



CANNABIS WHEATON INCOME CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE - MONTHS PERIOD ENDED MARCH 31, 2018 AND 2017

Stated in Canadian Dollars, unless otherwise noted

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

CANNABIS WHEATON INCOME CORP.

Condensed Consolidated Interim Statements of Financial Position

Expressed in Canadian Dollars

Unaudited

	March 31 2018	December 31 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 206,367,004	\$ 33,453,680
Other receivables	639,717	460,005
Note receivable (Note 4)	1,804,477	1,170,535
Debt obligation receivable in product equivalents (Note 9)	7,325,089	-
Prepaid expenses	912,139	435,674
	217,048,426	35,519,894
Non-current assets		
Debt obligation receivable in product equivalents (Note 9)	6,671,258	6,377,986
Long-term investments (Note 8)	18,966,260	13,501,384
Property, plant and equipment (Note 5)	4,024,002	3,474,484
Intangible assets (Note 6, 7)	30,003,244	29,204,543
Goodwill (Note 7)	4,499,666	4,499,666
	64,164,430	57,058,063
Total assets	\$ 281,212,856	\$ 92,577,957
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,865,035	\$ 6,114,837
Interest payable on convertible debenture	1,194,821	654,683
	4,059,856	6,769,520
Non-current liabilities		
Convertible debenture (Note 10)	91,067,561	17,738,489
Long-term loans (Note 11)	-	911,635
Deferred tax liability (Note 17)	4,365,606	4,365,606
	95,433,167	23,015,730
Total liabilities	99,493,023	29,785,250
Shareholders' Equity		
Share capital (Note 13)	189,930,828	60,812,677
Reserves (Note 13)	17,538,310	18,206,388
Accumulated other comprehensive income	4,511,830	3,514,577
Deficit	(30,261,135)	(19,740,935)
	181,719,833	62,792,707
Total liabilities and shareholders' equity	\$ 281,212,856	\$ 92,577,957

Commitments (Note 17)

Subsequent Events (Note 19)

The condensed consolidated interim financial statements were approved by the Board of Directors on May 30, 2018 and were signed on its behalf by:

(s) Chuck Rifici

Chuck Rifici

(s) Brandon Boddy

Brandon Boddy

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

CANNABIS WHEATON INCOME CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss For the Three - Month Period Ended March 31, 2018

Expressed in Canadian Dollars
Unaudited

	March 31 2018	March 31 2017
Income		
Fair value change on investment for debt obligation receivable in product equivalents (Note 9)	\$ 618,361	\$ -
Total income	618,361	-
Expenses		
Wages and salaries	1,171,599	-
Director fees (Note 14)	-	6,000
General and administration	981,913	33,864
Professional fees	622,992	1,297,954
Business development	2,134,432	312
Share-based payments (Note 13c)	2,818,725	147,000
Depreciation and amortization (Note 5, 6)	76,520	-
Interest expense	802,857	-
Foreign exchange loss (gain)	(10,522)	-
Total expenses	8,598,516	1,485,130
Loss before undernoted items	(7,980,155)	(1,485,130)
Accretion expense (Note 10, 11)	(987,164)	-
Loss on settlement of debt (Note 12)	(4,191,269)	-
	(5,178,433)	-
Net loss before income tax	(13,158,588)	(1,485,130)
Deferred tax recovery (Note 18)	2,638,388	-
Net loss	\$ (10,520,200)	\$ (1,485,130)
Other comprehensive income (loss)		
Fair value change on fair value through other comprehensive income investments - not subsequently reclassified to profit or loss (Note 8)	\$ 997,253	\$ -
Total comprehensive income loss	\$ (9,522,947)	\$ (1,485,130)
Net loss per common share		
Basic and diluted	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding		
Basic and diluted	365,098,552	53,401,249

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

CANNABIS WHEATON INCOME CORP.

Condensed Consolidated Interim Statements of Cash Flows For the Three - Month Period Ended March 31, 2018

Expressed in Canadian Dollars
Unaudited

	March 31 2018	March 31 2017
Operating activities		
Net loss for the year	\$ (10,520,200)	\$ (1,485,130)
Items not affecting cash		
Depreciation and amortization (Note 5, 6)	76,520	-
Share-based payments (Note 13c)	2,818,725	147,000
Accretion expense (Note 10, 11)	987,164	-
Fair value change on debt obligation receivable in product equivalents (Note 9)	(618,361)	-
Deferred income tax recovery (Note 18)	(2,638,388)	-
Loss on settlement of debt (Note 12)	4,191,269	-
Changes in non-cash working capital items		
Other receivables	(179,712)	8,198
Prepaid expenses	(476,465)	-
Accounts payable and accrued liabilities	(1,368,729)	212
Interest payable on convertible debentures (Note 10)	540,138	-
Obligation to issue shares	-	835,580
Net cash used in operating activities	(7,188,039)	(494,140)
Investing activities		
Promissory notes (Note 4)	(633,939)	-
Investment of debt obligation receivable in product equivalents (Note 9)	(7,000,000)	-
Investment in long-term investments (Note 8)	(3,105,882)	-
Purchase of capital assets (Note 5)	(595,865)	-
Net cash used in investing activities	(11,335,686)	-
Financing activities		
Proceeds from share, special warrant and unit issuances	-	2,597,840
Net proceeds from convertible debentures (Note 10)	99,871,770	-
Proceeds from share options exercised (Note 13c)	525,000	-
Proceeds from warrants exercised (Note 13d)	87,620,730	-
Proceeds from broker warrant units exercised (Note 13e)	3,419,549	-
Net cash from financing activities	191,437,049	2,597,840
Net increase in cash and cash equivalents	172,913,324	2,103,700
Cash position, beginning of period	33,453,680	306,803
Cash position, end of period	\$ 206,367,004	\$ 2,410,503

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

CANNABIS WHEATON INCOME CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars

Unaudited

	Share Capital		Warrants	Reserves		Deficit	Accumulated Other Comprehensive Income	Shareholders' Equity
	Number of Shares	Share Capital		Contributed Surplus	Convertible Debenture			
Balance December 31, 2017	263,452,946	\$ 60,812,677	\$ 12,002,444	\$ 4,869,612	\$ 1,334,332	\$ (19,740,935)	\$ 3,514,577	\$ 62,792,707
Equity component of convertible debentures issued on private placement January 2018 (Note 10)	-	-	3,195,274	-	6,764,533	-	-	9,959,807
Shares issued on exercise of warrants	128,401,125	87,620,730	-	-	-	-	-	87,620,730
Fair value transfer on exercise of warrants	-	11,600,645	(11,600,645)	-	-	-	-	-
Exercise of broker warrant units (Note 13)	3,419,549	1,857,825	3,061,200	(1,499,476)	-	-	-	3,419,549
Cancellation of warrants	-	-	(237,090)	237,090	-	-	-	-
Units issued on investment in Inner Spirit (Note 8)	674,418	1,274,650	704,225	-	-	-	-	1,978,875
Shares issued for debt settlement (Note 12)	3,018,109	6,881,289	-	-	-	-	-	6,881,289
Shares issued on conversion of convertible debt (Note 10)	21,240,000	18,998,339	-	-	(1,325,595)	-	-	17,672,744
Share-based payments (Note 13)	-	-	-	2,862,634	-	-	-	2,862,634
Shares issued on exercise of stock options	525,000	525,000	-	-	-	-	-	525,000
Fair value transfer on exercise of stock options	-	359,673	-	(359,673)	-	-	-	-
Deferred income tax	-	-	-	-	(2,470,555)	-	-	(2,470,555)
Net Loss	-	-	-	-	-	(10,520,200)	-	(10,520,200)
Changes in fair value of long-term investments	-	-	-	-	-	-	997,253	997,253
Balance March 31, 2018	420,731,147	\$ 189,930,828	\$ 7,125,408	\$ 6,110,187	\$ 4,302,715	\$ (30,261,135)	\$ 4,511,830	\$ 181,719,833

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

CANNABIS WHEATON INCOME CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars

Unaudited

	Share Capital		Warrants	Reserves		Deficit	Accumulated Other Comprehensive Income	Shareholders' Equity
	Number of Shares	Share Capital		Contributed Surplus	Convertible Debenture			
Balance December 31, 2016	9,035,001	\$ 1,758,106	\$ -	\$ 190,041	\$ -	\$ (1,564,160)	\$ -	\$ 383,987
Units issued on private placement January	60,927,546	740,033	376,972	-	-	-	-	1,117,005
Units issued on private placement March 14th	54,818,319	638,451	366,552	-	-	-	-	1,005,003
Units issued on private placement March 21st	21,713,649	252,711	145,373	-	-	-	-	398,084
Shares issued on exercise of warrants	1,456,827	101,978	-	-	-	-	-	101,978
Fair value transfer on exercise of warrants	-	27,040	(27,040)	-	-	-	-	-
Share issuance costs	-	(24,230)	-	-	-	-	-	(24,230)
Share-based payments	-	-	-	147,000	-	-	-	147,000
Net Loss	-	-	-	-	-	(1,485,130)	-	(1,485,130)
Balance March 31, 2017	147,951,342	\$ 3,494,089	\$ 861,857	\$ 337,041	\$ -	\$ (3,049,290)	\$ -	\$ 1,643,697

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

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

1. Nature of operations and going concern

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

2. Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements for the three months ended March 31, 2018 of the Company were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2017 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

Certain comparative figures have been reclassified to conform to the current period's presentation.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, these interim condensed consolidated financial statements for the three months ended March 31, 2018 should be read together with the annual consolidated financial statements for the year ended December 31, 2017, which are available on SEDAR at www.sedar.com.

The preparation of interim condensed consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2017. These interim condensed consolidated financial statements were authorized for issue by the Board of the Directors on May 30, 2018.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

3. Significant accounting policies

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. As at March 31, 2018, Kolab Project Inc. and Knightswood Holdings Ltd. are the only wholly owned subsidiaries of the Company.

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

4. Note receivable

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

On October 30, 2017, the Company issued a convertible promissory note receivable with a principal value of \$400,000 USD. The note has a maturity date of October 13, 2018 and interest is accrued on the outstanding value of the principal at 5% per annum. The effective interest rates used to value the note was 20%. The fair value of the note approximates its carrying amount. As at March 31, 2018, the carrying amount of the note is CAD \$515,760.

On January 29, 2018, the Company issued a note receivable with a principal value of \$250,000 USD to Inverell S.A., a Uruguay based company with outdoor help operations. The note has a maturity date of January 28, 2019, and interest is accrued on the outstanding value of the principal at 1% per annum. On March 22, 2018, the Company issued another promissory note to Inverell S.A. for \$250,000 USD with a one-year maturity and 1% interest rate. The effective interest rates used to value the notes was 20%. The fair value of the notes approximates its carrying amount. As at March 31, 2018, the carrying amount of the note is CAD \$638,717. Subsequent to the period-end, Inverell S.A. became a subsidiary of the Company (Note 19).

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

5. Property, plant and equipment

	Computer Equipment	Office Furniture	Leasehold Improvements	Equipment	Building	Construction in Progress	Total
Cost:							
Balance at December 31, 2017	\$ 71,166	\$ 73,082	\$ 54,850	\$ 148,872	\$ 2,654,749	\$ 503,830	\$ 3,506,549
Additions	30,360	8,834	18,880	106,428	-	431,363	595,865
Dispositions	-	-	-	-	-	-	-
Balance at March 31, 2018	\$ 101,526	\$ 81,916	\$ 73,730	\$ 255,300	\$ 2,654,749	\$ 935,193	\$ 4,102,414
Accumulated Depreciation:							
Balance at December 31, 2017	\$ 4,130	\$ 1,450	\$ 1,671	\$ 7,056	\$ 17,758	\$ -	\$ 32,065
Depreciation	3,979	3,199	1,886	4,444	32,839	-	46,347
Balance at March 31, 2018	\$ 8,109	\$ 4,649	\$ 3,557	\$ 11,500	\$ 50,597	\$ -	\$ 78,412
Carrying amounts:							
Balance at December 31, 2017	\$ 67,036	\$ 71,632	\$ 53,179	\$ 141,816	\$ 2,636,991	\$ 503,830	\$ 3,474,484
Balance at March 31, 2018	\$ 93,417	\$ 77,267	\$ 70,173	\$ 243,800	\$ 2,604,152	\$ 935,193	\$ 4,024,002

6. Intangible assets

	Patient Referral Agreements	Streaming Agreements	Distribution Agreements	Streaming Interests	Cultivation License	Total
Cost:						
Balance at December 31, 2017	\$ 838,369	\$ 603,474	\$ -	\$ 10,800,000	\$ 16,962,700	\$ 29,204,543
Additions	-	-	828,875	-	-	828,875
Dispositions	-	-	-	-	-	-
Balance at March 31, 2018	\$ 838,369	\$ 603,474	\$ 828,875	\$ 10,800,000	\$ 16,962,700	\$ 30,033,418
Accumulated Depreciation:						
Balance at December 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	-	30,174	-	-	-	30,174
Balance at March 31, 2018	\$ -	\$ 30,174	\$ -	\$ -	\$ -	\$ 30,174
Carrying amounts:						
Balance at December 31, 2017	\$ 838,369	\$ 603,474	\$ -	\$ 10,800,000	\$ 16,962,700	\$ 29,204,543
Balance at March 31, 2018	\$ 838,369	\$ 573,300	\$ 828,875	\$ 10,800,000	\$ 16,962,700	\$ 30,003,244

a) Patient referral agreements

On April 18, 2017, the Company entered into a purchase agreement with 2557788 Ontario Ltd. ("255"), a private Ontario company, acting at arm's length to the Company, and acquired all of 255's interests in patient outreach and services agreements between 255 and several different patient outreach and service providers for total consideration of \$1,200,000, which included cash of \$288,000 on closing and the assumption of a promissory note in a separate legal agreement that has been repaid as of March 31, 2018. As at March 31, 2018, no amortization has been recorded as the assets are not yet in use as the Company has not obtained the product needed to execute on the agreements.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

6. Intangible assets (continued)

b) PanCann Streaming agreements

On April 27, 2017, the Company entered into a purchase agreement with PanCann Streaming Corp. ("PSC"), a private Ontario company, acting at arm's length to the Company, pursuant to which the Company acquired all of PSC's interests in certain binding interim streaming agreements between PSC and various licensed producers ("LP") and LP applicants. In consideration of the acquisition, the Company issued a loan to PanCann Streaming Corp. for \$1,000,000, which formed the purchase consideration that has been paid as of March 31, 2018. The intangible assets associated with these streaming arrangements commenced operation towards the end of the previous fiscal year, and are amortized over a five year period.

c) Streaming interests

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

On December 22, 2017, the Company entered into an agreement with its streaming partner CannTx Life Sciences Inc. ("CannTx") to fund the construction of its cannabis production facility. The Company has allocated \$2,000,000 of the \$5,000,000 investment in CannTx as a streaming interest asset. This amount represents the premium paid by the Company over and above the fair market value of the shares on the date of the agreement. As at March 31, 2018, the Company has paid \$3,000,000 of the \$5,000,000 purchase price, and recorded the remaining \$2,000,000 in accounts payable. Subsequent to the period end, the Company has advanced an additional \$1,000,000 to CannTx. The remaining amount is expected to be paid in Q2 2018.

As at March 31, 2018, no amortization has been recorded as the assets are not yet in use as the Company has not obtained the product needed to execute on the agreements.

d) Distribution agreements

On February 7, 2018, the Company entered into an agreement to purchase 1,500,000 of Inner Spirit shares for consideration of \$2,328,875. As part of the agreement, the Company will have access to 50% of the floor space at Inner Spirit distribution locations. The Company has allocated \$828,875 of the investment in Inner Spirit as a distribution agreement intangible asset. This amount represents the premium paid by the Company over and above the fair market value of the shares on the date of the agreement (see Note 8e).

As at March 31, 2018, no amortization has been recorded as the assets are not yet in use as the Company has not obtained the product needed to execute on the agreements.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

7. Goodwill

On October 31, 2017, the Company acquired Kolab Project Inc., resulting in \$4,499,666 of assessed goodwill. For the purposes of the goodwill and cultivation license impairment test, the Company considered Kolab Project as a separate CGU. The recoverable amount of the CGU was estimated based on fair value less cost to sale using comparable company multiples and precedent transactions. The most critical assumption used was the production capabilities per year. The fair value less cost to sell of the CGU was estimated to be higher than its carrying amount. As a result, no impairment was required. A 10% change in the production capacity would not impact the result. The impairment test was conducted at the last fiscal year end.

8. Long-term investments

a) ABCann Global Corp. Investment

The Company owns 6,666,666 shares of Abcann Global Corp. As at March 31, 2018, the fair value of the long-term investment has been revalued at \$11,466,666 using the quoted price of \$1.72/share on TSX-V. The gain on revaluation was recorded in other comprehensive income, net of applicable income taxes on the consolidated statement of comprehensive loss.

b) Broken Coast Cannabis Investment

The Company owns 184 common shares of Broken Coast Cannabis, a licensed producer of medicinal cannabis located on Vancouver Island, valued at \$301,384. The fair value of the investment approximates its carrying amount.

c) CannTx Life Sciences Inc. Investment

The Company owns a minority equity interest of 35,885 common shares in CannTx Life Sciences Inc. ("CannTx") and an entitlement to 33% of all cannabis (or cannabis-derived products including any cannabis trim) produced at the facility for a period of 10 years from the date of first sale at a fixed cost. The Company has committed \$5,000,000 towards the construction of a cannabis production facility. Management has estimated the fair value of the shares acquired at \$83.60/share, resulting in the fair value of the investment of \$3,000,000. The \$55.73 premium/share was recorded as intangible assets (Note 6). As at March 31, 2018, \$2,000,000 out of the \$5,000,000 remains payable and is included in accounts payable.

d) Robinson's Cannabis Inc.

On February 1, 2018, the Company purchased 1,500,000 common shares of Robinson's Cannabis Inc. ("Robinson's") for consideration of \$1,500,000. Robinson's is a late-stage licensed producer applicant and in construction of a 27,700 square foot facility located in Kentville, Nova Scotia. The fair value of the investment approximates its carrying value as at March 31, 2018.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

8. Long-term investments (continued)

e) Inner Spirit Holdings Ltd.

On February 6, 2018, the Company completed an investment in Inner Spirit Holdings Ltd. ("Inner Spirit"). The Company acquired 15,000,000 common shares of Inner Spirit in exchange for:

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

The fair value allocated to the shares was \$1,274,650 based on the market price of \$1.89/share on the date of issuance. The fair value allocated to the warrants was \$704,225 based on a probability weighted discounted cash flow of the vesting performance conditions and based on the following assumptions: Share price – \$1.89, Annualized volatility – 109.3%; Risk-free interest rate – 1.81%; Dividend yield – 0%; and Expected life – 2 years.

The warrants are exercisable at a price of \$2.53 for a period of 2 years, vesting as follows:

- (i) 250,000 vest upon the first Spirit Leaf location opening for business to the public.
- (ii) 250,000 vest upon the fifth Spirit Leaf location opening for business to the public.
- (iii) 250,000 vest upon the tenth Spirit Leaf location opening for business to the public.
- (iv) 250,000 vest upon the fifteenth Spirit Leaf location opening for business to the public.
- (v) 250,000 vest upon the twentieth Spirit Leaf location opening for business to the public.

On February 6, 2018, the fair value of the long-term investment was valued at \$1,500,000 based on the private placement price of \$0.10/share in February and March 2018, and the Company allocated the residual \$828,875 of the investment as a distribution agreement intangible asset.

The Company has the right to participate in all future financings to maintain its ownership percentage, The Company exercised its right to acquire an additional 1,500,000 Inner Spirit Shares for \$150,000 on February 6, 2018, and an additional 1,058,824 Inner Spirit Shares for \$105,882 on March 23, 2018.

As part of the investment, the Company has the pre-emptive right to acquire additional shares in future placements in order to maintain a dilutive ownership of 15% of Inner Spirit. The Company exercised its pre-emptive right to acquire an additional 1,500,000 Inner Spirit Shares for \$150,000 on February 7, 2018, and an additional 1,058,824 Inner Spirit Shares for \$105,882 on March 22, 2018.

The fair value of the investment approximates its carrying value as at March 31, 2018.

f) Lotus Ventures Inc.

On February 8, 2018, the Company subscribed for 1,818,181 common shares and 909,090 common share purchase warrants of Lotus Ventures Inc ("Lotus"). for the gross proceeds \$1,000,000. Lotus is a late-stage licensed producer applicant that is based in Vancouver, BC.

As at March 31, 2018, the fair value of the long-term investment has been revalued at \$892,602 using the quoted price of \$0.39/share on CSE, and the following assumptions for the valuation of the warrants: Share price – \$0.39, Annualized volatility – 116.1%; Risk-free interest rate – 1.81%; Dividend yield – 0%; and Expected life – 3 years.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

9. Debt obligation receivable in product equivalents

a) Beleave Inc.

On October 5, 2017, the Company and Beleave Inc. ("Beleave") entered into an agreement where the Company will provide Beleave with up to \$10,000,000 in debt financing repayable in product equivalents. The proceeds will be used by Beleave to fund the construction of an expansion facility, which will be situated adjacent to Beleave's current facility outside of Hamilton, Ontario. On October 17, 2017, the Company advanced \$5,000,000 of the up to \$10,000,000 financing to Beleave. Beleave's debt obligation will be receivable in product equivalents (the "DOPE Note").

The instrument was deemed to be a fair value through profit or loss debt investment per IFRS 9 guidance. The fair value of the promissory note was estimated to be \$6,671,258 at March 31, 2018 and a fair value gain of \$293,272 was recorded on the consolidated statement of loss and comprehensive loss for the three-month period ended March 31, 2018.

b) Sundial Growers Inc.

On March 1, 2018, the Company announced that it had entered into a definitive agreement with Sundial Growers Inc. ("Sundial") whereby the Company advanced \$7,000,000 to Sundial by way of a promissory note for a period of 6 months. Sundial will repay the note either by a cash payment, through the delivery of an agreed upon volume of dried cannabis produced by Sundial or through a combination of cash and grams. The note is subject to an interest rate of 24% per annum, with a minimum guaranteed interest of \$840,000. If the Payment Obligation are not repaid in full prior to the Maturity Date, the maturity date can be extended for an additional 6 months at the option of Sundial, by making a payment of \$840,000 to the Company. If the Payment Obligation are not repaid by the end of the additional term, the principal amount which remains outstanding will immediately become due and payable.

The instrument was deemed to be a fair value through profit or loss debt investment per IFRS 9 guidance. The fair value of the promissory note was estimated to be \$7,325,089 and a fair value gain of \$325,089 was recorded on the consolidated statement of loss and comprehensive loss for the three-month period ended March 31, 2018.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

10. Convertible debenture

June 29, 2017 Issuance

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

The debentures bear interest at 6% per annum, payable semi-annually and mature within 24 months. The principal amount of the debentures will be convertible into common shares of the Company at a price of \$1.00 per share, at the option of the holder. The fair value of the debenture was recorded at its fair value of \$23,460,785, discounted at a market interest rate of 12% and is net of debt issue costs. The accretion expense calculated using the effective interest method for the three months period ended March 31, 2018 was \$53,914.

	Convertible debenture
BALANCE AT DECEMBER 31, 2017	\$ 17,738,489
Accretion expense during the period	53,914
Less: Units converted during the period	17,672,744
BALANCE AT MARCH 31, 2018	\$ 119,659

January 17, 2018 Issuance

On January 17, 2018, the Company completed a brokered private placement of unsecured convertible debentures units in the aggregate amount of \$100,000,000. Each convertible debenture unit consists of a \$1,000 principal amount of senior unsecured convertible debentures and 322 share purchase warrants.

The debentures bear interest at 6% per annum, payable semi-annually and mature within 24 months. The principal amount of the debentures will be convertible into common shares of the Company at a price of \$1.55 per share, at the option of the holder. The fair value of the debenture was recorded at its fair value of \$90,040,192, discounted at a market interest rate of 12% and is net of debt issue costs. The accretion expense calculated using the effective interest method for the three months period ended March 31, 2018 was \$907,708. The effective interest rate used was 11.7%. Interest expense accrued for the three months period ended March 31, 2018 for convertible debentures was \$1,183,562.

The residual value of the gross proceed was allocated to the conversion feature and warrants based on their relative fair values. The conversion feature was estimated at \$6,764,533, net of issue costs using based on the following assumptions: Share price – \$2.29, Annualized volatility – 101.5%; Risk-free interest rate – 1.76%; Dividend yield – 0%; and Expected life – 2 years.

Each warrant will be exercisable to acquire one common share at an exercise price of \$1.80 per share until January 16, 2020. The fair value of these warrants was estimated at \$3,195,275, net of issuance cost, based on the following assumptions: Share price – \$2.29, Annualized volatility – 95.5%; Risk-free interest rate – 1.76%; Dividend yield – 0%; and Expected life – 2 years.

On closing, the Company paid legal and advisory fees of \$128,230.

Beginning on the date that is four months and one day following the closing date, the Company may force the conversion of the principal amount of the convertible debentures and the expiry of date of the convertible debt warrants should the daily volume weighted average trading price of the Company's common shares be greater than \$3.10 for 10 consecutive trading days.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

10. Convertible debenture (Continued)

	Convertible debenture
BALANCE AT DECEMBER 31, 2017	\$ -
Face value of debt upon issuance	100,000,000
Less: Allocation to warrants and conversion feature	(9,831,577)
Less: Debt issue costs	(128,230)
Fair value of debt on initial recognition	90,040,192
Accretion expense during the period	907,708
Less: Units converted during the period	-
BALANCE AT MARCH 31, 2018	\$ 90,947,901

11. Long-term loans

	2557788 Ontario Ltd. (a)	PanCann Streaming Corp. (b)	Total
BALANCE AT DECEMBER 31, 2017	\$ 577,987	\$ 333,648	\$ 911,635
Accretion expense during the period	17,018	8,523	25,541
Settled during the period	(2,079,588)	(912,000)	(2,991,588)
Loss on settlement	1,484,583	569,829	2,054,412
BALANCE AT MARCH 31, 2018	\$ -	\$ -	\$ -

- a) The Company entered an unsecured promissory note with 255 for \$912,000 as part of the purchase of the patient referral agreement (see Note 6). The loan has a term of five years and matures on April 17, 2022. The amount can be repaid at any time and is not subject to a prepayment fee. The loan bears interest at 1% per annum, compounded annually. The Company recognized the fair value of the below-market interest loan using a market interest rate of 12%. As at March 31, 2018, the full value of the loan was settled through an issuance of shares.
- b) The Company entered into an unsecured promissory note with PSC for \$1,000,000 as part of the purchase of the streaming agreements (see Note 6). The loan has a term of five years and matures on April 25, 2022. The amount can be repaid at any time and is not subject to a prepayment fee. The loan bears interest at 1% per annum, compounded annually. The Company recognized the fair value of the below-market interest loan using a market interest rate of 12%. As at March 31, 2018, the full value of the loan was settled through an issuance of shares.

12. Debt settlement

On January 29, 2018, the Company settled long-term loans and accounts payable balances with a carrying amount of \$2,690,019 in consideration for the issuance of an aggregate of 3,018,109 common shares. The shares were negotiated at a price between \$0.63 and \$1.00 of debt for every unit share in November 2017. Due to the timing of the payment, the fair value of the common shares at the time of issuance was \$2.28 based on the closing price on grant date. These shares are subject to a four-month lock-up period restriction on trading. The fair value of the consideration was estimated to be \$6,881,289 and a non-recurring non-cash loss on the settlement of debt of \$4,191,269 was recorded in the statement of profit and loss.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

13. Share capital

a) Authorized

In January 2017, the authorized share capital of the Company was approved to increase to an unlimited number of common shares. On April 10, 2017, the Company completed a forward stock split of its common shares on a three for one basis. All historical references to share transactions or balances prior to this date have been recast on a three for one basis.

b) Issued and outstanding

At March 31, 2018, there were 420,731,147 issued and fully paid common shares and 9,999,942 were held in escrow related to the contingent considerations in RockGarden acquisition.

On February 6, 2018, the Company completed a strategic investment in Inner Spirit Holdings Ltd., and issued 674,418 common shares of the Company and 1,250,000 common share purchase warrants of the Company.

c) Stock options

The Company has a stock option plan to provide incentives to directors, employees and consultants of the Company. The total number of options awarded in any 12-month period was not to exceed 10% of the issued and outstanding shares to any one individual or 2% to any one consultant or employee. 525,000 options were exercised during the period ended March 31, 2018 and 6,300,000 options were granted during the period ended March 31, 2018.

In January 2018, the Company issued 2,670,000 stock options at an exercise price ranging from \$2.15 to \$2.40 per share, exercisable for 10 years to consultants and employees. Of the options issued, 362,500 vest immediately, 842,500 vest over one year, 767,500 vest over two years, 567,500 vest over three years, and 130,000 vest over four years.

In February 2018, the Company issued 1,280,000 stock options at an exercise price of \$1.54 per share, exercisable for 10 years to consultants and employees. Of the options issued, 200,000 vest immediately, 299,166 vest over one year, 299,167 vest over two years, 299,167 vest over three years, and 182,500 vest over four years.

In March 2018, the Company issued 1,780,000 stock options at an exercise price of \$1.80 per share, exercisable for 10 years to consultants, employees, and officers. Of the options issued, 587,500 vest immediately, 445,000 vest over one year, 445,000 vest over two years, and 445,000 vest over three years.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

13. Share capital (Continued)

In March 2018, the Company issued 570,000 stock options at an exercise price of \$1.80 per share, exercisable for 10 years to directors. Of the options issued, 142,500 vest immediately, 142,500 vest over one year, 142,500 vest over two years, and 142,500 vest over three years.

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

The following table summarizes information about stock options outstanding as at March 31, 2018:

Number Outstanding at March 31, 2018	Options Outstanding			Options Exercisable	
	Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable at March 31, 2018	Weighted Average Exercise Price	
12,716,085	\$ 0.025	2.0	12,716,085	\$ 0.017	
5,820,000	\$ 1.00	2.2	3,340,293	\$ 0.18	
100,000	\$ 1.00	0.0	100,000	\$ 0.01	
50,000	\$ 1.00	0.0	50,000	\$ 0.00	
500,000	\$ 1.00	0.1	500,000	\$ 0.03	
150,000	\$ 1.72	0.1	69,109	\$ 0.01	
1,120,000	\$ 2.23	0.4	402,377	\$ 0.05	
1,200,000	\$ 2.15	0.5	236,968	\$ 0.03	
200,000	\$ 2.26	0.1	16,834	\$ 0.00	
150,000	\$ 2.40	0.1	48,611	\$ 0.01	
1,280,000	\$ 1.54	0.5	250,447	\$ 0.02	
2,350,000	\$ 1.80	0.9	587,500	\$ 0.06	
25,636,085	\$ 0.75	6.79	18,318,223	\$ 0.41	

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

	Options Issued	Average Exercise Price
Balance outstanding at December 31, 2017	19,861,085	\$ 0.38
Option granted		
January 15, 2018 Grant	1,120,000	\$ 2.23
January 15, 2018 Grant	1,200,000	\$ 2.15
January 26, 2018 Grant	200,000	\$ 2.26
January 31, 2018 Grant	150,000	\$ 2.40
February 28, 2018 Grant	1,280,000	\$ 1.54
March 27, 2018 Grant	2,350,000	\$ 1.80
Total options granted	6,300,000	\$ 1.92
Total options exercised	(525,000)	\$ 1.00
Balance outstanding at March 31, 2018	25,636,085	\$ 0.75

On January 8, 2018, one option holder exercised 500,000 options at \$1.00 per common share, when the market price at the exercise date was \$2.66.

On January 11, 2018, one option holder exercised 25,000 options at \$1.00 per common share, when the market price at the exercise date was \$2.17.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

13. Share capital (Continued)

As at March 31, 2018, stock options outstanding have a weighted average remaining life of 6.68 years.

The total fair value of stock options granted during the three-month period ended March 31, 2018 was \$3,110,558 (March 31, 2017 – \$147,000).

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

	2018	2017
Risk-Free Annual Interest Rate	1.74%-1.81%	1.26%-1.52%
Expected Annual Dividend Yield	0%	0%
Expected Annualized Volatility	101.5% - 108.6%	53.12% - 95.50%
Expected Life of Options	10 years	5 - 10 years
Forfeiture rate	0%	0%

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

For the three-month period ended March 31, 2018, \$2,818,725 of share-based payments were recorded on the statements of loss and comprehensive loss relating to the vesting of the Company's stock options.

d) Warrants

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

WARRANT ACTIVITY	March 31, 2018	Weighted Average Exercise Price	March 31, 2017	Weighted Average Exercise Price
Balance – Beginning of Period	160,647,124	\$ 0.561	-	\$ -
Issued	36,869,549	1.797	137,459,514	0.023
Expired	(1,176,188)	0.023	-	-
Exercised	(128,401,125)	0.683	(4,370,481)	0.023
Balance – End of Period	67,939,360	\$ 0.986	133,089,033	\$ 0.023

The weighted average fair value of warrants outstanding during the three-month period ended March 31, 2018 was \$0.986. As at March 31, 2018, warrants outstanding have a weighted average remaining life of 1.39 years. Cash proceeds from warrants exercised during the period ended March 31, 2018 was \$87,620,730.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

13. Share capital (Continued)

The following table summarizes information about warrants outstanding as at March 31, 2018:

Date of Issuance	Date of Expiry	Exercise Price	March 31, 2018 Outstanding	December 31, 2017 Outstanding
February 22, 2017	February 21, 2019	\$ 0.023	10,479,095	28,363,407
March 13, 2017	March 12, 2019	\$ 0.023	6,049,264	46,162,865
March 20, 2017	March 19, 2019	\$ 0.023	14,541,501	21,713,649
June 29, 2017	June 28, 2019	\$ 1.500	-	15,000,000
October 3, 2017	June 28, 2019	\$ 1.500	-	20,252,203
November 1, 2017	October 31, 2019	\$ 1.200	-	29,155,000
January 10, 2018	June 29, 2019	\$ 1.500	1,500,000	-
January 16, 2018	June 29, 2019	\$ 1.500	1,919,500	-
January 17, 2018	January 16, 2020	\$ 1.800	32,200,000	-
January 19, 2018	June 29, 2019	\$ 1.500	-	-
February 6, 2018	February 5, 2020	\$ 2.530	1,250,000	-
			67,939,360	160,647,124

e) Broker warrant units

No broker warrant units were issued during the three-month period ended March 31, 2018. All 3,419,549 broker warrant units that were outstanding as at December 31, 2017 were exercised during the three-month period ended March 31, 2018.

Cash proceeds from broker warrant units exercised during the period ended March 31, 2018 was \$3,419,549.

f) Earnings per share

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

14. Related party balances and transactions

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

For the three-month period ended March 31	2018	2017
Short-term benefits	410,250	\$ 848,030
Long-term benefits (*)	320,805	-
	\$ 731,055	\$ 848,030

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

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

14. Related party balances and transactions (Continued)

Nesta Holding Co Ltd, a company owned and controlled by the CEO of the Company, provides travel and accommodation services to the Company on a month to month basis. For the period ended March 31, 2018, the Company incurred \$31,765 (March 31, 2017 - \$Nil) in travel expenses. There was \$9,472 outstanding to Nesta Holding Co Ltd at March 31, 2018 (December 31, 2017 - \$Nil).

15. Financial instruments and risk management

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

a) Financial instrument classification and measurement

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

The fair value of hierarchy has the following levels:

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

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

15. Financial instruments and risk management (Continued)

	Cost and Fair Value, Dec. 31, 2017	Investment	Cost March 31, 2018	Cumulative change in fair value	Fair value Dec. 31, 2017
Level 1 on fair value hierarchy					
Abcann Medicinals Inc.	\$ 10,200,000	\$ -	\$ 10,200,000	\$ 1,266,667	\$ 11,466,667
Lotus Ventures Inc. (common shares)	-	758,537	758,537	(49,447)	709,090
	\$ 10,200,000	\$ 758,537	\$ 10,958,537	\$ 1,217,220	\$ 12,175,757
Level 2 on fair value hierarchy					
Broken Coast Cannabis	301,384	-	301,384	-	301,384
Inner Spirit Holdings Inc. Lotus Ventures Inc. (warrants)	-	1,755,882	1,755,882	-	1,755,882
		241,463	241,463	(58,225)	183,238
	\$ 301,384	\$ 1,997,345	\$ 2,298,729	\$ (58,225)	\$ 2,240,504
Level 3 on fair value hierarchy					
CannTx Life Sciences Inc.	3,000,000	-	3,000,000	-	3,000,000
Robinson's Cannabis Inc.	-	1,500,000	1,500,000	-	1,500,000
Debt obligation receivable in product equivalents	6,377,986	7,000,000	13,377,986	618,361	13,996,347
	\$ 9,377,986	\$ 8,500,000	\$ 17,877,986	\$ 618,361	\$ 18,496,347

Instrument	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Debt obligation receivable in product equivalent - Beleave Inc.	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the investment.	- Risk adjusted discount rate: 20% - Usable production space - Selling price per gram of cannabis	- If the estimated discount rate was lower (higher) by 1%, the fair value would increase (decrease) by \$45,333 (\$44,673) - If the estimated usable production space increases (decreases) by 10%, the fair value would increase (decrease) by \$616,696 (\$616,696) - if the price per gram of Cannabis increases (decreases) by 10%, the fair value increase (decrease) would be \$667,125 (\$667,125)
Debt obligation receivable in product equivalent - Sundial Growers Inc.	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the investment.	- Risk adjusted discount rate: 20%	- If the estimated discount rate was lower (higher) by 1%, the fair value would increase (decrease) by \$22,875 (\$22,615).
Investment in CannTx	Market approach	- Facility production space	- If the facility production capacity increased (decreased) by 10%, the estimated fair value of the long-term investment would increase (decrease) by \$300,000 (\$300,000)

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, marketable securities, note and other receivables, long-term investments, debt obligation receivable in product equivalent, accounts payable and accrued liabilities, convertible debenture and long-term loans and interest payable on convertible debt. As at March 31, 2018 and December 31, 2017, the carrying value of cash and cash equivalents is carried at fair value. Cash and cash equivalents, notes receivable and accounts payable and accrued liabilities, interest payable on convertible debenture approximate their fair value due to their short-term nature. The note receivable, convertible debenture and long-term loans' carrying value approximate fair value due to their recent issuance and being at market rates for similar instruments.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

15. Financial instruments and risk management (Continued)

c) Market risk

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

The Company is exposed to equity price risk, which arises from investments measured at FVTOCI and FVTPL. For such investments classified as at FVTOCI and FVTPL, the impact of a 10% increase in the share price would have increased equity by \$1,898,302 before tax. An equal change in the opposite direction would have decreased equity by \$1,898,302 before tax.

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

d) Interest rate risk

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

e) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The financial instruments that are exposed to such risk include cash and cash equivalents, other receivables, note receivable, and debt obligation receivable in product equivalent. Management has mitigated the risk by using tier 1 financial institutions for managing its cash, established communication channels with the counterparties of the receivables for ongoing monitoring of their financial performance.

16. Capital management

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or debt, acquire or dispose of assets to maintain or adjust its capital structure.

The Company is dependent on expected business growth, changes in the business environment and capital markets as its source of operating capital. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management in the year.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

17. Commitments

- a) As at March 31, 2018, the Company has entered into streaming agreements with 17 partners. By entering into these streaming agreements, the Company has commitments, subject to due diligence and other closing conditions, to do one or both of the following:
- i. invest in a private placement of common shares of the streaming partner for certain gross proceeds resulting in the Company owning an equity interest in the streaming partner.
 - ii. provide all necessary funding to secure proposed cultivation sites and for the construction of cultivation sites.
- b) As at March 31, 2018, the Company has entered into patient referral agreements with 5 clinics. By entering into these patient referral agreements, the Company has committed to milestone payments to the clinics based on specific referral targets.
- c) As at March 31, 2018, the Company has the commitment to pay another \$15,000,000 subscription and fund the ABCann's financed expansion area upon the receipts of the construction budget.
- d) As at March 31, 2018, the Company has the commitment to pay CannTx another \$7,000,000 related to phase II expansion of the Facility, subject to the completing satisfactory due diligence on the parties agreeing to a construction budget and timeline for the phase II expansion.
- e) The Company is committed under two sublease agreements with respect to its office premises located in Toronto, Ontario, expiring May 31, 2020 and April 30, 2024 as follows:

2018	\$	346,772
2019		462,362
2020		456,499
2021		456,778
Thereafter		1,091,130
Total	\$	2,813,541

18. Income taxes

Summary & movement of deferred tax assets/(liabilities)

	Jan 1, 2018 (Opening balance)	Recognized in profit or loss	Recognized in OCI	Recognized in equity	Acquired in business combinations	Net
Non-capital losses	\$ -	\$ 2,638,388.00	\$ -	\$ -	\$ -	\$ 2,638,388.00
Convertible & other debt	-	-	-	(1,816,369)	-	(1,816,369)
Intangible assets	-	-	-	-	-	-
Marketable securities	-	-	(167,833)	-	-	(167,833)
Property, plant & equipment	-	-	-	-	-	-
Financing and share issuance costs	-	-	-	(654,186)	-	(654,186)
Total deferred income tax assets/(liabilities), net	\$ -	\$ 2,638,388.00	\$ (167,833.00)	\$ (2,470,555.00)	\$ -	\$ -

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

19. Subsequent events

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

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

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

d) On April 10, 2018, the Company entered into a definitive agreement with Inverell S.A. (“Inverell”), a federally licensed cannabis operator based in Montevideo, Uruguay to purchase 80% of the issued and outstanding common shares of Inverell on a fully diluted basis. Inverell’s “Cannabis Operator” license allows it to cultivate and harvest its proprietary hemp strain.

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

f) On May 11, 2018, the Company closed on the previously announced share purchase agreement with RCI. As consideration for the RCI Shares, the shareholders of RCI received an aggregate consideration of 9,395,968 common shares, issued as follows:

- (i) 5,369,126 Company common shares upon closing of the transaction;
- (ii) 2,013,421 issued and held in escrow to be released upon RCI receiving a Cultivation Licence; and
- (iii) 2,013,421 issued and held in escrow to be released upon RCI receiving a Sales Licence.

g) On May 17, 2018, the Company announced the closing of its previously announced acquisition agreement to acquire all outstanding securities of Dosecann. The Company has issued 24,494,496 shares at a deemed price of \$1.47, of which 9,630,947 are subject to performance-based milestones. In addition, the Company has assumed the obligations of the existing Dosecann common share purchase warrants, resulting in the issuance of 5,071,248 common share purchase warrants in the capital of the Company. Each replacement warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.962 until January 2020. As a result of the closing, Dosecann is now a wholly-owned subsidiary of the Company.

CANNABIS WHEATON INCOME CORP.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 AND 2017 EXPRESSED IN CANADIAN DOLLARS

19. Subsequent events (continued)

h) On May 22, 2018, the Company announced that it has entered into an agreement with a syndicate of underwriters, led by BMO Capital Markets, on a bought deal basis, 71,500,000 units of the Company at a price of \$1.40 per unit, representing aggregate gross proceeds to the Company of \$100 million. Each unit consist of one common share and one-half of one common share purchase warrant, with each common share purchase warrant entitling the holder to purchase one common share at a price of \$1.85 per common share for a period of 24 months following the closing date.

i) On May 29, 2018, the underwriters notified the Company in writing of the exercise of the over-allotment option in full, and the Company anticipates closing the offering at 82,225,000 units of the Company at a price of \$1.40 per unit for aggregate gross proceeds to the Company of approximately \$115 million.

j) Subsequent to March 31, 2018, 4,005,273 common shares were issued on the exercise of 4,005,273 warrants for gross proceeds of \$1,584,356 and 25,000 common shares were issued on the exercise of 25,000 options for gross proceeds of \$25,000.

k) Subsequent to March 31, 2018, 503,225 common shares were issued on the exercise of 780 convertible debt units.