BELEAVE INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

McGovern Hurley LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Beleave Inc.

Opinion

We have audited the consolidated financial statements of Beleave Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year 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 consolidated financial position of the Company as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Company for the year ended March 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on July 30, 2018.

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 $33,784,721 during the year ended March 31, 2019 and, as of that date, the Company had an accumulated deficit and was in default of the terms of its note payable to Auxly Cannabis Corp. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. 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 we do 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 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 auditor's 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.

Responsibilities of management and those charged with governance for the consolidated financial statements

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 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 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 judgement 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 risks 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 of the audit resulting in this independent auditor's report is Koko Yamamoto.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
September 3, 2019

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

	As at March 31, 2019	As at March 31, 2018
Assets		
Current assets		
Cash (Note 6)	**$ 538,238**	$ 12,002,025
Accounts receivable	**571,833**	-
Sales tax receivable	**1,052,154**	181,171
Prepaid expenses (Notes 9 and 21)	**190,761**	2,270,530
Inventory (Note 8)	**1,424,668**	-
Biological assets (Note 7)	**435,644**	-
Total current assets	**4,213,298**	14,453,726
Non-current assets		
Prepaid expenses (Note 11)	**300,000**	-
Property, plant and equipment (Note 9)	**16,548,993**	4,223,944
Intangible assets (Notes 10, 14, 15)	**2,521,868**	-
Other assets	**25,000**	-
Total non-current assets	**19,395,861**	4,223,944
Total Assets	**$ 23,609,159**	$ 18,677,670
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 21)	**$ 2,368,280**	$ 2,483,322
Notes payable (Note 12)	**6,773,892**	4,311,000
Mortgage payable (Note 13)	**1,200,000**	-
Total current liabilities	**10,342,172**	6,794,322
Notes payable (Note 12)	**24,614**	2,490,378
Mortgage payable (Note 13)	**2,855,500**	-
Total Liabilities	**13,222,286**	9,284,700
Shareholders' Equity		
Share capital (Note 16)	**55,521,445**	25,058,199
Shares to be issued (Notes 10,14 and 16)	**2,126,750**	-
Reserve for share-based payments (Note 18)	**6,463,497**	5,873,577
Reserve for warrants (Note 17)	**5,387,438**	3,788,730
Deficit	**(59,112,257)**	(25,327,536)
Total Shareholders' Equity	**10,386,873**	9,392,970
Total Liabilities and Shareholders' Equity	**$ 23,609,159**	$ 18,677,670

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 24)
Subsequent events (Note 25)
Approved on behalf of the Board:

"Kevin Keagan", Director
Kevin Keagan

"Vasilios Panagiotakopoulos", Director
Vasilios Panagiotakopoulos

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

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

Years Ended March 31,	2019	2018
Revenue		
Gross revenue (Note 19)	**$ 2,545,801**	$ -
Excise taxes	**(171,687)**	-
Revenue net of excise taxes	**2,374,114**	-
Cost of goods sold	**2,255,843**	-
Gross profit before fair value adjustments	**118,271**	-
Fair value adjustment on growth of biological assets (Note 7)	**1,150,506**	-
Fair value adjustment on inventory	**(452,315)**	-
Gross profit	**816,462**	-
Expenses		
Marketing and promotion	**1,483,717**	751,527
Professional services	**1,776,073**	375,129
Office expenses	**499,044**	1,008,298
Research and development	**11,958**	150,848
Share-based compensation (Notes 16(b)(ii)(vi), 18 and 21)	**12,595,761**	6,344,931
Rent and facilities (Note 21)	**443,787**	381,777
Salaries and benefits	**2,944,502**	456,299
Transfer agent and shareholder information	**326,487**	-
(Gain) on debt settlement (Notes 16(b)(i))	**-**	(1,182)
Management and consulting fees (Note 21)	**1,579,923**	934,995
Depreciation and amortization (Notes 9 and 10)	**2,897,803**	327,045
Change in fair value of note payable and interest expenses (Note 12)	**(254,953)**	1,727,378
Bad debt expense	**-**	185,150
Interest expense on mortgage payable	**128,073**	-
Impairment of intangible assets (Note 10)	**5,951,000**	-
Impairment of investment in Procannmed (Note 15)	**2,400,000**	-
Impairment of advance receivable from Procannmed (Note 15)	**291,008**	-
Impairment of construction in progress (Note 9)	**1,527,000**	-
Total expenses	**34,601,183**	12,642,195
Net loss and comprehensive loss for the year	**$ (33,784,721)**	**$ (12,642,195)**
Loss per share - basic and diluted (Note 20)	**$ (0.08)**	$ (0.05)
Weighted average number of shares outstanding - basic and diluted (Note 20)	**409,223,251**	239,283,128

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

BELEAVE INC.

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

	Share to be issued		Share Capital		Reserve	Reserve for		
	Number of shares to be issued	Amount	Number of common shares	Amount	for Warrants	share-based payments	Deficit	Total
Balance, March 31, 2017	**14,374,080**	**$ 647,500**	**200,798,654**	**$ 10,783,834**	**$ 1,122,314**	**$ 3,148,494**	**$ (12,685,341)**	**$ 3,016,801**
Shares and warrants issued in private placement (Note 16(b)(iii))	-	-	46,385,360	6,480,100	3,459,620	-	-	9,939,720
Transaction costs (Note 16(b)(iii))	-	-	-	(83,252)	-	-	-	(83,252)
Shares issued for exercise of warrants	-	-	21,767,368	2,038,110	-	-	-	2,038,110
Shares issued for debt settlement (Note 16(b)(i))	-	-	2,247,427	690,340	-	-	-	690,340
Bonus shares (Note 16(b)(ii))	(14,374,080)	(647,500)	14,374,080	3,459,382	-	-	-	2,811,882
Reclassification of value of warrants exercised	-	-	-	793,204	(793,204)	-	-	-
Shares issued for exercise of options	-	-	5,670,000	530,000	-	-	-	530,000
Reclassification of value of options exercised	-	-	-	366,481	-	(366,481)	-	-
Share-based compensation (Note 18)	-	-	-	-	-	3,091,564	-	3,091,564
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(12,642,195)	(12,642,195)
Balance, March 31, 2018	**-**	**$ -**	**291,242,889**	**$ 25,058,199**	**$ 3,788,730**	**$ 5,873,577**	**$ (25,327,536)**	**$ 9,392,970**
Shares and warrants issued in private placement (Note 16(b)(iv)(v)(vii)(viii))	-	-	63,169,873	4,953,709	1,907,755	-	-	6,861,464
Shares issued and to be issued for acquisition of Medi-Green (Note 14)	3,486,842	662,500	12,324,352	2,337,500	-	-	-	3,000,000
Shares issued for acquisition of Procannmed (Note 15)	-	-	6,562,500	1,500,000	-	-	-	1,500,000
Shares issued for acquisition of Seven Oaks (Note 10(i))	8,089,926	1,378,750	9,512,782	1,618,905	-	-	-	2,997,655
Shares issued for acquisition of 1161141 B.C. Ltd. (Note 10(iii))	-	-	31,818,178	5,000,000	-	-	-	5,000,000
Bonus shares (Note 16(b)(vi))	-	-	48,765,248	11,848,202	-	-	-	11,848,202
Shares issued for debt settlement and services	-	-	2,128,960	353,221	-	-	-	353,221
Cancellation of former officer's shares (Note 16(b)(vi))	-	-	(17,500,000)	-	-	-	-	-
Shares issued for property, plant and equipment (Note 13)	-	-	5,095,650	1,172,000	-	-	-	1,172,000
Shares issued and shares to be issued for exercise of warrants	-	-	15,948,331	1,106,057	-	-	-	1,106,057
Reclassification of value of warrants exercised	-	-	-	309,047	(309,047)	-	-	-
Shares issued and to be issued for exercise of options	630,000	45,000	2,065,000	147,466	-	-	-	192,466
Reclassification of value of options exercised	-	40,500	-	117,139	-	(157,639)	-	-
Share-based compensation (Note 18)	-	-	-	-	-	747,559	-	747,559
Net loss and other comprehensive loss for the year	-	-	-	-	-	-	(33,784,721)	(33,784,721)
Balance, March 31, 2019	**12,206,768**	**$ 2,126,750**	**471,133,763**	**$ 55,521,445**	**$ 5,387,438**	**$ 6,463,497**	**$ (59,112,257)**	**$ 10,386,873**

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

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

Years Ended March 31,	2019	2018
Cash (used in) provided by:		
Operating Activities		
Net loss for the year	**$ (33,784,721)**	$ (12,642,195)
Add items not affecting cash:		
Change of fair value of note payable (note 12)	**(254,953)**	1,727,378
Depreciation	**2,897,803**	327,045
(Gain) on debt settlement	**-**	(1,182)
Impairment of advances receivable from Procannmed	**291,008**	-
Impairment of intangible assets	**5,951,000**	-
Impairment of investment in Procannmed	**2,400,000**	-
Impairment of construction in progress	**1,527,000**	-
Fair value adjustment on growth of biological assets (Note 7)	**(1,150,507)**	-
Share-based compensation (Notes 16(b)(ii)(vi), 18 and 21)	**12,670,761**	6,344,931
	(9,452,609)	(4,244,023)
Net changes in non-cash working capital items:		
Accounts receivable	**(530,519)**	
Sales tax receivable	**(870,983)**	(9,829)
Prepaid expenses	**1,779,769**	(2,260,150)
Biological assets	**(1,112,502)**	-
Inventory	**671,092**	-
Other assets	**(25,000)**	-
Accounts payable and accrued liabilities	**71,148**	634,187
Net cash used in operating activities	**(9,469,604)**	(5,879,815)
Investing Activities		
Purchase of property, plant and equipment (Note 9)	**(7,838,163)**	(1,681,582)
Advances to Procannmed	**(291,008)**	-
Cash consideration for investment in Procannmed (Note 15)	**(900,000)**	-
Cash obtained upon acquisition of Medi-Green (Note 14)	**69,791**	-
Net cash used in investing activities	**(8,959,380)**	(1,681,582)
Financing Activities		
Proceeds from issuance of units (Note 16)	**13,524,983**	9,939,720
Cost of issue (Note 16)	**(6,638,571)**	(3,320)
Proceeds from exercise of warrants	**1,106,092**	2,038,110
Proceeds from exercise of stock options	**122,483**	530,000
Proceeds from shares to be issued from exercise of stock options	**45,000**	-
Proceeds from note payable	**-**	4,999,983
Repayment of mortgage payable	**(300,000)**	-
Interest and principal repayment of notes payable	**(894,790)**	-
Net cash provided by financing activities	**6,965,197**	17,504,493
Net (decrease) increase in cash during the year	**(11,463,787)**	9,943,096
Cash, beginning of year	**12,002,025**	2,058,929
Cash, end of year	**$ 538,238**	$ 12,002,025
Supplemental information:		
Shares issued and to be issued for acquisitions	**$ 12,497,655**	$ -
Shares issued for property, plant and equipment	**$ 1,172,000**	$ -
Shares issued for debt settlement	**$ 278,221**	$ 690,340
Interest expenses paid on mortgage payable	**$ 128,073**	$ -
Assumption of mortgage on acquisition of property, plant and equipment	**$ 4,355,500**	**$ -**
Borrowing cost capitalized to property, plant and equipment	**$ 1,108,000**	$ 74,000

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

1. Nature of operations and going concern

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

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

On December 22, 2015, the Company entered into an acquisition agreement with FAM pursuant to which the Company acquired from the FAM shareholders all of the issued and outstanding shares of FAM in exchange for an equal number of common shares in the Company (the "Transaction"). Upon completion of the Transaction FAM became a wholly-owned subsidiary of the Company and Stream changed its name to Beleave Inc. on December 16, 2015. The common shares of Beleave are listed on the Canadian Securities Exchange (the "Exchange") under the trading symbol "BE". The Company also trades on the OTCQX under the trading symbol "BLEVF". The Company's registered office and its main facility in development is located at 1653 Hwy 6 North, Hamilton, Ontario, L8N 2Z7. On September 6, 2017, FAM filed a certificate of amendment to change its name to Beleave Kannabis Corp.

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

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

During the year ended March 31, 2019, the Company had not yet achieved profitable operations, incurred a net loss of $33,784,721 (2018 - loss of $12,642,195) and, as of that date, the Company has an accumulated deficit of $59,112,257 (March 31, 2018 - $25,327,536) and is in default of the note payable to Auxly Canabis Group (see note 12(a)).

Management's view is that the success of the Company is dependent upon financing the remaining portion of its capital requirements and repayment of existing debt. The Company will require additional financing in order to conduct its planned business operations, meet its ongoing levels of corporate overhead and discharge its liabilities and commitments as they come due, indicating a material uncertainty exists that casts significant doubt upon the Company's ability to continue as a going concern.

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

2. Basis of presentation

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The policies set out below are based on IFRS issued and outstanding as of September 3, 2019, the date the Board of Directors approved the annual consolidated financial statements.

(b) Basis of presentation

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value and biological assets that are measured at fair value less costs to sell, as explained in the accounting policies and on an accrual basis except for cash flows.

(c) Basis of consolidation

During the year ended March 31, 2019, the Company acquired 100% of 9334416 Canada Inc., o/a Medi-Green, Karmacann, and My-Grow ("Medi-Green"), 100% of Seven Oaks Inc. ("Seven Oaks"), and 100% of 1161141 B.C. Ltd. In addition, during the year ended March 31, 2019, the Company incorporated Beleave Kannabis Chilliwack and Beleave Kannabis Abbotsford, both B.C. companies that are wholly owned by the Company. All significant intercompany accounts and transactions have been eliminated.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity.

The Company uses the acquisition method of accounting to account for business combinations. The fair value of the acquisition of a subsidiary is based on the fair value of the assets acquired, the liabilities assumed, and the fair value of the consideration. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. The excess, if any, of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill.

For acquisitions that do not meet the definition of a business under IFRS, the Company follows International Accounting Standard ("IAS") 16 and IAS 38 guidelines for asset acquisition, where the consideration paid is allocated to assets acquired based on fair values on the acquisition date and transactions costs are capitalized and allocated to the assets acquired.

Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company's equity. Non-controlling interests consist of the non-controlling interests on the date of the original acquisition plus the non-controlling interests' share of changes in equity since the date of acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries are consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows for the Company and its subsidiaries after eliminating inter-entity balances and transactions.

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

(c) Basis of consolidation (continued)

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

		Ownership	
Name	**Place of incorporation**	**March 31, 2019**	**March 31, 2018**
Beleave Kannabis Corp.	Ontario, Canada	100%	100%
9334416 Canada Inc., o/a Medi- Green, Karmacann, and My-Grow	Ontario, Canada	100%	N/A
Seven Oaks Inc.	Ontario, Canada	100%	N/A
1161141 B.C. Ltd.	B.C., Canada	100%	N/A
Beleave Kannabis Chilliwack	B.C., Canada	100%	N/A
Beleave Kannabis Abbotsford	B.C., Canada	100%	N/A

The Company recognizes any non-controlling interest on an acquisition at fair value. Non-controlling interest is proportionately adjusted each reporting period based on the earnings of the individual companies which have a non-controlling interest.

3. Significant accounting policies

(a) Cash

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

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

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

Depreciation is calculated using the following terms and methods starting from the date it is available for use:

Production equipment	Straight-line 5 years
IT and office equipment	Straight-line 5 years
Leasehold improvements	Straight-line over lease term
Building	Straight-line 20 years

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

Construction-in-progress includes property, plant and equipment in the course of construction and is carried at cost less any recognized impairment charge. These assets are reclassified to the appropriate category of property, plant and equipment and depreciation of these assets commences when they are completed and ready for their intended use.

Land is carried at cost less any recognized impairment charge.

3. Significant accounting policies (continued)

(b) Property, plant and equipment ("PPE") (continued)

Significant judgment is involved in the determination of estimated residual values and useful lives and no assurance can be given that actual residual values and useful lives will not differ significantly from current estimates.

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

(c) Intangible assets

Intangible assets acquired separately are measured upon initial recognition at cost, which comprises the purchase price plus any costs directly attributable to the preparation of the asset for its intended use. Intangible assets acquired through asset acquisitions are initially recognized at fair value as of the date of acquisition. Subsequent to initial recognition, finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

Supply agreements	2 years
Customer relationships	2 years
Brand name	10 years
Website	2 years

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

The determination of the estimated useful lives of brand names involves marketing considerations and the nature of the industry in which the Company operates.

The useful lives of customer relationships are based on the historical churn rates of the underlying customers and judgments as to the applicability of these rates going forward.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets require the use of estimates and assumptions and are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense attributable to an intangible asset is recognized in the consolidated statements of loss in the expense category consistent with the function of the intangible asset.

The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in net loss when the asset is derecognized.

(d) Borrowing costs

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

3. Significant accounting policies (continued)

(e) Functional currency

The presentation currency of these consolidated financial statements is the Canadian dollar. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiaries is the Canadian dollar.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rates in effect at the financial reporting date. The resulting exchange gains and losses are recognized in profit or loss. Non-monetary assets and liabilities denominated in other than the functional currency that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in other than the functional currency are translated using the exchange rate at the date of transaction.

(f) Biological assets

The Company’s biological assets consist of cannabis plants which are not yet harvested. These biological assets are measured at fair value less costs to sell. The Company capitalizes all related direct costs of growing materials as well as other indirect costs of production such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as amortization on production equipment and overhead costs to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred, and subsequently transferred to inventory at the point of harvest. Unrealized fair value gains on growth of biological assets are recorded in a separate line on the face of the statements of loss and comprehensive loss and subsequently transferred to inventory at the point of harvest.

(g) Inventory

Inventories of harvested finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed 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 the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value.

3. Significant accounting policies (continued)

(h) Impairment of non-financial assets

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

(i) Provisions and contingencies

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company has no material provisions as at March 31, 2019 and March 31, 2018.

A contingent liability is not recognized in the case where no reliable estimate can be made; however, disclosure is required unless the possibility of an outflow of resources embodying economic benefits is remote. By its nature, a contingent liability will only be resolved when one or more future events occur or fail to occur. The assessment of a contingent liability inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(j) Share capital and warrants

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

3. Significant accounting policies (continued)

(k) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on the inception date.

Finance leases
Finance leases which transfer substantially all the risks and rewards incidental to ownership of the leased item to the Company as a lessee, are capitalized at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the lease liability. Finance charges are recognized in finance cost in the consolidated statements of loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the term of the lease. As of March 31, 2019 and 2018, the Company did not have any finance leases.

Operating leases
Leases that do not transfer substantially all the risks and rewards incidental to ownership to the Company as a lessee are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statements of loss on a straight-line basis over the lease term.

(l) Revenue recognition

The IASB replaced IAS 18 Revenue in its entirety with IFRS 15 Revenue from Contracts with Customers. The Company adopted IFRS 15 using the modified retrospective approach, where the cumulative impact of adoption was required to be recognized in retained earnings as of April 1, 2018 and comparatives were not required to be restated.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which requires judgment. The model features the following five-step contract-based analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

3. Significant accounting policies (continued)

(l) Revenue recognition (continued)

In accordance with IFRS 15, revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment is typically due prior to shipment and is recognized into revenue upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer, the timing of which is consistent with the Company's previous revenue recognition policy under IAS 18.

The Company earns revenue through commissions from sales by other licensed producers to Medi-Green patients and fees for services. Revenue is measured at the fair value of the consideration received or receivable for services, net of discounts and sales taxes. Consideration received from customers in advance is recorded as deferred revenue. Revenue for services is recognized in the period in which the services are rendered provided the amount of revenue can be measured reliably and it is probable that consideration will be received.

The Company is required to remit excise tax to the Canada Revenue Agency on the sale of medical and recreational cannabis in Canada. The Company becomes liable for these excise duties when cannabis products are delivered to the customer. In accordance with IFRS 15, revenue presented on the consolidated statements of loss, represents revenue from the sale of goods less applicable excise tax.

The adoption of this new standard had no material impact on the amounts recognized in the consolidated financial statements.

(m) Share-based compensation

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

For equity-settled share-based payment transactions with employees, the Company uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

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

3. Significant accounting policies (continued)

(n) Income taxes

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

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

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

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

(o) Loss per share

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

(p) Research and development

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

3. Significant accounting policies (continued)

(q) Financial instruments

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9) to come into effect for fiscal years beginning on or after January 1, 2018.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its consolidated financial statements on April 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on April 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets and liabilities classified at amortized cost are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	**IAS 39**	**IFRS 9**
Cash	Loans and receivables (amortized cost)	Amortized cost
Accounts receivable	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Note payable	Other financial liabilities (amortized cost)	Amortized cost
D.O.P.E. note payable	FVTPL	FVTPL
Mortgage payable	Other financial liabilities (amortized cost)	Amortized cost

The original carrying values of the Company's financial instruments under IAS 39 have not changed under IFRS 9.

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

Financial assets and financial liabilities are offset if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

(r) Impairment of financial assets

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

(s) Accounting policies adoptions and changes

IFRS 9 Financial Instruments ("IFRS 9")

See Note 3 (q).

IFRS 15 - Revenue From Contracts With Customers (“IFRS 15”)

See Note 3 (l)

Biological assets and inventory

On January 1, 2019, the Company changed its accounting policy with respect to production costs related to biological assets. Prior to this change, the Company expensed any costs related to the production of biological assets. The Company now capitalizes production costs related to biological assets and recognizes the expense in cost of sales as the inventory is sold. This change in policy will more accurately reflect the true costs of production related to the revenues earned in the period. Non-recurring start-up costs are expensed directly through cost of sales. Fulfillment charges and any related depreciation are expensed to cost of goods sold in the period in which the costs are incurred. The Company also revised its presentation in the consolidated statement of loss to separate fair value adjustments for both biological assets and inventory sold in the period. The amended policy is as follows:

<u>Biological assets</u>

While the Company’s biological assets, consisting of cannabis plants, are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labour related costs, grow consumables, utilities, facilities costs including an allocation of overhead costs related to production facility, quality and testing costs, and production related depreciation. Capitalized costs are subsequently recorded within cost of sales in the consolidated statements of loss in the period that the related product is sold. The Company measures biological assets, at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are separately recorded in the consolidated statement of loss for the related period. Cost to sell includes post harvest production costs and fulfilment costs.

The change in accounting policy has been applied retrospectively.

3. Significant accounting policies (continued)

(t) Recent accounting pronouncements

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS17 - Leases. The IAS issued its standard as part of a joint project with the Financial Accounting Standards Board ("FASB").

The new standard will be effective for annual periods beginning on or after January 1, 2019. The Company is in the process of assessing the impact of this pronouncement.

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

(u) Critical accounting estimates and judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities on the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The significant areas of estimation and/or judgment considered by management in preparing the consolidated financial statements include, but are not limited to:

- *Biological assets and inventory*

Management is required to make a number of estimates in calculating the fair value less costs to sell of biological assets and harvested cannabis inventory. These estimates include a number of assumptions such as estimating the stage of growth of the cannabis, harvesting costs, sales price, and expected yields. See note 7.

- *Estimated useful lives, impairment considerations and amortization of property, plant and equipment and intangible assets*

Amortization of property, plant and equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Impairment of definite long-lived assets is influenced by judgement in defining a CGU and determining the indicators of impairment, and estimates used to measure impairment losses.

The recoverable value of definite long-lived assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

- *Share-based compensation*

The fair value of share-based compensation expenses are estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options granted.

3. Significant accounting policies (continued)

(u) Critical accounting estimates and judgments (continued)

- *Acquisition date asset values*

Allocation of assets acquired in asset acquisitions often requires management to make assumptions and estimates about the valuations of those assets at the acquisition date.

- *Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- *Determination of functional currency*

Foreign currency translation under IFRS requires each entity to determine its own functional currency, which becomes the currency that entity measures its results and financial position in. Judgment is necessary in assessing each entity's functional currency. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour material and other costs for each consolidated entity.

- *Revenue recognition*

Significant areas of judgment include (i) estimating returns on product sold and (ii) assessment of whether control has passed to the customer based on criteria established by IFRS 15.

- *Contingencies*

See Note 24.

- *Determination of asset acquisition vs. business combination*

The determination of whether a transaction meets the definition of a business combination under IFRS 3 or constitutes an asset acquisition is subject to judgment.

- *Valuation of D.O.P.E. note*

See Note 12.

(Expressed in Canadian Dollars)

4. Capital risk management

The Company’s objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. As at March 31, 2019, the Company has not entered into any debt financing other than the notes payable and mortgage payable. Under the terms of the D.O.P.E. note payable, the Company is not allowed to take on any additional debt.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company’s capital management approach in the year ended March 31, 2019 and 2018. The Company considers its shareholders' equity as capital which as at March 31, 2019 is $10,386,873 (2018 - $9,392,970).

5. Financial instruments and risk factors

Financial assets and financial liabilities at March 31, 2019 and 2018 are as follows:

	Assets and liabilities at amortized cost	Assets and liabilities at fair value through profit and loss	Total
March 31, 2019			
Cash	$ 538,238	$ -	$ 538,238
Accounts receivable	$ 571,833	$ -	$ 571,833
Accounts payable and accrued liabilities	$ (2,368,280)	$ -	$ (2,368,280)
Note payable	$ (30,422)	$ -	$ (30,422)
D.O.P.E. Note	$ -	$ (6,768,084)	$ (6,768,084)
Mortgage payable	$ (4,055,500)	$ -	$ (4,055,500)
March 31, 2018			
Cash	$ 12,002,025	$ -	$ 12,002,025
Accounts payable and accrued liabilities	$ (2,483,322)	$ -	$ (2,483,322)
D.O.P.E. Note	$ -	$ (6,801,378)	$ (6,801,378)

Fair values

At March 31, 2019, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, D.O.P.E. Note, note payable and mortgage payable. The fair values of the current financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

(Expressed in Canadian Dollars)

5. Financial instruments and risk factors (continued)

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The D.O.P.E. note payable is classified as Level 3.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. The financial instruments are measured at fair value utilizing non-observable market inputs. The net change in unrealized gains is recognized in the statements of loss.

Liability at fair value	Balance, beginning of the year	Purchase	Interest Expense	Repayment	Net unrealized loss	Balance, end of the year
March 31, 2019	$ 6,801,378	$ -	$ 1,108,000	$ (886,341)	$ (254,953)	$ 6,768,084
March 31, 2018	-	5,000,000	74,000	-	1,727,378	6,801,378

The Company has implemented a discounted cash flow valuation technique to determine the fair value of the D.O.P.E. Note as at March 31, 2018. The valuation model considers the present value of the net cash flows expected to be paid based on projected sales of cannabis in the retail and wholesale markets. Significant unobservable inputs include risk adjusted discount rate of 25% and selling price per gram of cannabis. If the estimated discount rate changed by 1%, the fair value of the note payable would change by approximately $49,500. If the price of cannabis per gram increased or decreased by $1 on average, the fair value of the note payable would increase or decrease by $1,035,000.

As at March 31, 2019, the D.O.P.E. Note was in default and accordingly the amounts owing are due on demand and no longer discounted. The unwinding of the previously recorded discount has been included in change in fair value of note payable and interest expenses in operations.

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

(Expressed in Canadian Dollars)

5. Financial instruments and risk factors (continued)

(i) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company's cash is held at two financial institutions which are Canadian Chartered Banks or fund held in trust with legal counsel in which management believes that the risk of loss is minimal but the Company is subject to concentration of credit risk as accounts receivable of one customer made up 71% of the total accounts receivable balance as at March 31, 2019. The Company did not record any allowances against accounts receivable as at March 31, 2019.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with out of cash. As at March 31, 2019, the Company's financial liabilities consist of accounts payable and accrued liabilities, notes payable and mortgage payable, which have contractual maturity dates between one year to five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the year.

(iii) Market risk

Market risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market conditions. The Company operates in an industry regulated by Health Canada. Changes in legislation could have a significant impact on the Company's operations.

(iv) Foreign currency risk

The Company's functional currency and presentation currency is the Canadian dollar. As at March 31, 2019, the Company did not hold significant foreign currency balances and foreign currency risk is minimal.

The following table shows the maturity dates of the Company's financial liabilities as at March 31, 2019.

	Total	Less than 1 year	1 -5 years	Maturity date
Accounts payable and accrued liabilities	$ 2,368,280	$ 2,368,280	$ -	N/A
D.O.P.E. Note (i)	$ 6,768,084	$ 6,768,084	$ -	Due on demand
Note payable	$ 30,422	$ 5,088	$ 24,614	May 31, 2023
Mortgage payable	$ 4,055,500	$ 1,200,000	$ 2,855,500	September 4, 2020

(i) Presented on a non-discounted basis.

6. Cash

	March 31, 2019	March 31, 2018
Cash at bank and in trust	**$ 538,238**	$ 12,002,025

(Expressed in Canadian Dollars)

7. Biological assets

The Company commenced cultivating cannabis during the year ended March 31, 2018. At March 31, 2018, as there were uncertainties in receiving the final approval of its sales license from Health Canada, the Company has recorded any biological assets and harvested cannabis at an estimated net realizable value of nil. During the year ended March 31, 2019, the Company received its final sales license and commenced recognizing its biological assets at their estimated fair value.

The Company's biological assets consists of medical cannabis plants. The continuity of the biological assets for the year ended March 31, 2019 was as follows:

		March 31, 2019
Balance, beginning of the year	**$**	**-**
Production costs capitalized		1,377,387
changes in fair value less costs to sell due to biological transformation		1,150,507
Transferred to inventory upon harvest		(2,092,250)
Balance, end of the year	**$**	**435,644**

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price less costs to sell per gram.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company’s method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest.

The following table quantifies each significant unobservable input, and also provides the impact a 10% increase/decrease in each input would have on the fair value of biological assets:

Assumptions	**Input values**	**Impact of 10% change**
Expected yields for cannabis plants (average grams per plant) (a)	152	$72,763
Weighted average number of growing weeks completed as a percentage of total growing weeks as at period end	48%	$72,763
Estimated selling price (per gram)(b)	$5.78	$110,157
Cost to sell	$2.58	$10,850

(Expressed in Canadian Dollars)

7. Biological assets (continued)

(a) Weighted average of expected loss of plants until harvest represents loss via plants that do not survive to the point of harvest. It does not include any financial loss on a surviving plant.

(b) The estimated fair value less costs to complete and sell (per gram) represents the expected sales price for the Company's bulk resin products less the remaining costs to complete and sell that product as finished product.

There were no biological assets as at March 31, 2018.

These estimates are subject to volatility in market prices and a number of uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

The Company estimates the harvest yields for cannabis at various stages of growth. As of March 31, 2019, it is expected that the Company's cannabis plants biological assets will yield approximately 283,491 grams of dry cannabis when harvested.

The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

8. Inventory

Inventory as at March 31, 2019 was comprised of:

	Capitalized costs	Biological assets fair value adjustment	Impairment	Carrying value
Harvested Cannabis				
Raw materials	$ 704,533	$ 360,164	$ (204,332)	$ 860,365
Finished goods	273,105	64,207	(17,239)	320,073
	977,638	424,371	(221,571)	1,180,438
Oils and Capsules				
Work in process	94,771	9,744	(71,766)	32,749
Supplies and consumables	211,481	-	-	211,481
Balance as at March 31, 2019	**$ 1,283,890**	**$ 434,115**	**$ (293,337)**	**$ 1,424,668**

(Expressed in Canadian Dollars)

9. Property, plant and equipment

	Production equipment	IT and office equipment	Leasehold improvement	Land	Building	Construction in progress	Total
Cost							
At March 31, 2017	**$ 148,272**	**$ 588,520**	**$1,165,322**	**$ -**	**$ -**	**$ -**	**$1,902,114**
Additions	54,108	202,379	588,479	-	-	1,729,909	2,574,875
Borrowing cost	-	-	-	-	-	74,000	74,000
At March 31, 2018	**$ 202,380**	**$ 790,899**	**$1,753,801**	**$ -**	**$ -**	**$1,803,909**	**$ 4,550,989**
Additions	912,318	71,779	491,380	842,000	434,000	10,670,388	13,421,865
Borrowing cost	-	-	-	-	-	1,108,000	1,108,000
At March 31, 2019	**$1,114,698**	**$ 862,678**	**$2,245,181**	**$ 842,000**	**$ 434,000**	**$13,582,297**	**$19,080,854**
Accumulated depreciation							
March 31, 2017	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Depreciation expense	35,065	210,162	81,818	-	-	-	327,045
At March 31, 2018	**$ 35,065**	**$ 210,162**	**$ 81,818**	**$ -**	**$ -**	**$ -**	**$ 327,045**
Depreciation expense	222,940	287,560	154,658	-	12,658	-	677,816
Impairment	-	-	-	-	-	1,527,000	1,527,000
At March 31, 2019	**$ 258,005**	**$ 497,722**	**$ 236,476**	**$ -**	**$ 12,658**	**$1,527,000**	**$2,531,861**
Carrying value							
At March 31, 2018	**$ 167,315**	**$ 580,737**	**$ 1,671,983**	**$ -**	**$ -**	**$ 1,803,909**	**$ 4,223,944**
At March 31, 2019	**$ 856,693**	**$ 364,956**	**$ 2,008,705**	**$ 842,000**	**$ 421,342**	**$12,055,297**	**$16,548,993**

Construction in progress refers to a facility under development and not ready for use as at March 31, 2019. As such, this item has not been depreciated as at March 31, 2019 and 2018.

During the year ended March 31, 2019, $1,108,000 (2018 - $74,000) of borrowing costs were capitalized (Note 12).

Included in prepaid expenses as at March 31, 2019, are deposits of $nil (2018 - $2,075,000) related to equipment purchases and advances on construction.

During the year ended March 31, 2019, the Company capitalized $374,593 of depreciation related to equipment used in the production of biological assets.

Subsequent to March 31, 2019, the Company entered into a letter of intent (see Note 25(vii)), for the sale of the London, Ontario cultivation facility. As a result, the Company recorded an impairment charge of $1,527,000 during the year ended March 31, 2019, to reduce the carrying amount of construction in progress to its estimated recoverable amount based on the terms of the letter of intent.

(Expressed in Canadian Dollars)

10. Intangible assets

	Supply agreement (i)	Brand name (i)	Customer relationship(ii)	Brand name (ii)	Website (iii)	Total
Cost						
At March 31, 2017 and 2018	$ -	$ -	$ -	$ -	$ -	$ -
Additions	2,827,655	170,000	2,825,857	140,000	5,000,000	10,963,512
At March 31, 2019	**$ 2,827,655**	**$ 170,000**	**$ 2,825,857**	**$ 140,000**	**$ 5,000,000**	**$10,963,512**
Accumulated Amortization and Impairment						
At March 31, 2017 and 2018	$ -	$ -	$ -	$ -	$ -	$ -
Amortization expense	1,051,721	11,923	1,413,000	14,000	-	2,490,644
Impairment (Note 24)	-	-	888,000	63,000	5,000,000	5,951,000
Impact of foreign exchange	-	-	-	-	-	-
At March 31, 2019	**$ 1,051,721**	**$ 11,923**	**$ 2,301,000**	**$ 77,000**	**$ 5,000,000**	**$ 8,441,644**
Carrying value						
At March 31, 2018	$ -	$ -	$ -	$ -	$ -	$ -
At March 31, 2019	**$ 1,775,934**	**$ 158,077**	**$ 524,857**	**$ 63,000**	**$ -**	**$ 2,521,868**

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

Under the terms of the Transaction, Beleave will pay an aggregate purchase price of approximately $3,000,000 to the Seven Oaks shareholders payable through the issuance of common shares in the capital of the Company. On August 2, 2018, the Company issued 1,422,869 common shares as part of the consideration for the acquisition which were valued at $0.17 per share for a total amount of $241,888. On October 17, 2018, the Company issued 4,044,950 common shares as part of the consideration for the acquisition which were valued at $0.17 per share based on the quoted price on the date the transaction closed for a total amount of $687,642. On January 18, 2019, the Company issued 4,044,963 common shares as part of the consideration for the acquisition which were valued at $0.17 per share based on the quoted price of the Company's common shares on the date the transaction closed for a total amount of $687,644. As at March 31, 2019, the Company accrued the remaining $1,378,750 consideration as shares to be issued (See Notes 16(c) and 25). The value of the shares was based on the quoted market value of the Company's shares at the date of closing of the acquisition.

As Seven Oaks was determined not to meet the definition of a business as per IFRS 3, the acquisition was treated as an acquisition of assets.

(Expressed in Canadian Dollars)

10. Intangible assets (continued)

(i) (continued) Details of the allocation of the estimated fair values of identifiable assets acquired, purchase consideration are as follows:

Purchase consideration:	$	2,997,655
Identifiable net assets acquired:		
Supply agreement	$	2,827,655
Brand name		170,000
	$	2,997,655

(ii) See note 14 for discussion of the acquisition of patient list from Medi-Green.

(iii) On November 21, 2018, the Company issued 31,818,178 common shares of the Company valued at $5,000,000 based on the quoted market price of the Company's shares at the date of closing as consideration for the purchase of the shares of 1161141 B.C. Ltd. As 1161141 B.C. Ltd. does not meet the definition of a business as per IFRS 3, the acquisition was treated as an acquisition of assets. The assets acquired included certain computer program and documentation identified as "TotalHempCBC" as well as the website (together, the "Assets"), and all intellectual property rights associated therewith. Upon subsequent evaluation of the acquisition, it was determined that the assets acquired had nominal value, and accordingly, the $5,000,000 purchase consideration was expensed in operations. See note 24.

11. Other assets

Pursuant to lease agreements entered into in September 2018, the Company has agreed to lease two facilities in B.C., for a period of ten years, for total lease consideration of $22,000,000 and $23,000,000, respectively. Commencement of these leases is conditional on construction and buildout of the underlying facilities to pre-agreed specifications. If the facility for the first lease is not ready in accordance with the agreed specifications, on or before April 1, 2020, the tenant may terminate the lease. If the facility for the second lease is not substantially complete by November 25, 2019, the tenant has the right to terminate the lease. An arm's length third party has agree to pay for 50% of the first lease obligation and 100% of the second lease obligation. However, the Company has agreed to be guarantor for both lease arrangements. As at March 31, 2019, the Company had paid a deposit of $300,000 towards the first lease arrangement, which has been reflected as a non-current prepaid on the consolidated statement of financial position.

12. Notes payable

a) Auxly note

	March 31, 2019	**March 31, 2018**
Balance, beginning of the year	**$ 6,801,378**	$ -
Additions, net of transaction costs	**-**	5,000,000
Interest expense capitalized	**1,108,000**	74,000
Change in fair value	**(249,145)**	1,727,378
Repayment	**(892,149)**	-
Balance, end of the year	**$ 6,768,084**	$ 6,801,378

12. Notes payable (continued)

a) Auxly note (continued)

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

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

Beleave will repay the D.O.P.E. Note by paying Auxly a portion of all gross proceeds received from the retail or wholesale sale of grams of dried, finished, saleable cannabis ("Grams") produced at any of its cultivation facilities. As a result, based on a $5,000,000 principal amount, Auxly would receive the proceeds from the sale of 1,275,123 Grams. Until the D.O.P.E. Note is repaid in full, the proceeds from 85% of all Grams sold by Beleave will be delivered to Auxly as payment against the outstanding principal of the D.O.P.E. Note. The sales of Grams are subject to certain wholesale and retail floors of $6 and $7 per Gram, respectively.

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

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

The fair value of the note payable on October 17, 2017 was estimated to be $5,000,000. Any changes in value to the note will be recorded as a gain or loss. IAS 23 requires borrowing costs to be capitalized using the effective interest method. The Company estimated the effective interest cost based on expected discounted cash flow analysis. The Company capitalized $74,000 of borrowing costs to the construction in progress asset during the year ended March 31, 2018 and $1,108,000 during the year ended March 31, 2019. Key assumptions include an effective interest rate used in the calculation of 25% and projected cash payments to April 2020.

As the note payable is carried at FVTPL, the Company recorded a change in fair value of $1,727,378 during the year ended March 31, 2018.

Auxly has provided the Company with notice that it is in default under the provisions of the D.O.P.E. note agreement dated October 5, 2017. As a result, the entire balance of the note payable of $6,768,084 is due on demand and classified as a current liability and the unwinding of the previously recorded discount has been included in change in fair value of note payable and interest expenses in operations. See also Note 25.

During the year ended March 31, 2019, the Company recorded a change in fair value of $249,145 and the D.O.P.E. Note was carried at an estimated fair value of $6,768,084 as at March 31, 2019.

b) Medi-Green note

During the year ended March 31, 2019, the Company acquired a note payable in the amount of $34,776 on acquisition of Medi-Green (Note 14) which matures on May 31, 2023, non-interest bearing with monthly repayments of $484. As at March 31, 2019, the outstanding balance of this note payable was $30,422, of which $5,808 was included in current liabilities and $24,614 was included in non-current liabilities.

(Expressed in Canadian Dollars)

13. Acquisition of land, building and equipment and mortgage payable

In May 2018, Beleave signed an agreement to buy from Voskamp Greenhouses Inc. (Voskamp), an arm's length corporation, property located in London, Ontario.

The purchase price included payment of $1,172,500 cash, issuance of 5,095,650 common shares of Beleave in the amount of $1,172,000 based on the quoted market price of the Company's common shares on the date the transaction closed and assumption of a mortgage payable in the amount of $4,355,500 and costs of $130,538 payable. The purchase price was allocated as to $842,000 to the land, $434,000 to the building and $5,554,538 to construction in progress. The mortgage is subject to an interest rate of 6% per annum payable monthly and principal repayments of $100,000 per month from January 2019 to August 2020. The mortgage will mature on September 4, 2020 with any remaining balance to be paid by Beleave to Voskamp on the maturity date and is secured by the land and building.

The following table is a continuity of the mortgage payable:

	March 31, 2019
Balance, beginning of the year	$ -
Assumption of mortgage payable	4,355,500
Repayments	(300,000)
Balance, end of the year	$ 4,055,500

14. Acquisition of Medi-Green

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

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

The purchase price was set at $5,000,000 and is payable as follows:

- on the Closing Date, 1,849,617 Beleave common shares representing $350,000 which shall be freely trading (issued);
- at the date that is three (3) months subsequent to the Closing Date, 3,501,050 Beleave common shares representing $662,500 (issued);
- at the date that is six (6) months subsequent to the Closing Date, 3,486,843 Beleave common shares representing $662,500 (issued) ;
- at the date that is nine (9) months subsequent to the Closing Date, 3,486,843 Beleave common shares representing $662,500 (issued);

(Expressed in Canadian Dollars)

14. Acquisition of Medi-Green (continued)

- at the date that is twelve (12) months subsequent to the Closing Date, 3,486,842 Beleave common shares representing $662,500 (issued subsequent to March 31, 2019) (see Note 25); and
    (A) Beleave common shares representing $1,000,000, if Medi-Green has 5,500 patients (as calculated in accordance with Section 2.3 of the acquisition agreement) at such date; or
    (B) Beleave common shares representing $2,000,000, if Medi-Green has 7,000 or more patients (as calculated in accordance with Section 2.3 of the acquisition agreement) at such date.

As at March 31, 2019, the Company had issued 12,324,352 shares valued at $2,337,500 based on the quoted market price of the Company's common shares at the Closing Date for the consideration of the acquisition and accrued the remaining $662,500 consideration as shares to be issued (Note 16 (c)).

The milestones were not ultimately attained, and the $2,000,000 of additional shares are not issuable.

Medi-Green was determined not to meet the definition of a business as per IFRS 3 as substantially all of the fair value of Medi-Green's assets were concentrated in one asset: its patient list. Accordingly, the acquisition was treated as an asset acquisition.

Details of the allocation of the estimated fair values of identifiable assets and liablities acquired and purchase consideration are as follows:

Purchase consideration:	$	3,000,000
Identifiable net assets acquired:		
Cash	$	69,791
Accounts receivable		41,314
Inventory		3,510
Equipment		46,335
Accounts payable and accrued liabilities		(92,031)
Note payable		(34,776)
Customer relationship		2,825,857
Brand name		140,000
	$	3,000,000

(Expressed in Canadian Dollars)

15. Acquisition of Procannmed

On June 21, 2018, the Company entered into an agreement to purchase 51% of the outstanding shares of Procannmed S.A.S. ("Procannmed"), a privately held company that is fully licensed for the cultivation, production, extraction and distribution of medical cannabis in Colombia. The license is valid for 5 years, expiring in January 2023.

Under the terms of the transaction, Beleave paid an aggregate purchase price of $2,400,000 to the Procannmed shareholders payable through the issuance of 6,562,500 common shares in the capital of the Company valued at $1,500,000 based on the quoted market price of the Company's common shares on the date of issue and $900,000 in cash. The Company also advanced $291,008 to Procannmed during the year ended March 31, 2019.

As at March 31,2019, the Company had not received shares comprising a 51% interest in Procannmed and is currently in discussions regarding the status of the agreement and accordingly the consideration paid and the advance receivable from Procannmed have been expensed in the consolidated statement of loss for the year ended March 31, 2019.

16. Share capital

(a) Authorized:

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

(b) Issued common shares:

	Number of shares	Amount
Balance, March 31, 2017	**200,798,654**	**$ 10,783,834**
Shares issued on private placement, net of issue costs (iii)	46,385,360	6,396,848
Shares issued for exercise of warrants (Note 17)	21,767,368	2,038,110
Shares issued for debt settlement (i)	2,247,427	690,340
Bonus shares issued (ii)	14,374,080	3,459,382
Shares issued for exercise of stock options (Note 18)	5,670,000	530,000
Reclassification of value of warrants exercised	-	793,204
Reclassification of value of options exercised	-	366,481
Balance, March 31, 2018	**291,242,889**	**$ 25,058,199**
Shares issued on private placement, net of issue costs (iv)(v)(vii)(viii)	63,169,873	4,953,709
Shares issued for acquisition of Medi-Green (Note 14)	12,324,352	2,337,500
Shares issued for acquisition of Procannmed (Note 15)	6,562,500	1,500,000
Shares issued for acquisition of Seven Oaks (Note 10(i))	9,512,782	1,618,905
Shares issued for acquisition of 1161141 B.C. Ltd. (Note 10(iii))	31,818,178	5,000,000
Bonus shares issued (vi)	48,765,248	11,848,202
Shares issued for debt settlement and services (vi)	2,128,960	353,221
Cancellation of former officers' shares (vi)	(17,500,000)	-
Shares issued for property, plant and equipment (note 13)	5,095,650	1,172,000
Shares issued for exercise of warrants (Note 17)	15,948,331	1,106,057
Reclassification of value of warrants exercised	-	309,047
Shares issued for exercise of stock options (Note 18)	2,065,000	147,466
Reclassification of value of stock options exercised	-	117,139
Balance, March 31, 2019	**471,133,763**	**$ 55,521,445**

16. Share capital (continued)

(b) Issued common shares (continued):

On November 5, 2018, the Company announced a seven-for-one share split of the Company's issued and outstanding common shares (the "Share Split"). Each shareholder of record of the Company as of the close of business on the record date on November 7, 2018 received six additional shares for each share held on such date. All references in the consolidated financial statements to common shares, stock options, and warrants, including per share amounts, have been retrospectively restated to reflect the Share Split.

(i) The Company completed shares-for-debt transactions during the year ended March 31, 2018 with related parties and other parties of the Company whereby the Company issued common shares for the settlement of the amounts owing to such creditors. Pursuant to the debt settlement, the Company settled $677,665 of existing debt through the issuance of 2,247,427 shares to its officers in lieu of cash for consulting fees, resulting in a gain of $1,182 for the year ended March 31, 2018.

(ii) The Company has agreed to issue common shares to employees and consultants of the Company based on certain milestones being achieved in the ACMPR licensing process. The Company also issued shares as a part of a licensing agreement to the licensor in the amount of $176,000. During the year ended March 31, 2018, the Company issued 14,374,080 shares valued at $3,459,382 including the issuance of 1,750,000 shares valued at $647,500 that were recorded as shares to be issued as at March 31, 2017.

(iii) On December 5, 2017, the Company completed a non-brokered private placement (the "Non-Brokered Offering") of 46,385,360 units of the Company at a price of $0.21 per unit for aggregate gross proceeds of $9,939,720. Each unit issued is comprised of one common share of the Company (a "Common Share") and one common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of $0.29 for a period of 24 months from the date of issuance of the Warrant, subject to accelerated expiry in the event that the ten-day volume weighted average price of the Common Shares on the Canadian Securities Exchange (the "CSE"), or other exchange or quotation system where the Company's shares are listed and where a majority of the trading volume of the Common Share occurs, equals or exceeds $0.43. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $3,459,620 (Assumptions used were as follows: expected volatility – 96%, risk-free interest rate – 1.52%, expected dividend yield – 0% and expected life of 2 years). The Company incurred a total cost of issue of $83,252. The common shares and warrants issued pursuant to the financing were subject to a four-month hold period.

(iv) On April 26, 2018, the Company closed a non-brokered private placement for gross proceeds of approximately $5,000,000. Pursuant to the offering, the Company issued an aggregate of 20,000,015 units of the Company at a price of $0.25 per unit. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.32 for a period of 24 months from the date of issuance of the warrant, subject to accelerated expiry in the event that the ten-day volume weighted average price of the common shares on the CSE or other exchange or quotation system where the Company's shares are listed and where a majority of the trading volume of the common shares occurs, equals or exceeds $0.43. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $875,515 (Assumptions used were as follows: expected volatility – 102%, risk-free interest rate – 1.91%, expected dividend yield – 0%, expected life of 2 years and share price of $0.21). The financing was completed using the Consultant Exemption under National Instrument 45-106 ("NI45-106"). Of the proceeds raised, $3,750,000 was paid for consulting services provided by the subscribers or parties related to the subscribers. See Note 24.

16. Share capital (continued)

(b) Issued common shares (continued):

(v) On June 11, 2018, the Company closed the first tranche of a non-brokered private placement. In conjunction with this closing, 17,500,000 units of the Company were issued at a price of $0.29 per unit for gross proceeds of $5,000,000. Each unit is comprised of one common share of the Company and one-half common share purchase warrant of the Company, at a price of $0.29 per unit. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.36 for a period of 24 months from the date of issuance of the warrant, subject to accelerated expiry in the event that the ten-day volume weighted average price of the common shares on the CSE, or other exchange or quotation system where the Company's shares are listed and where a majority of the trading volume of the common shares occurs, equals or exceeds $0.43. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $896,856 (Assumptions used were as follows: expected volatility – 102%, risk-free interest rate – 1.90%, expected dividend yield – 0%, expected life of 2 years and share price of $0.23). The financing was completed using the Consultant Exemption under National Instrument 45-106. Of the proceeds raised, $3,750,000 was paid for consulting services provided by the subscribers or parties related to the subscribers. See Note 24.

(vi) During the year ended March 31, 2019, the Company issued 48,765,248 common shares to certain directors of the Company as bonus compensation valued at $11,848,202 based on the quoted market price of the common shares on the date of issuance. On March 7, 2019, the Company cancelled 17,500,000 shares, issued for services to certain executives of the Company in error, that were subsequently returned to treasury. In addition, the Company issued 535,714 common shares to an officer and director of the Company for services rendered in the amount of $75,000, included in the 2,128,960 common shares issued for debt settlement and services in the amount of $353,221.

(vii) On November 6, 2018, the Company closed a non-brokered private placement in which 19,090,911 units of the Company were issued at a price of $0.16 per unit for gross proceeds of $3,000,000. Each unit is comprised of one common share of the Company and one common share purchase warrant of the Company, at a price of $0.16 per unit. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.24 for a period of 60 months from the date of issuance of the warrant. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $1,107,876 (Assumptions used were as follows: expected volatility – 94%, risk-free interest rate – 2.45%, expected dividend yield – 0%, expected life of 5 years and share price of $0.10). The Company incurred transaction costs of $2,823 for the non-brokered private placement.

(viii) On March 8, 2019, the Company completed a private placement of 6,578,947 units with each unit comprised of one common share and one warrant exercisable for one common share of the Company at $0.12 per share for gross proceeds of $500,000. The private placement was completed in accordance with the non-exclusive investment agreement with Alumina Partners LLC, providing the availability of up to $20 million over a 24-month period. The terms of the agreement will allow the Company to draw down capital at will, on an as-needed basis, in a series of equity private placements of a minimum of $2 million. Based on the Black-Scholes pricing model, these warrants had an allocated fair value of $202,621 (Assumptions used were as follows: expected volatility – 98%, risk-free interest rate – 1.64%, expected dividend yield – 0%, expected life of 5 years and share price of $0.05). The Company incurred transaction costs of $5,683 for the non-brokered private placement.

(Expressed in Canadian Dollars)

16. Share capital (continued)

(c) Common shares to be issued

As at March 31, 2019, the Company was obligated to issue the following common shares:

	Number of shares		Amount
Seven Oaks acquisition (Notes 10(i) and 25)	8,089,926	$	1,378,750
Medi-Green acquisition (Notes 14 and 25)	3,486,842		662,500
Shares to be issued for exercise of stock options	630,000		85,500
Balance, March 31, 2019	**12,206,768**	**$**	**2,126,750**

17. Warrants

The following table shows the continuity of warrants outstanding with the corresponding average exercise prices:

	Number of warrants		Weighted average exercise price
Balance at March 31, 2017	**37,552,375**	**$**	**0.07**
Warrants exercised	(21,767,368)		0.10
Warrants expired	(1,295,000)		0.07
Warrants granted (Note 16(b)(iii))	46,385,360		0.29
Balance at March 31, 2018	**60,875,367**	**$**	**0.23**
Warrants granted (Notes 16(b)(iv)(v)(vii)(viii))	44,419,869		0.26
Warrants exercised	(15,948,331)		0.07
Warrants expired	(1,108,331)		0.07
Balance at March 31, 2019	**88,238,574**	**$**	**0.28**

The following table reflects the actual warrants issued and outstanding as of March 31, 2019:

Expiry date	Exercise price ($)	Number of warrants
December 2019	0.29	43,818,705
April 2020	0.32	10,000,011
June 2020	0.36	8,750,000
November 2023	0.24	19,090,911
March 8, 2024	0.12	6,578,947
		88,238,574

The weighted average share price on the dates of the exercises of warrants during the year ended March 31, 2019 was $0.22.

(Expressed in Canadian Dollars)

18. Share-based compensation and stock options

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

The plan was amended at the annual general meeting held on September 28, 2017, which increased the maximum number authorised for issuance to 44,342,459 shares which can be granted for a maximum term of ten years.

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

The following table shows the continuity of options:

	Number of options	Weighted average exercise price
Balance, March 31, 2017	**29,960,000**	**$ 0.13**
Exercised	(5,670,000)	0.09
Granted (i)	9,450,000	0.43
Balance, March 31, 2018	**33,740,000**	**$ 0.24**
Exercised	(2,695,000)	0.07
Granted (ii)(iii)(iv)(v)	7,000,000	0.29
Expired	(5,180,000)	0.32
Balance, March 31, 2019	**32,865,000**	**$ 0.23**

The weighted average share price of the dates of exercises of stock options during the year ended March 31, 2019 is $0.22. Directors and officers of the Company exercised 2,695,000 stock options during the year ended March 31, 2019.

(i) On January 3, 2018, the Company granted 9,450,000 options exercisable at $0.43 per common share to various consultants and members of the board of directors. These options expire in 5 years. Based on the Black-Scholes pricing model, these options had an estimated fair value of $3,047,738 which vested immediately. The estimated fair value expensed during the year ended March 31, 2018 was $3,047,738. The fair value of the stock options was determined using Black-Scholes pricing model with assumptions used as follows: exercise price of $0.43, share price of $0.42, expected volatility – 103% based on historical volatility of the Company's shares, risk-free interest rate – 1.81%, expected dividend yield – 0% and expected life of 5 years.

(ii) On April 12, 2018, the Company approved the grant of 1,400,000 options to directors of the Company to purchase common shares. These options expire five years from the date of grant. Based on the Black-Scholes pricing model, these options had an estimated fair value of $264,390 which vested immediately. During the year ended March 31, 2019, the Company recorded a share-based compensation of $247,353. The fair value of the stock options was determined using Black-Scholes pricing model with assumptions used as follows: exercise price of $0.43, share price of $0.27, expected volatility – 96% based on historical volatility of the Company's shares, risk-free interest rate – 2.13%, expected dividend yield – 0% and expected life of 5 years.

(iii) On September 23, 2018, the Company approved the grant of 2,800,000 options to directors of the Company to purchase common shares. These options expire five years from the date of grant. Based on the Black-Scholes pricing model, these options had an estimated fair value of $388,039 which vested immediately. During the year ended March 31, 2019, the Company recorded a share-based compensation of $390,504. The fair value of the stock options was determined using Black-Scholes pricing model with assumptions used as follows: exercise price of $0.25, share price of $0.20, expected volatility – 92% based on historical volatility of the Company's shares, risk-free interest rate – 2.42%, expected dividend yield – 0% and expected life of 5 years.

(Expressed in Canadian Dollars)

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

(iv) On October 15, 2018, the Company approved the grant of 700,000 options to a vendor of the Company to purchase common shares. These options expire one year from the date of grant. Based on the Black-Scholes pricing model, these options had an estimated fair value of $63,180 which vest in tranches over a one year period. During the year ended March 31, 2019, the Company recorded a share-based compensation of $38,569. The fair value of the stock options was determined using Black-Scholes pricing model with assumptions used as follows: exercise price of $0.25, share price of $0.19, expected volatility – 82% based on historical volatility of the Company's shares, risk-free interest rate – 2.08%, expected dividend yield – 0% and expected life of 1 year.

(v) On November 1, 2018, the Company approved the grant of 2,100,000 options to an officer of the Company to purchase common shares. These options expire two years from the date of grant. Based on the Black-Scholes pricing model, these options had an estimated fair value of $92,818 which vested immediately. During the year ended March 31, 2019, the Company recorded a share-based compensation of $92,798. The fair value of the stock options was determined using Black-Scholes pricing model with assumptions used as follows: exercise price of $0.25, share price of $0.14, expected volatility – 85% based on historical volatility of the Company's shares, risk-free interest rate – 2.32%, expected dividend yield – 0% and expected life of 2 years.

The following table reflects the actual stock options issued and outstanding as of March 31, 2019:

Expiry date	Exercise price ($)	Number of options outstanding	Number of options vested (exercisable)
March 28, 2020	0.07	3,395,000	3,395,000
May 19, 2019	0.07	210,000	210,000
December 22, 2020	0.07	7,210,000	7,210,000
June 27, 2021	0.07	2,240,000	2,240,000
May 19, 2019	0.25	5,180,000	5,180,000
January 11, 2022	0.25	3,080,000	3,080,000
May 19, 2019	0.43	5,600,000	5,600,000
January 3, 2023	0.43	2,450,000	2,450,000
April 11, 2019	0.43	700,000	700,000
October 15, 2019	0.25	700,000	175,000
November 1, 2020	0.25	2,100,000	2,100,000
	$0.23	**32,865,000**	**32,340,000**

19. Revenue

Years ended March 31,	2019	2018
Revenue from services and commissions	**$ 1,036,294**	$ -
Revenue from sale of cannabis	**1,509,507**	-
	$ 2,545,801	$ -

Two customers represented 69% and 21% of total revenue from sale of cannabis, respectively.

One customer represened 13% of total revenue from services and commissions.

20. Net loss per common share

The calculation of basic and diluted loss per share for the year ended March 31, 2019 was based on the loss attributable to common shareholders of $33,784,721 (2018 - loss of $12,642,195) and the weighted average number of common shares outstanding of 409,223,251 (2018 - 239,283,128).

(Expressed in Canadian Dollars)

20. Net loss per common share (continued)

Diluted loss per share for the periods presented did not include the effect of 32,865,000 stock options (2018 - 33,740,000) and 88,238,574 warrants (2018 - 60,875,367) as they are anti-dilutive.

21. Related party transactions

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

Years ended March 31,	2019	2018
Expenses:		
Rent	**$ 111,900**	$ 72,000

Included in prepaid expenses as at March 31, 2019 is $22,644 (2018 - $Nil) paid to a corporation controlled by an officer and director of the Company in connection with the rent agreement noted above.

See Note 16(b)(i)) for shares-for-debt transaction with officers and Notes 16(b)(ii)(vi) for bonus shares issued to employees and directors.

As at March 31, 2019, there was $106,000 (2018 - $21,316) outstanding payables to related parties owing to an officer and a former officer of the Company, included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

Key management compensation is comprised of the following:

Years ended March 31,	2019	2018
Short term benefits	**$ 1,675,660**	$ 504,655
Share-based compensation (including bonus shares)	**12,346,356**	4,254,659

See Notes 18 and 24.

22. Income taxes

(i) Income tax expense

The Company does not have any current income tax expense. The following table reconciles the expected income tax recovery at the statutory income tax rate of 26.5% (2018 - 26.5%) to the expense in the consolidated statement of loss and comprehensive loss:

Years ended March 31,	2019	2018
Net loss for the year	$ (33,784,721)	$ (12,642,195)
Expected income tax recovery at statutory income tax rates	(8,953,000)	(3,350,180)
Share based compensation and non-deductible expenses	3,846,000	1,608,900
Change in fair value of debt	(68,000)	457,750
Change in tax benefit not recognized	5,175,000	1,283,530
Income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

22. Income taxes (continued)

(ii) Unrecognized deferred tax asset

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

	2019	2018
Property, plant and equipment	$ 3,142,000	$ 1,065,400
Non-capital losses carried-forward	34,532,000	9,811,600
Share issuance costs	38,000	201,400
Unrecognized deductible temporary differences	$ 37,712,000	$ 11,078,400

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

The Canadian non-capital loss carry forwards expire as noted in the table below.

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

Expiry	Amount
2036	$ 700,000
2037	6,689,000
2038	7,570,000
2039	19,573,000
	$ 34,532,000

(Expressed in Canadian Dollars)

23. Segmented information

The Company operates in two business segments, namely licensed producer of marihuana for medical purposes ("Cannabis Products") and a patient network of medical cannabis services ("Patient Network"). The Company's business segment information is summarized in the following table:

	Cannabis Products	Patient Network	Total
As at March 31, 2019			
Current assets	$ 4,064,794	$ 148,504	$ 4,213,298
Property, plant and equipment	16,518,341	30,652	16,548,993
Intangible assets	1,934,011	587,857	2,521,868
Other assets and non-current prepaid expenses	300,000	25,000	325,000
Accounts payable and accrued liabilities	(2,270,545)	(97,735)	(2,368,280)
Notes payable	(6,768,084)	(30,422)	(6,798,506)
Mortgage payable	(4,055,500)	-	(4,055,500)
For the year ended March 31, 2019			
Revenue from external customers	$ 1,509,507	$ 1,036,294	$ 2,545,801
Excise taxes	(171,687)	-	(171,687)
Cost of goods sold	(1,570,952)	(684,891)	(2,255,843)
Fair value adjustment on biological assets and inventory	698,191	-	698,191
Gross profit	465,059	351,403	816,462
Expenses			
Interest expense	128,073	-	128,073
Depreciation and amortization	1,455,120	1,442,683	2,897,803
Impairment	9,218,008	951,000	10,169,008
Share-based compensation	12,595,761	-	12,595,761
Total expenses	31,953,634	2,647,549	34,601,183
Net loss for the year	(31,488,575)	(2,296,146)	(33,784,721)

As at March 31, 2018 and for the year ended March 31, 2018, the Company had only one business segment of being sale of Cannabis Products.

(Expressed in Canadian Dollars)

24. Commitments and contingencies

Lease commitments

On July 1, 2015 the Company signed a long term lease agreement with a corporation which is owned by the CEO of the Company for a term of 8.5 years and the option to extend the lease for 5 years, twice. For the first 3.5 years, the rent payable is $14,875 monthly until December 2018, with a 5% annual increase to $19,300 per month from January 1, 2019 and each subsequent year. The annual minimum lease payments for years ended March 31 are as follows:

Year	Amount
2020	$ 234,495
2021	246,220
2022	258,531
2023	271,457
2024	211,133

On October 1, 2018, the Company entered into a long term year lease agreement with 1651602 Alberta Ltd., an arm's length corporation, for a potential retail store property. The annual minimum lease payments are as follows:

Year	Amount
2020	$ 66,150
2021	66,150
2022	66,977
2023	70,326
2024	36,465

In July 2018, the Company entered into a long term lease agreement for Beleave's head office in Oakville. The annual minimum lease payments are as follows:

Year	Amount
2020	$ 135,450
2021	139,650
2022	143,850
2023	148,050
2024	113,400

The Company entered into other lease agreements with aggregate minimum lease payments due of $114,600 in 2020 and $25,000 in 2021.

24. Commitments and contingencies (continued)

Consideration paid to certain consultants

On April 24, 2018, the Company announced the offering of securities on a private placement basis for gross proceeds of $5,000,000 (the "April Offering"), and indicated that the proceeds from the April Offering would be used for general and administrative purposes. On April 26, 2018, the Company announced the closing of the April Offering (see Note 16(b)(iv)), but did not disclose that $3,750,000 of the $5,000,000 in gross proceeds, all of which was raised under the Consultant Exemption under NI45-106, were to satisfy the Company's obligations under consulting agreements with the subscribers of the financing. On June 8, 2018, the Company announced another offering of securities on a private placement basis for gross proceeds of $5,000,000 (the "June Offering"), and indicated that the proceeds from June Offering would be used for general and administrative purposes. On June 11, 2018, the Company announced the closing of the June Offering (see Note 16(b)(v)), but did not disclose that $3,750,000 of the $5,000,000 in gross proceeds, all of which was raised under the Consultant Exemption under NI45-106, were used to satisfy the Company's obligations under consulting agreements with the subscribers of the financing.

The Company reflected the $7,500,000 of consulting fees paid to the Consultants net of recoveries of $870,000 as share issuance costs for the non-brokered private placements in April and June of 2018 (Notes 16(b)(iv)(v)) to better reflect the substance of the transaction as no material consulting services were performed.

Beleave has since cancelled the consulting agreements for non-performance, and is taking steps to seek to recover the funds advanced to the Consultants. The Company is also seeking to recover the shares issued in connection with the Company's acquisition of 1161141 B.C. Ltd. from certain of the Consultants (see Note 10(iv)). See also Note 25(iv)

Litigation

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company’s financial condition, operations or liquidity. See also Note 25.

Management contract

The Company is party to certain management contracts. These contracts require that additional payments of $5,061,000 be made upon the occurrence of certain events such as change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management commitments remaining under agreements are approximately $860,833 all due within one year.

An officer of the Company is entitled to a performance bonus tied to the market valuation of the Company, whereby common shares would be received for every $50 million increase in valuation starting from $100 million.

24. Commitments and contingencies (continued)

Tax positions

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for income and other taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions.

The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the consolidated financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. All estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.

Contractual obligations

The Company has contractual obligations for construction of its Hamilton facility with a remaining obligation as at March 31, 2019 of approximately $3,000,000 relating to services to be rendered.

Environmental

Management believes that there are no probable environmental related liabilities that will have a material adverse effect on the financial position or operating results of the Company.

Obligation as guarantor

Pursuant to an agreement dated November 8, 2018, the Company agreed to act as guarantor for a premises lease agreement entered into by an arm's length corporation. The lease commenced December 1, 2018 for a five year term. Total obligations under this lease arrangement are $229,000. See also Note 11.

25. Subsequent events

(i) On April 18, 2019 and July 19, 2019, the Company issued the fourth and fifth installments of 4,044,963 common shares, each, as part of the consideration for the acquisition of Seven Oaks (See Notes 10(i) and 16 (c)). The Company has no further share issuances required under this acquisition.

(ii) On May 10, 2019, the Company issued 3,486,842 common shares in settlement of the share issuance commitment for the acquisition of Medi-Green (See Notes 14 and 16(c)). The Company has no further share issuances required under this acquisition.

(iii) On May 22, 2019, the Company issued 4,515,000 common shares upon exercise of stock options for gross proceeds of $316,050.

(iv) On June 6, 2019, the Company announced that it entered into a settlement with the British Columbia Securities Commission ("BCSC") (see Note 24). The Company also announced that it entered into a settlement agreement in connection with certain of the Company's historical disclosures, resolving the BCSC's review of Beleave's involvement in the BCSC's investigation relating to, among other things, the use of the Consultant Exemption from prospectus requirements (the "BCSC Matter").

25. Subsequent events (continued)

(v) On August 7, 2019, the Company announced that the Company has entered into a non-binding letter of intent that contemplates a business combination with TerraFarma Inc. ("TerraFarma"). The precise structure of the transaction, including the exact exchange ratio of Beleave securities for TerraFarma securities has yet to be finalized.

(vi) On August 13, 2019, the Company announced that on Friday, August 9, 2019, the Company's wholly-owned subsidiary Beleave Kannabis Corp. was issued a Research License ("License") under the Cannabis Act and Cannabis Regulations of Canada. All research conducted under this License will be based on research protocols involving the further optimization and validation of methods for formulating cannabinoid compounds for oral ingestion.

(vii) On August 29, 2019, the Company announced the signing of a letter of intent (the "LOI") to negotiate, in good faith, with a private purchaser to sell the Company's London, Ontario cultivation facility. Beleave may lease back 50% of the property after the sale is finalized to continue using the facility for cannabis production. Beleave also announced the sale of its Saskatchewan retail license in Lloydminster.

(viii) Pursuant to an agreement dated July 16, 2019, the Company entered into a marketing services agreement with an arm's length corporation. For consideration of the services to be provided by the consultant, the Company has agreed to pay $226,000 to be issued in four equal instalments on July 16, 2019 (706,250 common shares issued), August 1, 2019, September 1, 2019 and October 1, 2019. This agreement was terminated subsequently.

(ix) Subsequent to March 31, 2019, the Company issued 1,089,515 common shares to arm's length consultants as consideration for services.

(x) Subsequent to March 31, 2019, the 630,000 shares to be issued for exercise of options (see Note 16(c)), were issued.

(xi) On August 30, 2019, Auxly filed a statement of claim in the Ontario courts against the Company and its wholly owned operating subsidiary, Beleave Kannabis Corp., alleging certain breaches of the note purchase agreement dated October 5, 2017 pursuant to which the Company received $5 million in funding from Auxly (see Note 12(a)). Auxly is claiming damages in the amount of $9 million. The Company disputes Auxly's allegations, both on their purported merits and on procedural grounds, and intends to vigorously defend itself in any proceedings.

(xii) Subsequent to March 31, 2019, a punitive class action has been commenced against the Company and a number of defendants. The class action seeks damages in an unspecified quantum in respect of claims in conspiracy, waiver of tort, vicarious liability, statutory secondary market liability and fraudulent and/or negligient mispresentation. The likelihood and amount of loss cannot be reasonably estimated at this time.

Subsequent to March 31, 2019, a plaintiff commenced an action in the Supreme Court of British Columbia. The claims seeks damages in the amount of $2,000,000 for breach of contract, or alternatively, specific performance of the terms of a subscription agreement entered with Beleave. Beleave is in the process of preparing a response to civil claim disputing the allegations in the claim. Likelihood and amount of loss cannot be reasonably estimated at this time.