(In thousands of Canadian dollars except for share data)
Unaudited

	Notes	**September 30, 2020**	March 31, 2020
		$	$
Assets			
Current assets			
Cash		**124**	49
Accounts receivable		**33**	84
Biological assets	5	**229**	383
Inventory	6	**279**	337
Prepaid expenses and deposits		**1,148**	693
Assets held for sale	10	**7,788**	11,232
		9,601	12,778
Property, plant and equipment	7	**10,532**	11,073
Intangible assets	9	**11,691**	11,912
Deferred tax assets		**192**	192
		32,016	35,955
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**5,204**	5,270
Income tax payable		**245**	255
Loans and borrowings	12	**2,375**	1,000
Convertible debentures	13	**4,323**	3,851
Current portion of lease liabilities	11	**161**	102
Derivative liabilities	13	**84**	208
Liabilities associated with assets held for sale	10	**3,444**	6,532
		15,836	17,218
Lease liabilities	11	**182**	6
Convertible debentures	13	**471**	391
Loans and borrowing	12	**693**	-
Deferred tax liability		**702**	702
		17,884	18,317
Shareholders' equity			
Share Capital	14	**108,480**	106,672
Reserves		**9,303**	7,810
Accumulated other comprehensive loss		**879**	1,778
Deficit		**(104,530)**	(98,622)
		14,132	17,638
		32,016	35,955

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 18)
Segmented information (Note 19)
Subsequent events (Note 23)

Approved on behalf of the Board:

"Erik Anderson" — Erik Anderson, Director

"Marcel LeBlanc" — Marcel LeBlanc, Director

FIORE CANNABIS LTD.

(Formerly Citation Growth Corp. and Liht Cannabis Corp.)

Consolidated Statements of Comprehensive Loss
For the Six Months Ended September 30, 2020 and 2019
(In thousands of Canadian dollars except for share data)

		Three Months Ended		Six Months Ended	
	Notes	**2020**	2019	**2020**	2019
		$	$	**$**	$
Revenues		**550**	741	**1,129**	1,391
Excise taxes		**(48)**	(110)	**(98)**	(222)
Net revenue		**502**	631	**1,031**	1,169
Cost of sales		**344**	373	**690**	821
Gross profit before fair value adjustments		**158**	258	**341**	348
Change in fair value of inventory sold		**(21)**	103	**532**	159
Unrealized gain on changes in fair value of biological assets	5	**20**	(210)	**107**	(287)
Goss profit (loss)		**159**	365	**(298)**	476
Expenses					
General and administrative expenses	15, 17(b)	**598**	1,270	**2,881**	2,220
Depreciation and amortization	7, 9	**231**	105	**456**	228
Share-based compensation	14(e), 14(f)	**-**	2,176	**1,267**	4,214
		829	3,551	**4,604**	6,662
Loss from operations		**(670)**	(3,186)	**(4,902)**	(6,186)
Other income (expenses)					
Finance and other costs	16	**(540)**	(725)	**(1,337)**	(1,414)
Foreign exchange gain (loss)		**114**	(16)	**114**	15
Realized and unrealized losses on derivative asset		**-**	-	**-**	(1)
Unrealized gain on derivative liabilities	13	**134**	382	**124**	1,079
Loss on sale of property, plant and equipment		**-**	-	**(4)**	-
Gain on settlement of debt	14(b)(iv)	**-**	-	**-**	26
		(292)	(359)	**(1,103)**	(295)
Loss before income taxes		**(962)**	(3,545)	**(6,005)**	(6,481)
Income tax expense		**-**	(106)	**-**	(106)
Net loss from continuing operations		**(962)**	(3,651)	**(6,005)**	(6,587)
Other comprehensive income (loss)					
Loss from discontinued operations		**-**	(525)	**-**	(525)
Foreign currency translation		**(286)**	183	**(899)**	(239)
Comprehensive loss		**(1,248)**	(3,993)	**(6,904)**	(7,351)
Net loss per share, basic and diluted		**(0.01)**	(0.05)	**(0.04)**	(0.11)
Weighted average number of shares outstanding Basic and diluted		143,226,720	75,447,252	139,708,064	61,864,528

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

FIORE CANNABIS LTD.

(Formerly Citation Growth Corp. and Liht Cannabis Corp.)

Consolidated Statements of Changes in Equity
For the Six Months Ended September 30, 2020 and 2019
(In thousands of Canadian dollars except for share data)

		Share Capital		Reserves								
	Note	Common Shares	Amount	Treasury Reserve	Share Subscriptions	Stock Options	Share Purchase Warrants	Contributed Surplus	Total Reserves	Accumulated other comprehensive loss	Deficit	Total Equity
		#	$	$	$	$	$	$	$	$	$	$
Balance, March 31, 2019		61,696,033	86,645	-	-	3,205	5,787	-	8,992	833	(59,880)	36,590
Adoption of IFRS 16	4	-	-	-	-	-	-	-	-	-	(43)	(43)
Balance, April 1, 2019		61,696,033	86,645	-	-	3,205	5,787	-	8,992	833	(59,923)	36,547
Share consolidation rounding		33	-	-	-	-	-	-	-	-	-	-
Shares issued for acquisitions	14(b)(ii)	38,346,250	12,957	-	-	-	592	-	592	-	-	13,549
Shares issued for debt	14(b)(iv)	108,594	89	-	-	-	-	-	-	-	-	89
Shares issued for services	14(b)(iii)	1,100,000	413	-	-	-	-	-	-	-	-	413
Shares subscriptions received	14(b)(i)	-	-	-	830	-	-	-	830	-	-	830
Conversion of debentures	14(b)(vii)	130,622	128	-	-	-	-	-	-	-	-	128
Redemption of restricted share units	14(b)(v)	1,214,375	1,020	-	-	(1,020)	-	-	(1,020)	-	-	-
Shares returned to treasury	14(b)(i)	(62,500)	(198)	-	-	-	-	-	-	-	-	(198)
Share-based compensation	14(e), 14(f)	-	-	-	-	4,214	-	-	4,214	-	-	4,214
Forfeited stock options and warrants		-	-	-	-	(349)	(297)	-	(646)	-	646	-
Comprehensive loss for the period		-	-	-	-	-	-	-	-	(239)	(7,112)	(7,351)
Balance, September 30, 2019		102,533,407	101,054	-	830	6,050	6,082	-	12,962	594	(66,389)	48,221
Shares issued for cash	14(b)(i)	6,398,793	1,502	-	(830)	-	-	-	(830)	-	-	672
Residual value of warrants	14(b)(i)	-	(56)	-	-	-	56	-	56	-	-	-
Shares issued for debt	14(b)(iv)	1,993,680	298	-	-	-	-	-	-	-	-	298
Shares issued for services	14(b)(iii)	5,750,000	1,069	-	-	-	-	-	-	-	-	1,069
Performance and retention bonus shares	14(b)(vi)	3,100,000	1,036	-	-	(1,036)	-	-	(1,036)	-	-	-
Conversion of debentures	14(b)(vii)	635,642	261	-	-	-	-	-	-	-	-	261
Warrants issued for amended debentures	13(b)	-	-	-	-	-	283	-	283	-	-	283
Redemption of restricted share units	14(b)(v)	2,595,625	1,508	-	-	(1,508)	-	-	(1,508)	-	-	-
Shares to be returned to treasury	8(a)	-	-	(1,574)	-	-	-	-	(1,574)	-	-	(1,574)
Share-based compensation	14(e), 14(f)	-	-	-	-	71	-	-	71	-	-	71
Forfeited stock options and warrants		-	-	-	-	(879)	(295)	560	(614)	-	614	-
Comprehensive loss for the period		-	-	-	-	-	-	-	-	1,184	(32,847)	(31,663)
Balance, March 31, 2020		**123,007,147**	**106,672**	**(1,574)**	**-**	**2,698**	**6,126**	**560**	**7,810**	**1,778**	**(98,622)**	**17,638**
Shares issued for cash	14(b)(i)	**3,930,721**	**589**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**589**
Shares issued for services	14(b)(iii)	**14,912,814**	**1,481**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,481**
Redemption of restricted share units	14(b)(v)	**8,801,108**	**1,312**	**-**	**-**	**(1,312)**	**-**	**-**	**(1,312)**	**-**	**-**	**-**
Shares returned to treasury		**(18,515,424)**	**(1,574)**	**1,574**	**-**	**-**	**-**	**-**	**1,574**	**-**	**-**	**-**
Warrants issued for debenture		**-**	**-**	**-**	**-**	**-**	**61**	**-**	**61**	**-**	**-**	**61**
Share-based compensation	14(e), 14(f)	**-**	**-**	**-**	**-**	**1,267**	**-**	**-**	**1,267**	**-**	**-**	**1,267**
Forfeited stock options and warrants		**-**	**-**	**-**	**-**	**(97)**	**(820)**	**820**	**(97)**	**-**	**97**	**-**
Comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(899)**	**(6,005)**	**(6,904)**
Balance, September 30, 2020		**132,136,366**	**108,480**	**-**	**-**	**2,556**	**5,367**	**1,380**	**9,303**	**879**	**(104,530)**	**14,132**

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

FIORE CANNABIS LTD.

(Formerly Citation Growth Corp. and Liht Cannabis Corp.)

Consolidated Statements of Cash Flows
For the Six Months Ended September 30, 2020 and 2019
(In thousands of Canadian dollars except for share data)

	Notes	**2020**	2019
		$	$
Operating activities			
Net loss		**(6,005)**	(6,587)
Non-cash items			
Unrealized gain on changes in fair value of biological assets	5	**107**	(287)
Change in fair value of inventory sold		**532**	159
Depreciation and amortization	7, 9	**539**	489
Share-based compensation	14(e), 14(f)	**1,267**	4,214
Accretion expense	16	**518**	831
Accrued interest expense		**259**	461
Loss on sale of property, plant and equipment		**4**	-
Realized and unrealized losses on derivative asset		**-**	1
Unrealized gain on derivative liabilities	13	**(124)**	(1,079)
Gain on settlement of debt	14(b)(iv)	**-**	(26)
Shares issued for debenture interest		**-**	4
Shares issued for services	14(b)(iii)	**1,481**	413
		(1,422)	(1,407)
Changes in non-cash working capital			
Accounts receivable		**51**	(365)
Biological assets		**(396)**	(774)
Inventory		**(54)**	774
Due from a related party		**-**	(674)
Prepaid expenses and deposits		**46**	(380)
Accounts payable and accrued liabilities		**44**	1,231
Income tax payable		**(10)**	106
Net cash used in operating activities		**(1,741)**	(1,489)
Investing activities			
Acquisition of property, plant and equipment	7	**(163)**	(485)
Acquisition of intangible assets	9	**(58)**	(215)
Net cash used in investing activities		**(221)**	(700)
Financing activities			
Loans and borrowings	12	**1,541**	1,352
Proceeds of convertible debentures, net of issuance costs	13(c)	**-**	488
Repayment of lease liabilities	11	**(90)**	(142)
Shares issued for cash, net of issuance costs	14(b)	**590**	-
Share subscriptions received		**-**	830
Net cash provided by financing activities		**2,041**	2,528
Net cash provided by continuing operations		**79**	339
Net cash used in discontinued operations		**-**	(66)
Effect of foreign currency translation on cash		**(4)**	(99)
Increase in cash		**75**	174
Cash, beginning of the period		**49**	107
Cash, end of the period		**124**	281
Supplemental cash flow information:			
Addition to Property, plant and equipment included in accounts payable		**180**	389
Interest paid		**512**	70

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

1. Nature of operations and going concern

Fiore Cannabis Ltd. (formerly Citation Growth Corp. and Liht Cannabis Corp.) (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 "FIOR" and OTCQX markets under the ticker symbol "FIORF".

On October 28, 2020, the Company changed its name from Citation Growth Corp. to Fiore Cannabis Ltd.

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 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, 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 September 30, 2020, the Company had accumulated deficit of $104,530 (March 31, 2020 - $98,622), and working capital deficiency of $6,235 (March 31, 2020 - working capital deficiency of $4,440). 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, there can be no assurance that the Company will be able to secure additional financing.

These factors indicate the existence of a material uncertainty 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.

On June 12, 2019, the Company completed a consolidation of its issued and outstanding shares on the basis of four (4) pre-consolidation common shares for one (1) post-consolidation 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 61,969,033 common shares. All information in these consolidated financial statements is presented on a post Share Consolidation basis.

2. Significant accounting policies

(a) Basis of presentation

These condensed interim consolidated financial statements ("consolidated financial statements") have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2020.

(In thousands of Canadian dollars except for share data)

2. Significant accounting policies (continued)

(b) Basis of consolidation

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 30, 2020.

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
ACC C Corp. ("ACC") (See Note 8(a))	United States	0%/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.

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. If the recognition criteria for assets held for sale are no longer met or if management's plans change, the Company will cease to classify the assets as held for sale.

(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

IFRS 3 Business Combinations

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 – Business Combinations ("IFRS 3"). The amendments to IFRS 3 are effective for annual reporting periods beginning on or after January 2020. The modifications are intended to assist entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition.

Effective April 1, 2020, the Company adopted the new IFRS 3 accounting standard and will apply it prospectively. Under this approach, there is no impact on the Company's consolidated financial statements, and the comparatives remain as previously reported.

(In thousands of Canadian dollars except for share data)

5. 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, 2019	-
Production costs capitalized	204
Genetics purchased	26
Production costs capitalized	1,495
Changes in fair value less cost to sell due to biological transformation	544
Transferred to inventory upon harvest	(1,907)
Foreign currency	21
Carrying amount, March 31, 2020	383
Production costs capitalized	395
Changes in fair value less cost to sell due to biological transformation	(108)
Transferred to inventory upon harvest	(420)
Foreign currency	(21)
Carrying amount, September 30, 2020	**229**

As at September 30, 2020, the fair value of biological assets included $6 in seeds and $223 in cannabis plants, and the weighted average fair value less cost to complete and cost to sell was $4.35 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 $46. 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 $15. Other unobservable inputs are less variable and will not result in significantly higher or lower fair value measurement.

During the six months ended September 30, 2020, the Company produced approximately 73,440 grams of dried cannabis, respectively. As of September 30, 2020, the biological assets were on average 52% complete and it was expected that the Company's biological assets would yield approximately 45,760 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.

6. Inventory

	September 30, 2020	March 31, 2020
	$	$
Harvested cannabis	**154**	281
Consumable inventory	**32**	-
Finished goods	**93**	56
	279	337

(In thousands of Canadian dollars except for share data)

7. Property, plant and equipment

	Land	Furniture & equipment	Buildings and leasehold improvements	Buildings under construction	Right-of-use of assets	Total
	$	$	$	$	$	$
Cost						
Balance, March 31, 2019	1,985	3,933	8,540	3,773	384	18,615
Reclassified from (to) assets held for sale (Note 10(a)(b))	(315)	(2,094)	49	(3,423)	-	(5,783)
Additions	-	328	-	720	62	1,110
Disposition	(87)	-	(79)	(1,070)	-	(1,236)
Foreign currency	98	106	522	-	20	746
Balance, March 31, 2020	1,681	2,273	9,032	-	466	13,452
Additions	-	254	-	-	324	578
Foreign currency	(100)	(111)	(538)	-	(21)	(770)
Balance, September 30, 2020	**1,581**	**2,416**	**8,494**	**-**	**769**	**13,260**
Accumulated depreciation and impairment losses						
Balance March 31, 2019	746	484	60	-	271	1,561
Reclassified to assets held for sale (Note 10(a)(b))	-	12	23	-	-	35
Depreciation	-	206	374	-	95	675
Foreign currency	46	14	30	-	18	108
Balance March 31, 2020	792	716	487	-	384	2,379
Depreciation	**-**	**182**	**189**	**-**	**93**	**464**
Foreign currency	**(47)**	**(17)**	**(33)**	**-**	**(18)**	**(115)**
Balance, September 30, 2020	**745**	**881**	**643**	**-**	**459**	**2,728**
Carrying value						
Balance, March 31, 2020	889	1,557	8,545	-	82	11,073
Balance, September 30, 2020	**836**	**1,535**	**7,851**	**-**	**310**	**10,532**

As at September 30, 2020, 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 three and six months ended September 30, 2020, $Nil (2019 - $72) and $Nil (2019 - $130) in borrowing costs were capitalized to buildings under construction at a weighted average interest rate of 9% (2019 – 9%).

(In thousands of Canadian dollars except for share data)

8. Asset acquisitions and business combination

	Business Combination ACC (a)	Asset acquisition Full Spectrum (b)	Tonasket, WA (c)
	$	$	$
Consideration paid			
Cash	-	-	-
Common shares	11,653	18,959	2,520
Warrants	592	860	-
Acquisition costs – common shares	1,219	617	-
Acquisition costs – cash	-	4	-
	13,464	20,440	2,520
Net identifiable assets acquired (liabilities assumed)			
Cash	257	1,900	-
Accounts receivable	1,630	64	-
Due from a related party	1,951	-	-
Prepaid expenses	71	20	-
Biological assets	365	-	-
Inventory	197	-	-
Property, plant and equipment	5,345	2,168	-
Accounts payable and accrued liabilities	(2,824)	(254)	-
Due to related companies	(1,214)	-	-
Loans and borrowings	(7,114)	(475)	-
	(1,336)	3,423	-
Purchase price allocation			
Net identifiable assets acquired	(1,336)	3,423	-
Intangible assets – intellectual property	-	17,017	-
Intangible assets – sublease rights and options	-	-	2,520
Goodwill	14,800	-	-
	13,464	20,440	2,520

(a) ACC

On August 2, 2019, the Company completed the acquisition of ACC, a licensed cannabis cultivator in Nevada. The Company acquired all of the issued and outstanding shares of ACC for a total consideration of $13,464 which comprised of 35,000,000 common shares at a fair value of $11,653, 11,500,000 warrants at a fair value of $592 and finders' fees of 3,250,000 common shares at a fair value of $1,219.

The warrants are exercisable at $2.50 per share expiring August 2, 2021, subject to acceleration if the volume weighted average price ('VWAP") of the Company's shares is greater than $3.50 for a period of 10 consecutive trading days. The fair value of the 11,500,000 warrants at the date of acquisition was estimated at $0.05 per warrant using the Black-Scholes option pricing model with the following assumptions: share price of $0.37; risk-free rate of 1.41%; stock price volatility of 101.98%; dividend yield of 0%; and expected life of warrants of 2 years.

The purchase price was allocated based on management's preliminary assessment of the fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition.

(In thousands of Canadian dollars except for share data)

8. Business combination and asset acquisitions (Continued)

(a) ACC (continued)

On January 13, 2020, Howard Misle resigned as CEO and director of the Company. On August 18, 2020, Howard Misle, the former CEO and director of the Company and the former controlling shareholder of ACC, entered into a settlement agreement with the Company to reacquire the legal title of ACC in return of 18,515,424 common shares of the Company. In addition, the Company agreed to pay (i) US$650 on or before August 18, 2020 and (ii) US$453 to be paid as follows: US$75 (minimum) by February 17, 2021 and the balance in six equal monthly payments from March 15, 2021 to August 15, 2021. A total amount of $1,456 (US$1,103) has been accrued for the settlement. Pursuant to the settlement agreement, on its closing, ACC was dissolved.

As at March 31, 2020, an estimated fair value of $1,574 for the 18,515,424 common shares was included in treasury reserve account. On August 25, 2020, 18,515,424 common shares were returned to treasury for cancellation.

On January 1, 2020, the Company lost its de facto control of ACC shortly followed by the resignation of Howard Misle, the former controlling shareholder of ACC, on January 13, 2020. As a result, the Company deconsolidated ACC and recognized a loss on deemed disposal of subsidiary of $12,253 which consists of (i) $10,982 from the settlement based on the net liabilities of $3,023 of ACC as at January 1, 2020, (ii) $221 of accounts receivable write off, (iii) $901 of inventory write off, and (iv) $149 of legal fees incurred during the acquisition.

Revenues and expenses related to the discontinuation of ACC, due to the loss of control, were eliminated from profit or loss from the Company's continuing operations and were shown as a single line item as follows:

	2020	2019
	$	$
Revenue, net of Excise taxes	**604**	-
Cost of sales	**(1,378)**	-
Gross loss before fair value adjustments	**(774)**	-
Change in fair value of inventory sold	**(876)**	-
Unrealized gain on changes in fair value of biological assets	**1,157**	-
Gross loss	**(493)**	-
General and administrative expenses	**(1,260)**	-
Net loss from discontinued operations	**(1,753)**	-

(b) 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.

8. Business combination and asset acquisitions (continued)

(b) Full Spectrum (continued)

Full Spectrum has developed organic cultivation methods, stand-alone proprietary technologies and supplemental power which reduces carbon emission and production costs, and owns a 40-acre property and cannabis growing facilities that are under construction located in Celista, British Columbia. A total of ten 10,000 square foot engineered bio-secure facilities are to be constructed on the site. The Company plans to assign its pending late-stage license application under the Cannabis Act to Full Spectrum.

Joint Venture Agreements

(i) Celista Project

On January 30, 2019, the Company, through Full Spectrum, entered into a joint venture agreement (the "Agreement") with 1186626 BC Ltd. ("118") to jointly develop the property located in Celista, British Columbia (the "Celista Project"). Under the Agreement, 118 will provide a capital contribution in the aggregate amount of $10,000 (the 'Contribution") (Note 10), to be delivered to the Company in four equal tranches of $2,500 for the construction of ten 10,000 square foot cannabis cultivation facilities. 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 was entitled to receive 50% of the distributable cashflow from the Celista Project from the date of the agreement until the third year that all ten facilities are fully operational and in full production (the "Distribution"), and 100% to the Company thereafter. In the event that 118 defaults in payment of any portion of the Contribution, its entitlement to the Distribution was to be reduced by 12.5% for each tranche or portion not advanced to the Celista Project until such time the default has been remedied.

On October 31, 2019, the Company entered into an amended agreement with 118 dated November 7, 2019 (the "Amended Agreement"). Under the terms of the Amended Agreement, the Contribution was changed to $6,350 (the "Amended Contribution") with the funds to be used to complete the construction of the Company's 10,000 square foot cultivation facility. In addition, the Distribution ratio was amended to 80% to 118 and 20% to the Company until the first year anniversary that 118's Amended Contribution is fully repaid, and 100% to the Company thereafter. The Amended Agreement is subject to the Company keeping its Health Canada license application active pursuant to the Cannabis Act. In consideration of the Amended Agreement, the Company agreed to terminate the JV Agreement (Note 8(b)(ii)) and assign all of its interest in the Buds Agreement to 118. (Note 8(d))

On August 3, 2020, the Company entered into an Offer to Purchase agreement with respect to a proposed acquisition of the Celista Project for a consideration of $8,500. As at June 30, 2020, the assets and liabilities of Celista Project, which includes land located in Celista, BC, and the late-stage license application under the Cannabis Act, have been reclassified as held for sale. (Note 10)

(ii) Chase Project

On January 30, 2019, as amended on May 6, 2019, the Company, through Full Spectrum, entered into a joint venture agreement (the "JV Agreement") with 118 and 1196788 BC Ltd. ("119") to develop and operate cannabis production facilities located in Chase, British Columbia (the "Chase Project") through 119. 119 controlled by 118, purchased a 120 acre parcel of land while the Company is securing a license under the Cannabis Act for the Chase Project. (Note 8(d))

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.

8. Business combination and asset acquisitions (continued)

(b) Full Spectrum (continued)

Joint Venture Agreements

(ii) Chase Project (continued)

Under the agreement, the Company and 118 was 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 was to be 50% to each of the Company and 118. In consideration for the Amended Agreement, the JV Agreement was terminated. (Note 8(b)(i))

(c) 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 Washington State Liquor Cannabis Board ("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 1,000,000 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.

In March 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 18(b)(i)). As a result, the Company wrote-down the carrying amount of the intangible asset by $1,176 to its estimated fair value of $900. The Company further wrote down the intangible asset to $NIL as at March 31, 2020.

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 WSLCB and used the funds to carry out the necessary work for the Company to be able to immediately commence operations upon receipt of the WSLCB licenses. 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 wrote-off aggregate loans and interests of $310 (US$232) as it was not pursuing cannabis operations in Washington.

(d) Buds for You Inc. ("Buds")

The Company, through Full Spectrum, entered into a Share Exchange Agreement (the "Buds Agreement") dated April 19, 2019 to acquire 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 62,500 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 8(b)(ii)). The Company issued 33,750 common shares at a fair value of $30 as a finder's fee for the transaction. The Company will transfer the Buds License to 119 on closing of the acquisition.

In consideration for the Amended Agreement, effective November 7, 2019, the Buds Agreement was assigned to 118. (Note 8(b)(i)) As a result, an impairment loss on investment of $305 was recorded during the year ended March 31, 2020.

(In thousands of Canadian dollars except for share data)

9. Intangible assets

	Intellectual property	Marijuana licenses	Sublease right	Creation costs	Total
	$	$	$	$	$
Cost					
Balance, March 31, 2019	17,017	2,154	3,094	4	22,269
Reclassified from held for sale (Note 10(b))	-	2,102	-	27	2,129
Reclassified to held for sale (Note 8(b)(i))	-	(190)	-	-	(190)
Additions	-	253	-	-	253
Foreign exchange	-	330	-	2	332
Balance, March 31, 2020	17,017	4,649	3,094	33	24,793
Additions	**-**	**58**	**-**	**-**	**58**
Foreign exchange	**-**	**(280)**	**-**	**(2)**	**(282)**
Balance, September 30, 2020	**17,017**	**4,427**	**3,094**	**31**	**24,569**
Accumulated amortization and impairment losses					
Balance, March 31, 2019	-	35	2,194	4	2,233
Reclassified from held for sale (Note 10(b))	-	959	-	8	967
Amortization	-	145	189	2	336
Impairment	8,500	-	711	-	9,211
Foreign exchange	-	134	-	-	134
Balance, March 31, 2020	8,500	1,273	3,094	14	12,881
Amortization	**-**	**56**	**-**	**1**	**57**
Foreign exchange	**-**	**(59)**	**-**	**(1)**	**(60)**
Balance, September 30, 2020	**8,500**	**1,270**	**3,094**	**14**	**12,878**
Net book value					
Balance, March 31, 2020	8,517	3,376	-	19	11,912
Balance, September 30, 2020	**8,517**	**3,157**	**-**	**17**	**11,691**

During the year ended March 31, 2020, the Company recorded impairment charges to intellectual property in the amount of $8,500 relating to the acquisition of Full Spectrum (Note 8(b)), and the sublease right in the amount of $711 relating to the Washington property held for sale. (Note 10(a))

10. Assets and liabilities held for sale

	September 30, 2020	March 31, 2020
	$	$
Lynden, Washington Property (a)	**-**	3,334
Land located at Desert Hot Springs, California (a)	**1,734**	1,844
Celista project (Note 8(b)(i))	**6,054**	6,054
Assets held for sale	**7,788**	11,232
Mortgage loan	**600**	**3,192**
The contribution for Celista Project (Note 8(b)(i))	**2,844**	**3,340**
Liabilities associated with assets held for sale	**3,444**	**6,532**

(In thousands of Canadian dollars except for share data)

10. Assets and liabilities held for sale (continued)

(a) The assets classified as held for sale consist of certain lands and buildings located in Washington and California 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. During the year ended March 31, 2019, 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. During the year ended March 31, 2020, the Company further wrote-down the carrying amount of these assets by $3,510 (US$2,638) to their aggregate estimated fair value of $5,178 (US$3,650).

The Company entered into a secured promissory note dated March 8, 2019 in the principal amount of $2,539 (US$1,900) (the "Debt") which was used to purchase the Lynden property. 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. The Debt is to be repaid as part of a sale transaction and has been included in liabilities associated with assets held for sale.

During the six months ended September 30, 2020, the Company disposed the properties for gross proceeds of US$2,500 and recorded a loss on sale of property, plant and equipment of $4. The Debt of US$1,900 was fully settled and the Company entered into a new unsecured promissory note of US$375 which bears interest of 12% per annum and repayable upon the earlier of (i) the receipt by Company of the US$375 from the United States Internal Revenue Service after filing a successful application for a FIRPTA Withholding Certificate from the sale of the properties or (ii) nine months from the date of the promissory note.

11. Lease liabilities

	$
As at March 31, 2019	155
Lease liability recognized	59
Cash principal and interest payments	(125)
Accretion	15
Foreign exchange	4
As at March 31, 2020	108
Lease liability recognized	**314**
Cash principal and interest payments	**(90)**
Accretion	**14**
Foreign exchange	**(3)**
As at September 30, 2020	**343**
Less: current portion	**161**
	182

(In thousands of Canadian dollars except for share data)

12. Loans and borrowings

	Note	Interest per annum	Maturity	**September 30, 2020**	March 31, 2020
				$	$
Loan from Veritas	8(c),18(b)(i)	-	-	**1,000**	1,000
Promissory Note	10(a)	12%	March 31, 2021	**515**	-
Loans from Directors	(a)	12%	May 1, 2021	**706**	-
Canada Emergency Business Account	(b)	-	-	**40**	-
Equipment loan	(c)	29%	August 21, 2021	**114**	-
Non-convertible debenture	(d)	10%	August 20, 2022	**693**	-
				3,068	1,000

(a) During the six months ended September 30, 2020, the Company entered into short term loan agreements with three directors and an executive of the Company in an aggregated principal amount of $633. The loans are unsecured, mature on May 1, 2021 and bear interest of 12% per annum payable on maturity date. During the three and six months ended September 30, 2020, the Company accrued $73 interest on these loans.

(b) During the six months ended September 30, 2020, the Company received a “Canada Emergency Business Account” government assistance in the amount of $40 as a revolving line of credit. The line of credit was interest-free until January 1, 2023. After December 31, 2020, any outstanding balance on the revolving $40 line of credit will be converted into a non-revolving 5-year term loan maturing on December 31, 2025, at which time the balance must be paid in full. If payment can be made on or before December 31, 2022, $10 of the principal amount will be forgiven. Commencing on January 1, 2023, interest accrues on the balance of the term loan at the rate of 5% per annum.

(c) During the six months ended September 30, 2020, the Company entered into an equipment loan agreement in the amount of $127 (US$96). The loans are secured by certain lights equipment, mature on September 21, 2021 and bear interest of 29% per annum.

(d) On August 20, 2020, the Company closed a non-convertible debenture private placement of 780 units at $1 per unit for gross proceeds of $780. Each unit consisted of $1 principal amount of 10% unsecured subordinated debentures and 2,000 common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of $0.15 per share for a period of twenty-four months expiring August 20, 2022. The Company paid $39 in cash and issued 78,000 common share purchase warrants at a fair value of $3 as finder’s fee.

(In thousands of Canadian dollars except for share data)

13. Convertible debentures

	May 1, 2017 (a)	October 23, 2018 (b)	May 9, 2019, July 10, 2019 (c)	Total
	$	$	$	$
Balance, March 31, 2019	1,314	2,189	-	3,503
Issued	-	-	500	500
Transaction costs	-	(219)	(13)	(232)
Conversion feature	-	(587)	(204)	(791)
Conversion of debentures	-	(84)	-	(84)
Accretion expense	232	936	67	1,235
Accrued interest	-	260	41	301
Interest paid	-	(286)	-	(286)
Foreign exchange	96	-	-	96
Balance, March 31, 2020	1,642	2,209	391	4,242
Accretion expense	**18**	**423**	**55**	**496**
Accrued interest	**-**	**130**	**25**	**155**
Interest paid	**-**	**-**	**-**	**-**
Foreign exchange	**(99)**	**-**	**-**	**(99)**
Balance, September 30, 2020	**1,561**	**2,762**	**471**	**4,794**

(a) On May 1, 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"). The Bonds are convertible into common shares of the Company at a price of $4 per share in the first year, $8 per share in the second year and $12 per share in the third year. The Bonds mature on May 1, 2020 and bear compound interest at 8.5% per annum, payable monthly.

The Bonds consisted of a liability component ("financial liability") and an embedded derivative conversion feature ("derivative liability"). During the three and six months ended September 30, 2020, the Company recorded an unrealized gain on the derivative liability of $Nil (2019 - $Nil) and $Nil (2019 - $1), respectively. As of September 30, 2020, the Company is in default of the principal amount of US$1,170 and its interest payment obligation of US$124 under the Bonds.

(b) On October 23, 2018, the Company closed private placement of a one-year 10% unsecured convertible debentures for total gross proceeds of $3,293. The debentures matured on October 23, 2019, and were convertible into units of the Company at a price of $0.80 per unit. Each unit consisted of one common share and one share purchase warrant exercisable at $2.00 per share expiring October 23, 2019. The holders were 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.

13. Convertible debentures (continued)

On October 23, 2019, the Company extended and amended the terms of the debentures (the "Amended Debentures") as follows:

(i) All accrued and unpaid interests were paid in common shares of the Company at market price. As a result, the Company issued 635,642 common shares to the holders in settlement of accrued interests of $261;

(ii) The Amended Debentures mature on October 23, 2020;

(iii) The Amended Debentures are convertible into common shares of the Company at $0.70 per share subject to accelerated maturity if the VWAP of the Company's common shares is equal to or above $1.05 for ten consecutive trading days; and

(iv) Interest shall be paid in cash at maturity, however, if the Amended Debentures are converted into common shares prior to the maturity date, interests shall be paid in shares on the conversion date at a price equal to the conversion price.

In consideration for the amendment, the Company issued 3,723,033 warrants to the holders at an exercise price of $1.25 per share for a period of eighteen months expiring April 23, 2021, subject to acceleration if the VWAP of the Company's common shares is equal or above $1.88 for ten consecutive trading days. Additionally, the Company's CEO agreed to personally pay the debenture holders an additional $261 or 10% of the principal amount outstanding in common shares upon receipt of his bonus shares on achievement of performance milestones. The Company's CEO resigned on January 13, 2020.

All other terms of the debentures remain the same.

On October 23, 2020, the Company further extended and amended the terms of the debentures (the "Second Amended Debentures") as follows:

(i) The Second Amended Debentures mature on October 23, 2022;

(ii) All accrued and unpaid interest from the period from October 24, 2019 to January 23, 2021 will be paid in cash or in common shares of the Company at $0.09, at the discretion of the Company, on January 23, 2021;

(iii) The Second Amended Debentures are convertible into common shares of the Company at $0.25 per share;

(iv) Two common share purchase warrants will be issued upon conversion. The warrant exercise price will be $0.15 per share expiring October 23, 2022;

(v) Interest will be paid in cash on the anniversary date and maturity date;

(vi) The Company, upon providing ten prior business days' notice to the debenture holders in writing, may, at its options, on any one or more occasion, redeem and repay all or a part of the principal amount.

13. Convertible debentures (continued)

The Amended Debentures consisted of a financial liability and a derivative liability. On amendment date, the debentures were recorded at its amortized cost of $1,800 which represented the remaining fair value from the debenture balance of $2,606 after the allocation of $587 from the conversion feature and transaction costs of $219. The conversion feature was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of $0.35; risk-free rate of 1.65%; stock price volatility of 109.20%; dividend yield of 0%; and expected life of warrants of 1 year.

During the three and six months ended September 30, 2020, the Company recorded an unrealized gain on the derivative liability of $120 (2019 –$311) and $118 (2019 - $954), respectively and as at September 30, 2020, the fair value of the conversion feature of $58 (March 31, 2020 - $176) was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of $0.09; risk-free rate of 0.23%; stock price volatility of 125.31%; dividend yield of 0%; and expected life of warrants of 0.06 year.

The fair value of the 3,723,033 warrants of $283 was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of $0.35; risk-free rate of 1.65%; stock price volatility of 112%; dividend yield of 0%; and expected life of warrants of 1.50 years.

(c) During the year ended March 31, 2020, the Company closed a private placement of two-year 10% unsecured convertible debentures for total gross proceeds of $500. The debentures are convertible into units of the Company at a price of $0.80 per unit. Each unit consists of one common share and one share purchase warrant exercisable at $1.40 per share for a period of eighteen months. In the event the Company issues shares (or securities convertible into shares) at a purchase price less than $0.80 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.

The debentures consisted of a financial liability and a derivative liability. At inception, the debentures were recorded at its amortized cost of $283 which represented the remaining fair value from the net proceeds of $500 after the allocation of $204 from the conversion feature and transaction costs of $13. The conversion feature was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of $0.72; risk-free rate of 1.61%; stock price volatility of 108.12%; dividend yield of 0%; and expected life of warrants of 0.94 year.

During the three and six months ended September 30, 2020, the Company recorded an unrealized gain on the derivative liability of $14 (2019 – unrealized gain of $71) and $6 (2019 - $125), respectively and as at September 30, 2020, the fair value of the conversion feature of $26 (March 31, 2020 - $32) was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of $0.09; risk-free rate of 0.23%; stock price volatility of 145.46%; dividend yield of 0%; and expected life of warrants of 0.69 years.

14. 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 September 30, 2020, the Company had 132,136,366 common shares (March 31, 2020 – 123,007,147) issued and outstanding.

14. Share capital (continued)

(b) Issued and outstanding (continued)

(i) Shares issued for cash

Six months ended September 30, 2020

On June 24, 2020, the Company closed a non-brokered private placement of 3,930,721 units at $0.15 per unit for gross proceeds of $589. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of $0.22 per share for a period of 18 months expiring December 25, 2021, subject to an accelerated expiry if the VWAP of the Company's common shares is equal to or above $0.50 for a period of ten consecutive trading days.

Fiscal 2020

On March 30, 2020, the Company closed a non-brokered private placement of 2,783,793 units at $0.15 per unit for gross proceeds of $417. Each unit consisted of one common share and one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of $0.22 per share for a period of eighteen months expiring September 30, 2021, subject to an accelerated expiry if the VWAP of the Company's common shares is equal to or above $0.50 for a period of ten consecutive trading days. A value of $56 has been attributed to the warrants using the residual value method.

On October 30, 2019, the Company closed a non-brokered private placement of 3,615,000 units at $0.30 per unit for gross proceeds of $1,085. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of $0.60 per share for a period of two years expiring October 30, 2021, subject to an accelerated expiry if the VWAP of the Company's common shares is equal to or above $1.00 for a period of ten consecutive trading days.

During the year ended March 31, 2019, the Company over issued 50,000 shares (2018 – 25,000 shares) to a former director of the Company. During the year ended March 31, 2020, a total of 62,500 common shares were returned to the Company and $198 in share subscriptions receivable were reversed. These shares were cancelled and returned to treasury. During the year ended March 31, 2020, the fair value of $36 for the remaining 12,500 shares not received was written off.

(ii) Shares issued for asset acquisitions

Fiscal 2020

During the year ended March 31, 2020, the Company issued 62,500 common shares at a fair value of $55 as a deposit related to the proposed acquisition of Buds. The Company issued 33,750 common shares at a fair value of $30 as a finder's fee. (Note 8(d))

During the year ended March 31, 2020, the Company issued 35,000,000 common shares at a fair value of $11,653 related to the acquisition of ACC. The Company issued 3,250,000 common shares at a fair value of $1,219 as finders' fees. (Note 8(a))

14. Share capital (continued)

(b) Issued and outstanding (continued)

(iii) Shares issued for services

Six months ended September 30, 2020

During the six months ended September 30, 2020, the Company issued an aggregate of 14,912,814 common shares at a fair value of $1,481 to certain directors, officers and consultants of the Company.

Fiscal 2020

During the year ended March 31, 2020, the Company issued an aggregate of 6,850,000 common shares at a fair value of $1,482 to certain consultants for services rendered in connection with the development of the Celista Project and the directors of the Company.

(iv) Shares issued for debt

Fiscal 2020

During the year ended March 31, 2020, the Company issued an aggregate of 2,102,274 common shares at a fair value of $387 to settle outstanding debts of $376. The Company recorded a corresponding loss on the settlement of debt of $11.

(v) Shares issued under the Restricted Share Unit Plan

Six months ended September 30, 2020

During the six months ended September 30, 2020, 8,801,108 common shares were issued to employees, consultants and directors of the Company at a fair value of $1,312 on redemption of vested RSUs.

Fiscal 2020

During the year ended March 31, 2020, 3,810,000 common shares were issued to employees, consultants and directors of the Company at a fair value of $2,528 on redemption of vested RSUs.

(vi) Performance and retention bonus shares

During the year ended March 31, 2020, an aggregate of 3,100,000 performance and bonus shares at a fair value of $1,036 were issued to certain directors, officers and employees of the Company.

(vii) Shares issued on conversion of convertible debentures

Fiscal 2020

During the year ended March 31, 2020, the Company issued a total of 766,264 common shares at a fair value of $389 on conversion of debentures.

(In thousands of Canadian dollars except for share data)

14. Share capital (continued)

(c) Share purchase warrants

The continuity of warrants for the six months ended September 30, 2020 is as follows:

Expiry Date	Exercise Price	March 31, 2020	**Issued**	**Exercised**	**Expired/ Cancelled**	**September 30, 2020**
April 2, 2020	$3.48	61,701	**-**	**-**	**61,701**	**-**
May 19, 2020	$2.00	539,000	**-**	**-**	**539,000**	**-**
September 25, 2020	$0.80	2,311,250	**-**	**-**	**2,311,250**	**-**
September 25, 2020	$1.40	265,625	**-**	**-**	**265,625**	**-**
January 31, 2021	$11.60	10,937,263	**-**	**-**	**-**	**10,937,263**
August 2, 2021	$2.50	11,500,000	**-**	**-**	**-**	**11,500,000**
April 23, 2021	$1.25	3,723,035	**-**	**-**	**-**	**3,723,035**
September 30, 2021	$0.22	2,783,793	**-**	**-**	**-**	**2,783,793**
October 30, 2021	$0.60	1,807,500	**-**	**-**	**-**	**1,807,500**
December 25, 2021	$0.22	-	**3,930,721**	**-**	**-**	**3,930,721**
August 20, 2022	$0.15	-	**1,560,000**	**-**	**-**	**1,560,000**
		33,929,167	**5,490,721**	**-**	**3,177,576**	**36,242,312**

The continuity of warrants for the year ended March 31, 2020 is as follows:

Expiry Date	Exercise Price	March 31, 2019	Issued	Exercised	Expired/ Cancelled	March 31, 2020
		#	#	#	#	#
May 21,2019	$2.80	937,500	-	-	937,500	-
June 11, 2019	$2.80	1,168,750	-	-	1,168,750	-
October 23, 2019	$2.00	732,900	125,813	-	858,713	-
March 16, 2020	$3.48	403,268	-	-	403,268	-
March 31, 2020	$3.48	433,526	-	-	433,526	-
April 2, 2020	$3.48	61,701	-	-	-	61,701
May 19, 2020	$2.00	539,000	-	-	-	539,000
September 25, 2020	$0.80	2,311,250	-	-	-	2,311,250
September 25, 2020	$1.40	265,625	-	-	-	265,625
January 31, 2020	$5.00	860,975	-	-	860,975	-
January 31, 2021	$11.60	10,937,263	-	-	-	10,937,263
August 2, 2021	$2.50	-	11,500,000	-	-	11,500,000
April 23, 2021	$1.25	-	3,723,035	-	-	3,723,035
September 30, 2021	$0.22	-	2,783,793	-	-	2,783,793
October 30, 2021	$0.60	-	1,807,500	-	-	1,807,500
		18,651,758	19,940,141	-	4,662,732	33,929,167

(In thousands of Canadian dollars except for share data)

14. Share capital (continued)

(d) Finders' warrants

The continuity of finders' warrants for the six months ended September 30, 2020 is as follows:

Expiry Date	Exercise Price	March 31, 2020	Issued	Exercised	Expired/ Cancelled	September 30, 2020
		#	#	#	#	#
August 20, 2022	$0.15	-	78,000	-	-	78,000

The continuity of finders' warrants for the year ended March 31, 2020 is as follows:

Expiry Date	Exercise Price	March 31, 2019	Issued	Exercised	Expired/ Cancelled	March 31, 2020
		#	#	#	#	#
May 19, 2019	$3.48	24,382	-	-	24,382	-
June 2, 2019	$3.48	750	-	-	750	-
October 23, 2019	$2.00	60,270	-	-	60,270	-
		85,402	-	-	85,402	-

(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 September 30, 2020 was 12,011,108 common shares (March 31, 2020 – 5,707,300). 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 September 30, 2020, 11,803,608 options, with an average exercise price of $0.41 per share and an average remaining life of 1.77 years have vested.

Expiry Date	Exercise Price	March 31, 2020	**Granted**	**Exercised**	**Expired/ Cancelled**	**September 30, 2020**
		#	**#**	**#**	**#**	**#**
October 4, 2020	$1.04	1,196,250	**-**	**-**	**-**	**1,196,250**
October 30, 2020	$1.16	25,000	**-**	**-**	**-**	**25,000**
January 8, 2021	$0.98	300,000	**-**	**-**	**-**	**300,000**
March 3, 2021	$1.08	2,267,500	**-**	**-**	**-**	**2,267,500**
June 21, 2021	$0.80	300,000	**-**	**-**	**300,000**	**-**
April 1, 2024	$0.88	18,750	**-**	**-**	**-**	**18,750**
April 22, 2024	$0.88	60,000	**-**	**-**	**-**	**60,000**
April 22, 2022	$0.085	-	**1,250,000**	**-**	**-**	**1,250,000**
May 15, 2023	$0.10	-	**2,400,000**	**-**	**-**	**2,400,000**
May 19, 2023	$0.10	-	**4,200,000**	**-**	**50,000**	**4,150,000**
May 20, 2023	$0.105	-	**136,108**	**-**	**-**	**136,108**
		4,167,500	**7,986,108**	**-**	**350,000**	**11,803,608**

(In thousands of Canadian dollars except for share data)

14. Share capital (continued)

(e) Stock options (continued)

As at March 31, 2020, 4,149,375 options, with an average exercise price of $1.04 per share and an average remaining life of 0.87 year have vested.

Expiry Date	Exercise Price	March 31, 2019	Granted	Exercised	Expired/ Cancelled	March 31, 2020
		#	#	#	#	#
June 28, 2019	$4.08	50,000	-	-	50,000	-
March 6, 2019	$3.20	100,000	-	-	100,000	-
March 4, 2020	$2.84	150,000	-	-	150,000	-
October 4, 2020	$1.04	1,796,250	-	-	600,000	1,196,250
October 30, 2020	$1.16	25,000	-	-	-	25,000
January 8, 2021	$0.98	300,000	-	-	-	300,000
March 3, 2021	$1.08	3,169,800	-	-	902,300	2,267,500
June 21, 2021	$0.80	-	300,000	-	-	300,000
March 21, 2024	$0.96	62,500	-	-	62,500	-
April 1, 2024	$0.88	-	18,750	-	-	18,750
April 22, 2024	$0.88	-	247,500	-	187,500	60,000
		5,653,550	566,250	-	2,052,300	4,167,500

During the three and six months ended September 30, 2020, the Company recognized share-based compensation of $Nil (2019 - $44) and $505 (2019 - $199), respectively, for stock options granted and vested during the period.

The fair value of stock options at the date of grant was estimated at $0.06 per option (2019 - $0.41per option) using the Black-Scholes option pricing model with the following weighted average assumptions:

	2020	2019
Risk-Free Annual Interest Rate	**0.26% - 0.34%**	1.48% - 1.66%
Expected Stock Price Volatility	**104% - 116%**	99% - 101%
Expected Life of Options and Warrants	**2.0 – 3.0 years**	2.0 – 2.5 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 September 30, 2020, the maximum number of shares that may be reserved for issuance under the RSU plan was 12,011,108 (March 31, 2020 – 5,707,300) 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)

14. Share capital (continued)

(f) Restricted share units ("RSU") (continued)

The continuity of RSUs for the six months ended September 30, 2020 is as follows:

Issuance date	March 31, 2020	Issued	Redeemed	Cancelled	September 30, 2020
April 22, 2019	1,006,250	-	850,000	156,250	-
May 19, 2020	-	5,650,554	5,650,554	-	-
May 20, 2020	-	2,300,554	2,300,554	-	-
	1,006,250	7,951,108	8,801,108	156,250	-

The continuity of RSUs for the years ended March 31, 2020 is as follows:

Issuance date	March 31, 2019	Issued	Redeemed	Cancelled	March 31, 2020
April 22, 2019	-	5,705,000	3,810,000	888,750	1,006,250

During the three and six months ended September 30, 2020, the Company recognized share-based compensation of $Nil (2019 - $1,576) and $762 (2019 - $3,459), respectively, for 7,951,108 (2019 – 5,705,000) RSUs granted and vested during the period. The weighted average fair value of RSUs granted during the six months ended September 30, 2020 was $0.10 (2019 - $0.84) per share.

15. General and administrative expenses

	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
	$	$	$	$
Consulting fees	97	482	241	535
Shareholder and investor relations	31	219	602	430
Office and general	156	213	445	539
Professional fees	97	90	270	185
Management fees and wages	217	266	1,323	531
	598	1,270	2,881	2,220

16. Finance and other costs

	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
	$	$	$	$
Accretion expenses	268	419	514	830
Loan interests	250	283	794	541
Financing fee	-	10	-	10
Bank charges	22	13	29	33
	540	725	1,337	1,414

(In thousands of Canadian dollars except for share data)

17. 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

The following amounts due to related parties are non-interest bearing, unsecured, and have no specific terms of repayment:

	September 30, 2020	March 31, 2020
	$	$
Due to an officer and a director for fees pursuant to consulting agreements	**161**	**136**
Due to officers and a director for expense reimbursements	**97**	**94**

(b) Compensation of key management personnel

Key management personnel includes the Company's directors and officers. During the three and six months ended September 30, 2020 and 2019, the compensation paid or accrued to directors and officers consisted of the following:

	Three months ended September 30,		Six months ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Consulting fees to former directors and officers	**15**	30	**30**	60
Management fees	**105**	190	**1,053**	317
Share-based compensation (1)	**-**	1,067	**1,265**	2,185
	120	1,287	**2,348**	2,562

(1) An aggregate of 7,086,108 stock options (2019 – 250,000), 9,476,108 RSUs (2019 – 2,750,000) and Nil retention bonus shares (2019 – 2,500,000) were issued to these related parties.

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

18. Commitments and contingencies

(a) Office and operating leases

(i) 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.

(ii) 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.

(iii) The Company entered into a lease agreement for rental of an office space in Calgary, Alberta for an annual rent payment of $25 in the first year, $29 in the second year and $33 in the third year. The lease expires on April 30, 2023.

(In thousands of Canadian dollars except for share data)

18. Commitments and contingencies (continued)

(b) Claims and litigations

(i) Veritas vs. Citation

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 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 8(c))

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.

(c) Notice of default

The Company has been provided with a notice of default on the debt with NPI Debt Fund II secured by a deed of trust in the principal amount US$1.9 million and demand for payment of past due interests, fees and expenses of approximately US$459,000 on or before October 31, 2019 (the "Default Notice"). If the Company fails to remedy the Default Notice, it will be given a notice of foreclosure sale under the deed of trust. During the six months ended September 30, 2020, the loan has been settled from the sales of Lynden Washington properties. (Note 10(a))

19. Segmented information

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

	Canada	US	Total
	$	$	$
Six months ended September 30, 2020			
Net revenue	**-**	**1,031**	**1,031**
Gross loss	**-**	**(298)**	**(298)**
Loss from operations	**(3,712)**	**(1,190)**	**(4,902)**
Net loss from continuing operations	**(4,775)**	**(1,230)**	**(6,005)**
Six months ended September 30, 2019			
Net revenue	1	1,168	1,169
Gross profit	1	475	476
Loss from operations	(5,894)	(292)	(6,186)
Net loss from continuing operations	(5,818)	(663)	(6,481)

(In thousands of Canadian dollars except for share data)

19. Segmented information (continued)

	Canada	US	Total
	$	$	$
As at September 30, 2020			
Current assets	**6,402**	**3,199**	**9,601**
Total assets	**15,248**	**16,768**	**32,016**
Total liabilities	**14,918**	**2,966**	**17,884**
As at March 31, 2020			
Current assets	6,398	6,380	12,778
Total assets	14,975	20,980	35,955
Total liabilities	12,834	5,483	18,317

20. 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.

The following table summarizes the Company's financial instruments as at September 30, 2020:

	FVTPL	Amortized cost	Total	Fair value hierarchy
	$	$	$	
Financial assets				
Cash	**124**	**-**	**124**	**N/A**
Accounts receivable	**-**	**33**	**33**	**N/A**
Financial liabilities				
Accounts payable and accrued liabilities	**-**	**5,204**	**5,204**	**N/A**
Income tax payable	**-**	**245**	**245**	**N/A**
Loans and borrowings	**-**	**3,068**	**3,068**	**Level 2**
Convertible debentures (1)	**-**	**4,794**	**4,794**	**Level 2**
Derivative liabilities (1)	**84**	**-**	**84**	**Level 2**

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

(In thousands of Canadian dollars except for share data)

21. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

The Company is exposed to various risks in relation to financial instruments. 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 September 30, 2020, the Company had working capital deficiency of $6,235 (March 31, 2020 - working capital deficiency of $4,440). 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	**5,204**	**5,204**	**-**	**-**
Loans and borrowings	**3,068**	**2,375**	**693**	**-**
Lease liabilities	**343**	**161**	**182**	**-**
Convertible debentures	**4,794**	**4,323**	**471**	**-**
	13,409	**12,063**	**1,346**	**-**

(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 September 30, 2020, 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 $1,380 for the six months ended September 30, 2020 (March 31, 2020 - $1,550) to net income and comprehensive income.

(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.

(In thousands of Canadian dollars except for share data)

21. Financial risk management (continued)

(d) Covid-19

On March 11, 2020, the current outbreak of COVID-19 (Coronavirus) was declared a global pandemic, which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, global equity markets and oil prices have experienced significant volatility and weakness. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

(e) Credit risk

Financial instruments that subject the Company to credit risk primarily consist of accounts receivable. The Company maintains an allowance for estimated credit losses using an expected credit loss provision for accounts receivable. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Company's historical credit losses experienced over previous periods.

The Company sells its product in Nevada but its credit risk is not concentrated to any particular customer. The Company mitigates the risk by reviewing accounts receivable past due on an ongoing basis and by managing and monitoring the relationships with its customers. The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk.

As at September 30, 2020, the Company's aging of receivables was as follows:

	September 30, 2020	March 31, 2020
	$	$
0 – 30 days	**33**	83
31 – 60 days	**-**	-
61 – 90 days	**-**	-
91 days and over	**-**	1
Gross accounts receivable	**33**	84
Provision for doubtful accounts	**-**	-
	33	84

22. Capital management

The Company manages its share capital as capital, which as at September 30, 2020, was $108,480. 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.

23. Subsequent events

(a) Financing

On October 21, 2020, the Company closed the second tranche of a private placement of two-year 10% unsecured non-convertible debentures for total gross proceeds of $252. The debentures mature on October 21, 2022 at a price of $1 per debenture unit. Each debenture unit consists of $1 principal amount of debenture and 2,000 common share purchase warrants exercisable at $0.15 per share for a period of 2 years. The Company paid $13 in cash and issued 25,000 common share purchase warrants as finder's fee.

(b) Share issuances

166,846 common shares were issued for services at a fair value of $15.