AURORA CANNABIS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2015

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Aurora Cannabis Inc. (formerly Prescient Mining Corp. ("Prescient")) (the "Company" or "Aurora") was incorporated under the provisions of the *Business Corporations Act* (British Columbia). The Company is listed for trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "ACB".

Below are the addresses of the Company:

Head office and corporate:	Suite 1500 - 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5
Registered office:	Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7
Operations:	14613 - 134 Avenue, Edmonton, Alberta T5L 4S9
Production facility:	4439 TWP Road 304, Cremona, Alberta T0M 0R0

This Management's Discussion and Analysis ("MD&A") reports on the operating results and financial condition of the Company for the year ended June 30, 2015 and is prepared as of October •, 2015. The MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2015 and for the period from September 11, 2013 (date of incorporation) to June 30, 2014 ("Financial Statements").

The MD&A and Financial Statements were prepared in accordance with the International Financial Reporting Standards (the "**IFRS**").

The accompanying Financial Statements include the accounts of the Company and its wholly-owned subsidiaries, Aurora Marijuana Inc., Aurora Cannabis Enterprises Inc., 1769474 Alberta Ltd. and Australis Capital Inc. All significant intercompany balances and transactions were eliminated on consolidation.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

The Company's continuous disclosure documents including the Company' Listing Statement with respect to the acquisition of Aurora Marijuana Inc. dated December 9, 2014, are available on SEDAR at www.sedar.com and CSE website at www.cnsx.ca.

FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its projections or estimates about its future business operations, its planned expansion activities, the adequacy of its financial resources, future economic performance and the Company's ability to become a leader in the field of medical marijuana. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates",

"forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section "Risk Factors" as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com and CSE website at www.cnsx.ca. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Certain forward-looking statements in this MD&A include, but are not limited to, the Company's expansion plans in North America and the receipt from Health Canada of its sales and oil production licenses.

BUSINESS OVERVIEW

Previously, the Company was engaged in the acquisition, exploration, and development of resource properties. On December 9, 2014, the Company completed the acquisition of Aurora Marijuana Inc. ("AMI") pursuant to a Share Exchange Agreement dated September 9, 2014, whereby Prescient acquired all of the issued and outstanding securities of AMI in consideration for securities of the Company. The transaction constituted a reverse takeover ("RTO") of Prescient by AMI. As part of the acquisition, Prescient changed its name to Aurora Cannabis Inc. See note 3 to the Company's audited consolidated financial statements for the year ended June 30, 2015.

Aurora Cannabis Enterprises Inc. ("ACE"), a wholly-owned subsidiary of the Company, is an Alberta company and a licensed producer of medical marijuana under the *Marihuana for Medical Purposes Regulations* ("MMPR") issued pursuant to the *Controlled Drugs and Substances Act* (Canada). on February 19, 2015, ACE received its license to produce from Health Canada.

As of this date, the Company has completed the construction of its brand new purposeful-built, state-of-the-art, expandable 55,200 square foot production facility ("Facility"), hired and assembled a team of professionals and commenced its medical marijuana business operations. The Facility is an office and plant production building of pharmaceutical production grade quality with hydroponic greenhouse high pressure sodium lighting and nutrient delivery equipment which is capable of growing up to 8,000 kilograms of medical marijuana per year. It is located off Highway #22 and situated on approximately 154 acres of land in Mountain View County near Cremona, Alberta. It is nestled in the foothills of the Rocky Mountains which allows for a never-ending supply of clean, pure, mountain-fed water, an ideal location for security, tax benefits, shipping, farm credit eligibility and product growth.

The Facility cost approximately $10.2 million as of June 30, 2015. MNP LLP conducted a valuation of the Company's Facility in accordance with Canadian Uniform Standards of Professional Appraisal Practice propagated by the Appraisal Institute of Canada and determined that as of March 1, 2015, the fair market value of the Facility, which includes the land that has yet to be acquired, building, site improvements, fixture and equipment, to be between $11.6 million to $12.6 million.

The Company's current focus is to accelerate its business growth and expansion plans including developing exclusive partnerships with North American cannabis companies, acquiring distressed facilities that failed to obtain licenses, creating alliances throughout the cannabis space with doctors, scientists, pharmacies, retail, etc., acquiring dispensary process and production licenses in the U.S. and pursuing import and export contracts under the MMPR.

RECENT DEVELOPMENTS

Completion of Pre-License Assessments by Health Canada and Receipt of Production License for Building Number 3

On September 25, 2015, Health Canada inspectors from the Regions and Programs Bureau ("RAPB") completed their latest assessments in response to the Company's active section 29 license amendment applications. The assessment visit commenced on September 22, 2015.

On the same day, Aurora received approval for its Building Number 3 Production license under the MMPR. Aurora's entire facility is now approved to produce dried medical cannabis.

Aurora anticipates receiving further news regarding the additional section 29 license amendment applications including the Cannabis Oil Production License.

In anticipation of the receipt of the cannabis oil production license, Aurora has completed the construction of two rooms dedicated to high-quality, pharmaceutical-grade cannabis extractions and has purchased the equipment needed for this. Aurora anticipates the extraction license to be issued in the near term. Additionally, Aurora has laid the groundwork for implementing two revolutionary, safe delivery mechanisms for extracted cannabinoids and terpenes that prescribing physicians and patients will both appreciate.

Closing of $2.7 Million Debt Financings

In September 2015, the Company closed aggregate debt financings of $2.7 million as follows:

1. Unsecured loan of $1,050,000 from companies controlled by Terry Booth and Steve Dobler, directors and officers of the Company ("Related Party Loans"). These loans are unsecured and mature on the later of: (i) the Company reporting two consecutive profitable quarters; and (ii) August 1, 2016. No interest shall be paid on the loans until the Company reports a positive cash flow quarter and at such time, the loan will bear interest at 4% per annum, compounded annually.

As of the date hereof, the Company owes approximately $6,895,000 to its directors and companies controlled by directors and officers of the Company. The directors agreed to amend the terms of the previous loans to have the same terms as above.

2. Aurora's wholly-owned subsidiary, 1769474 Alberta Ltd. ("1769474"), entered into a secured mortgage financing (the "Mortgage") of $1,650,000 on its 55,200 square foot production facility on approximately 154 acres of land located within Mountain View County, Cremona, Alberta ("Mortgaged Property").

   The Mortgage has a term of six (6) months at a rate of 12% for the duration of the term, calculated and compounded monthly, and is secured by a first mortgage on the Mortgaged Property and corporate guarantees by the Company, the CEO of the Company and a company owned by the CEO and the President of the Company. 1769474 shall pay $15,500 per month towards interest and 2.5% brokerage fees on the principal amount of the loan.

Washington Project

The Company's joint venture in Washington, Australis Holdings LLP, continues with the engineering and design on the Bellingham project. The preliminary drawings have been received and are being reviewed. Washington regulators announced plans to begin Phase 2 of their medical cannabis program including to once again accept license applications on October 12, 2015, for the first time since 2012.

OTCQB Listing

On July 21, 2015, Aurora's common shares commenced trading on the OTCQB under the symbol ACBFF. Real-time quotes and market information on the Company are available at the OTC website.

Changes to the Board of Directors

Adam Szweras was appointment to the Board effective August 10, 2015. Mr. Szweras has practiced corporate and securities law since 1996. In January, 2006, he founded Foundation Markets Inc., a brokerage firm licensed as an exempt market dealer, and FMI Capital Advisory Inc., a merchant bank, where he continues as chairman. In February, 2006, Mr. Szweras joined Fogler, Rubinoff LLP as a partner where he continues to practise corporate and securities law. Mr. Szweras has an LLB from the Osgoode Hall Law School at York University.

On August 10, 2015, Marc Levy resigned as a director of the Company.

Chuck Rifici was appointed to the Board effective September 1, 2015. Mr. Rifici is the co-founder and former chief executive officer of Tweed Marijuana Inc. and currently a director of the Liberal Party of Canada. Prior to Tweed, he served as chief financial officer of various technology firms such as Select Start Studios (acquired by Shopify), TekSavvy Solutions Inc. and Cybersurf Corp. Mr. Rifici is a chartered professional accountant. He obtained his MBA from Queen's University and a BASc in computer engineering from the University of Ottawa.

Other Appointments

Neil Belot was appointed as the Company’s Chief Brand Officer (CBO). As CBO, Mr. Belot is responsible for stewarding the Company's brand image, promise and client experience while creating new business opportunities consistent with maintaining and raising the Aurora Standard. Mr. Belot has a BBA from Acadia University in Wolfville, N.S., a finance-focused MBA from Dalhousie University in Halifax, N.S., an international MBA exchange with Copenhagen Business School in Denmark, and a certificate in energy derivatives, markets, instruments and hedging from the Oxford Princeton program. In joining Aurora, Mr. Belot resigned his position as the inaugural executive director of the Canadian Medical Cannabis Industry Association (CMCIA), the medical cannabis industry's trade association for licensed producers (LPs) under the MMPR. In addition to leading CMCIA's advocacy work and lobbying efforts, Mr. Belot also acted as the industry association's primary point of contact for the media, regulators, patient organizations, partners and other key stakeholders. Previously, Mr. Belot served on the board of directors for a patient-focused national charity called the Canadian Transverse Myelitis Association, was a public servant in several ministries within the Ontario government and was the gas portfolio and energy services manager with Housing Services Corp., managing one of North America's largest group energy hedging, procurement and energy services programs.

Penny Sterling was appointed as Aurora's Quality Assurance Director. Ms. Sterling has over 20 years of quality management and regulatory experience in the pharmaceutical industry, including Banner Pharmacaps (Canada) Ltd. and Olds SoftGels Inc. Her strong regulatory background and knowledge of Health Canada, Canadian Food Inspection Agency (CFIA), and Food and Drugs Act (FDA) standards will ensure that Aurora adheres to the highest standards of safety and quality assurance to provide the highest-quality medical cannabis products to patients.

RISK FACTORS

This section discusses factors relating to the business of Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company’s business have the potential to influence its operations in a materially adverse manner.

Reliance on License

The ability of the Company to successfully grow, store and sell medical marijuana in Canada is dependent on Aurora’s current production license from Health Canada (the “License”). The License is subject to ongoing compliance and reporting requirements. Failure to comply with the requirements and terms of the License or any failure to maintain the License or any failure to renew the License after its expiry date, would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believes that it will meet the requirements of the MMPR for future extensions or renewals of the License, there can be no assurance that Health Canada will extend or renew the License or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should they renew the license on different terms, the business, financial condition and operating results of the Company would be materially adversely affected.

The Company currently has pending license applications with Health Canada and is awaiting the approval and issuance of the license to sell dried marijuana and license to produce cannabis oil by health Canada (the "Licenses"). Although the Company believes it will meet the requirements of MMPR for the Licenses, there can be no guarantee that Health Canada will approve and grant the Licenses. Should Health Canada not grant the Licenses, the business, financial condition and results of the operation of the Company would be materially adversely affected.

Regulatory Risks

The activities of the Company are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company's business, results of operations and financial condition.

Change in Laws, Regulations and Guidelines

The Company's business will be subject to particular laws, regulations, and guidelines. The production and distribution of medical marijuana is a highly regulated field, and although the Company intends to comply with all laws and regulations, there is no guarantee that the governing laws and regulations will not change which will be outside of the Company's control. On March 21, 2014, the Federal Court of Canada issued an order allowing certain individuals to continue under their MMAR licenses, thereby affecting the repeal of the MMAR. As of the date of this MD&A, the Government of Canada has decided to appeal the order; however, it is unclear what a final ruling on this issue may be, and how it may affect the Company's business. It is possible that a ruling in favour of the original order could allow persons who had a license under the MMAR to opt out of the new MMPR regime, thereby decreasing the size of the market for the Company's business, and potentially materially and adversely affecting the Company's business, its results of operations and financial condition.

On June 11, 2015, the Supreme Court of Canada issued a decision with respect to the MMAR, affirming that for those persons entitled to possess dried cannabis, it was unconstitutional to restrict possession of non-dried forms of cannabis. The impact of this decision on the operations of the Company remains unclear, and any regulatory response by the government is uncertain at this time.

On July 8, 2015, following the June 11, 2015 Supreme Court ruling described above, Health Canada issued certain exemptions under the *Controlled Drugs and Substances Act (Canada)* ("CDSA"), which includes a Section 56 Class Exemption for Licensed Producers under the MMPR to conduct activities with cannabis (the "Section 56 Exemption"), which permits Licensed Producers to apply for a supplemental license to produce and sell cannabis oil and fresh marijuana buds and leaves, in addition to dried marijuana (this does not permit Licensed Producers to sell plant material that can be used to propagate marijuana). The Company has already submitted an application for a supplemental license,

which may or may not be granted. If granted, the Company will be required to meet the conditions set out in the Section 56 Exemption with respect to production practices, testing, and product specifications.

On October 19, 2015, a new federal government was elected and one of its campaign promises was to legalize and regulate marijuana. It is uncertain as to when and how such law will be enacted through legislation.

While the impact of all of the above changes is uncertain and is dependent on which laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on the Company's operations that are materially different than the effect on similar-sized companies in the industry.

Limited Operating History and No Assurance of Profitability

Aurora was incorporated in 2013 and as of this date, has entered the production stage but not the sales and distribution stage. The Company will be subject to all of the business risks and uncertainties associated with any early-staged enterprise, including under-capitalization and the risks that it will be unable to successfully produce medical marijuana, or establish a market for its products and services, achieve its growth objectives, and/or ultimately become profitable. There can be no assurance that consumer demand for the products will be as anticipated, or that the Company will become profitable.

Unfavourable Publicity or Consumer Perception

The success of the medical marijuana industry may be significantly influenced by the public's perception of marijuana's medicinal applications. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. The medical marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical marijuana may have a material adverse effect on our operational results, consumer base and financial results.

Competition

The market for the Company's product does appear to be sizeable and Health Canada has only issued a limited number of licenses under the MMPR to produce and sell medical marijuana. As of this date, there are approximately 26 licensed producers in Canada. As a result, the Company expects significant competition from other companies due to the recent nature of the MMPR regime. A large number of companies appear to be applying for production licenses, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships.

Should the size of the medical marijuana market increase as projected, the demand for product will increase as well, and in order for the Company to be competitive it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support.

If the Company is not successful in achieving sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial condition and operations.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Key Personnel

The Company's success will depend on its directors' and officers' ability to develop the Company business and manage its operations, and on the Company ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Conflicts of Interest

Certain of the Company directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, the directors and the officers are required to act honestly and in good faith with a view to its best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Agricultural Operations

Since the Company's business will revolve mainly around the growth of medical marijuana, an agricultural product, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. Although the Company expects to grow its product in a climate controlled, monitored, indoor location, there is not guarantee that changes in outside weather and climate will not adversely affect production. Further, any rise in energy costs may have a material adverse effect on the Company's ability to produce medical marijuana.

Transportation Disruptions

As a business revolving mainly around the growth of an agricultural product, the ability to obtain speedy, cost-effective and efficient transport services will be essential to the prolonged operations of the Company's business. Should such transportation become unavailable for prolonged periods of time, there may be a material adverse effect on the Company's business, financial situation, and operations.

Fluctuating Prices of Raw Materials

The Company revenues, if any, are expected to be in large part derived from the production, sale and distribution of marijuana. The price of production, sale and distribution of marijuana will fluctuate widely due to the how young the marijuana industry is and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of product produced by the Company and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land; the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an Environmental Compliance Approval or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Intellectual Property

The success of the Company's business depends in part on its ability to protect its ideas and technology. Aurora has no patented technology or trademarked business methods at this time nor has it applied to register any patents. AMI has applied to register the trademark "Aurora" and the application has proceeded to advertisement. AMI hopes to receive an approval notice from the Canadian Intellectual Property Office shortly.

Even if the Company moves to protect its technology with trademarks, patents, copyrights or by other means, Aurora is not assured that competitors will not develop similar technology, business methods or that Aurora will be able to exercise its legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions have a meaningfully impact our ability to successfully grow our business.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

Liquidity and Future Financing

The Company is in the development and early operations stage and has not generated any revenues. The Company will likely operate at a loss until its business becomes established and therefore may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing Company shares, control may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

Speculative Nature of Investment

An investment in the Company common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The Company is in the development and planning phases of its business and has not started commercialization of its products and services. The Company's operations are not yet sufficiently established such that the Company can mitigate the risks associated with the Company planned activities.

Market Risk for Securities

The market price for the common shares of the Company could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise

additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the CSE.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Share Price Volatility

The Company's shares are listed for trading on the CSE. As such, external factors outside of the Company's control such as actual or anticipated fluctuations of quarterly operating results, changes in the economic performance or market valuations of companies in the industry in which the Company operates and sentiments toward the medical marijuana sector stocks may have a significant impact on the market price of the Company's shares.

Global stock markets, including the CSE, have from time-to-time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. Accordingly, the market price of the common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the common shares may be materially adversely affected.

Significant Ownership Interest of Management and Directors

The Company's management, directors, co-founders and employees own a substantial number of the outstanding common shares (on a fully diluted basis). As a group, these individuals could exercise substantial control or influence over matters requiring shareholder approval, such as election of directors, approval of transactions, determination of significant corporate actions and changes to share structure. In addition, these shareholders could delay or prevent a change in control of the Company that could otherwise be beneficial to the Company's shareholders. Until further rounds of financing are completed, other shareholders may be limited in their ability to exercise control over important corporate decisions.

Costs of Being a Publicly-Traded Company

As the Company has publicly-traded securities, the Company will incur significant legal, accounting and filing fees. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose

material compliance costs.

SELECTED ANNUAL INFORMATION

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the audited consolidated financial statements of the Company for the years ended June 30, 2015 and 2014, prepared in accordance with IFRS. The selected financial data should be read in conjunction with those consolidated financial statements and the notes thereto.

	2015	2014
	$	$
Interest and other income	27,639	-
Net loss and comprehensive loss	(9,518,369)	(1,823,535)
Loss per share	(0.12)	(0.11)
Total assets	13,562,622	5,491,867
Total long term liabilities	2,292,008	-
Cash dividends declared per share	-	-

Included in net loss and comprehensive loss for fiscal 2015 were RTO listing costs of $5,060,932 which consisted of the estimated fair value of the consideration paid of $6,192,077 (being 53,334,000 notional common shares of AMI at $0.116 per share), the fair value of finder's shares of $348,300 (being 3,000,000 common shares at $0.116 per share), the fair value of performance shares of $2,322,000 (being 20,000,000 performance shares at $0.116 per share) and the estimated fair value of 11,250,000 warrants exchanged of $509,759 less the net assets acquired of $4,425,090 and cash transaction costs of $113,886, with respect to the reverse takeover of Aurora Marijuana Inc. In addition, the Company recorded share-based payments of $872,587 for stock options granted and vested in fiscal 2015.

Summary of Quarterly Results

The following table presents selected financial information from continuing operations for the most recent eight quarters:

Quarter ended	Finance & Other Income	Income (Loss)	Earnings (Loss) per share
	$	$	$
June 30, 2015	9,139	(560,335)	(0.01)
March 31, 2015	18,500	(759,586)	(0.01)
December 31, 2014	-	(7,273,291)	(0.09)
September 30, 2014	-	(925,157)	(0.01)
June 30, 2014	-	(1,515,300)	(0.10)
March 31, 2014	-	(97,593)	-
December 31, 2013	-	(210,642)	(0.01)
September 30, 2013	-	-	-

The increase in net loss each quarter was a result of increased expenditures incurred by the Company in managing the construction of its Facility, hiring of employees for its medical cannabis operations, marketing and product development. During the quarter ended December 31, 2014, the Company recorded listing costs of $5,060,932 with respect to the reverse takeover of Aurora Marijuana Inc.

RESULTS OF OPERATIONS

During the year ended June 30, 2015, the Company reported a net loss of $9,518,369 as compared to a net loss of $1,823,535 during the year ended June 30, 2014. The increase in net loss of $7,694,834 mainly resulted from the Company's RTO listing expense of $5,060,932. In addition, there were increases in depreciation of $304,796, general and administration of $1,439,222, marketing and promotion expense of $814,963, share-base payments of $872,587 and finance costs of $325,608.

General and administration ("G&A") expenses were $1,735,602 for the year ended June 30, 2015 compared to $296,380 for the period from September 11, 2013 (date of incorporation) to June 30, 2014. The increase was primarily attributable to hiring of additional management and staff for operations, additional support required to sustain the growing requirements of the Company and its subsidiaries and increased corporate activities as the Company went public.

Marketing and promotion amounted to $1,021,807 for the year ended June 30, 2015 compared to $206,844 for the period from September 11, 2013 (date of incorporation) to June 30, 2014. The increase was a result of hiring of sales and marketing personnel, marketing costs related to the building of the Company's brand and other marketing programs and initiatives.

Depreciation of property, plant and equipment increased to $304,796 for the year ended June 30, 2015 from $Nil for the period from September 11, 2013 (date of incorporation) to June 30, 2014. The property, plant and equipment only became available for use during the third quarter as the Company commenced its operations.

Finance and other costs were $325,608 for the year ended June 30, 2015 compared to $Nil for the period from September 11, 2013 (date of incorporation) to June 30, 2014. The amount relates to interest on new loans as well as interest accretion on convertible loans. The outstanding loans in the prior period bore no interest.

During the year ended June 30, 2015, the Company recorded share-based payments of $872,587 for stock options and warrants granted and vested during the period. No share-based payments were recorded in the previous period.

During the year ended June 30, 2015, the Company completed the reverse takeover of AMI and recorded a RTO listing expense of $5,060,932. This amount reflected the estimated fair value of the consideration paid of $6,192,077 for the acquisition (being 53,334,000 notional common shares of AMI at $0.116 per share) less the net assets of Prescient of $4,425,090 plus other transaction costs incurred in the RTO which consisted of 20,000,000 performance shares issued at a value of $2,322,000, 3,000,000 common shares for finders' fees at a value of $348,300, revaluation of warrants exchanged of $509,759 and aggregate legal and audit fees of $113,886. During the period from September 11, 2013 (date of

incorporation) to June 30, 2014, the Company recorded compensation expense of $1,021,156 related to the acquisition of ACE (formerly 1755517 Alberta Ltd.).

LIQUIDITY AND CAPITAL RESOURCES

As of this date, the Company has not started generating revenues from operations and has financed its operations and met its capital requirements primarily through equity and debt financings.

The Company's objectives when managing its liquidity and capital resources are to generate sufficient cash to fund the Company's operating and working capital requirements. The Company reported working capital deficit of $6,341,209 at June 30, 2015 as compared to working capital deficit of $2,471,362 at June 30, 2014, representing a decrease in working capital by $3,869,847.

Net cash and cash equivalents on hand decreased by $600,914 from $916,767 as at June 30, 2014 to $315,853 as at June 30, 2015. The decrease in cash was mainly attributable to cash used for operating activities of $3,324,178, cash outflows for investing activities of $7,835,298 offset by cash inflows from financing activities of $10,558,562.

Operating Activities

For the year ended June 30, 2015, cash flow used for operating activities was $3,324,178 compared to $965,106 for the year ended June 30, 2014. The increase in cash flow used for operating activities of $2,359,072 was primarily due to increases in general and administration expenditures and marketing and promotion.

Investing Activities

For the year end ended June 30, 2015, the Company had net cash outflows relating to investing activities of $7,835,298 as compared to $2,421,522 for the year ended June 30, 2014. Investing activities during the current period included $7,049,736 invested in the building and $478,226 invested in equipment.

Financing Activities

Net cash flows provided by financing activities for the year ended June 30, 2015 were $10,558,562 compared to $4,303,395 for period from September 11, 2013 (date of incorporation) to June 30, 2014. During the year ended June 30, 2015, the Company received $4,266,335 from short term and loan term loans, $2,750,000 from convertible loans, $57,883 from exercise of options and $116,600 from exercise of warrants, assumed pre-RTO loans from Prescient of $5,010,000 offset by note receivable of $1,680,506 and financing fees paid of $54,000.

As of the date of this MD&A, financing for the Company's operations is also potentially available through the exercise of share purchase warrants, RTO replacement warrants and vested stock options (See "*Summary of Outstanding Share Data*"). However, there can be no assurance that any of these outstanding convertible securities will be exercised, particularly if the trading price of the common shares on the Exchange does not exceed, by an material amount and for a reasonable period, the exercise price of such convertible securities at some time prior to their expiry dates.

The Company needs to raise additional capital to fund its operations, development and expansion plans for the next twelve months. Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Liquidity and Capital Resource Measures

The Company's major capital expenditures in 2016 will consist of the purchase of additional Facility equipment that will increase the Company's production efficiencies.

Loans and Credit Facilities

Type of loan	Interest per annum	Maturity	2015	2014
			$	$
Short term				
Unsecured term loan	8%	June 27, 2015	421,715	-
Secured demand loan	19.8%	Jan. 4, 2016	974,827	-
Unsecured loans from related parties [2]	8%	April 1, 2016	2,549,316	-
Unsecured advances from a related party	-	-	841,530	845,725
Notes payable	8%	-	-	1,000,000
			4,787,388	1,845,725
Long term				
Unsecured loans from related parties	See [1] below	See [1] below	2,018,000	-
Convertible loans				
Convertible loan – secured short term [3]	8%	Nov. 24, 2015	1,033,397	-
Convertible loan – secured short term [3]	8%	Dec. 1, 2015	257,795	-
Convertible loan – unsecured long term [4]	-	Aug. 29, 2019	274,008	-

(1) The loans are unsecured and mature on the later of: (i) the Company reporting two consecutive profitable quarters; and (ii) August 1, 2016. No interest shall be paid on the loans until the Company reports a positive cash flow quarter and at such time, the loans will bear interest at 4% per annum, compounded annually.

(2) Subsequent to the June 30, 2015, the terms of these loans were amended to have the same terms as the loans in (1) above.

(3) Convertible into common shares of the Company at a price of $1.01 per share.

(4) Convertible into common shares of the Company at a price of $0.125 per share.

Subsequent to March 31, 2015, the Company secured the following loans:

- $1,550,000 mortgage facility (See item (a) of *Subsequent Events*).
- $982,000 unsecured related party loans (See item (b) of *Subsequent Events*).

Other Contractual Obligations

As of June 30, 2015, the Company had the following commitments:

Contractual Obligation	Total	1-3 years	After 3 years
	$	$	$
Operating lease [1]	262,500	180,000	82,500
Office lease [2]	701,438	432,252	269,186

[1] The Company's subsidiary entered into an operating lease on lands located in Cremona, Alberta (the "Lands") for monthly rent payments of $5,000. The lease expires on November 14, 2019, with an option to extend for an additional five-year term. The Company has the option to purchase the lands during the additional five-year term.

[2] The Company is committed to future minimum annual lease payments with respect to its office premises located in Vancouver, British Columbia, expiring January 31, 2020 and June 30, 2020.

SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2015:

(a) 1769474 entered into a mortgage financing (the "Mortgage") of $1,550,000 on its production facility on approximately 154 acres of land located in Cremona, Alberta ("Mortgaged Property"). The Mortgage has a term of six (6) months at a rate of 12% for the duration of the term, calculated and compounded monthly, and is secured by a first mortgage on the Mortgaged Property and corporate guarantees by the Company, CEO of the Company and a company owned by the CEO and the President of the Company. 1769474 shall pay $15,500 per month towards interest and 2.5% brokerage fees on the principal amount of the loan.

(b) The Company received a loan of $982,000 from a company controlled by the President of the Company. The loan is unsecured and matures on the later of: (i) the Company reporting two consecutive profitable quarters; and (ii) August 1, 2016. No interest shall be paid on the loan until the Company reports a positive cash flow quarter and at such time, the loans will bear interest at 4% per annum, compounded annually.

(c) An aggregate of 1,760,000 common shares were issued on the exercise of 1,760,000 options for gross proceeds of $9,600. Non-cash compensation charges of $1,358,518 were reclassified from reserves to share capital on the exercise of these options.

(d) An aggregate of 321,000 common shares were issued on the exercise of 321,000 warrants for gross proceeds of $32,100.

(e) The following stock options were granted to to directors, officers, employees and consultants of the Company:

Exercise Price	Options	Expiry Date
$	#	
0.30	350,000	August 10, 2020
0.30	910,000	August 14, 2020
0.295	250,000	August 26, 2020
0.30	350,000	September 1, 2020
0.285	150,000	September 1, 2018
0.30	200,000	September 8, 2018
0.30	150,000	September 8, 2018
0.32	250,000	September 21, 2020
0.34	250,000	October 9, 2016
	2,860,000	

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

TRANSACTION WITH RELATED PARTIES

The Company has entered into certain transactions with related parties during the year ended June 30, 2015. A description of the related party transactions is as follows:

Name and Relationship to Company	Transaction	Year ended June 30, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
		$	$
W.L. Macdonald Law Corporation, a company controlled by an officer of the Company	RTO listing expense and legal fees	71,120	-
Delcon Industries Ltd, a company controlled by a key management of the Company	Consulting fees	150,000	108,594

Evolve Concrete, a company controlled by a key management of the Company	Consulting fees	150,000	108,593
Max Pinsky Personal Law Corp., a company controlled by a former officer of the Company	Legal fees	539	-
Inspire Consulting Services Ltd., a company controlled by an officer of the Company	Management fees	16,200	-
Jason Dyck, a director of the Company	Director's fees	1,500	-

In addition to the above, $1,554,545 (for the period from September 11, 2013 (date of incorporation) to June 30, 2014 - $598,546) was advanced to the Company by companies controlled by directors and offices of the Company through payment of startup expenditures and working capital needs. The resultant related party balances are disclosed in Note 14(c) to the Company's audited consolidated financial statements for the year ended June 30, 2015.

Included in prepaid expenses is a rent deposit of $1,500 (2014 - $nil) paid to a company having a director in common.

Included in accounts payable and accrued liabilities were the following:

(a) $59,946 (2014 - $37,601) payable to companies controlled by directors and officers of the Company.
(b) $17,717 (2014 - $nil) payable to directors of the Company.

Included in convertible notes was $274,008 (2014 - $nil) payable to a company controlled by a director and officer of the Company.

An aggregate of $5,408,846 (2014 - $nil) in short and long term loans were payable to companies controlled by directors and officers of the Company.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

(a) Going concern

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will achieve profitable operation. Further disclosure is included in Note 1 to the Company's consolidated financial statements for the year ended June 30, 2015.

(b) Estimated useful lives and depreciation of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(c) Convertible instruments

Convertible notes are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible notes components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments

(d) Share-Based Payments

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and warrants. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of options, volatility of the Company's future share price, risk free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

(e) Deferred Tax Assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

NEW ACCOUNTING PRONOUNCEMENTS

There were no new standards effective July 1, 2014 that had an impact on the Company's consolidated financial statements. The following IFRS standards have been recently issued by the IASB. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

IFRS 7 Financial instruments: Disclosure

IFRS 7 *Financial instruments: Disclosure,* was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

IFRS 10 Consolidated Financial Statements

The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. Upon adoption, the amendments may impact the Company in respect of future sale or contribution of assets with its joint venture. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016.

IFRS 15 Revenue from contracts with Customers

The IASB replaced IAS 18, *Revenue,* in its entirety with IFRS 15, *Revenue from contracts with Customers*. 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 model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2017.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture

IAS 16 and IAS 41 were amended to bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for as property, plant and equipment and allow entities to measure bearer plants at accumulated cost up until the point of production and subsequently apply either the cost model or revaluation model.

It introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce that is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The scope sections of both standards are amended to clarify that biological assets except for bearer plants are accounted for under IAS 41 while bearer plants are accounted for under IAS 16. The amendments also clarify that produce growing on bearer plants continues to be accounted for under IAS 41.

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(f) **Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, subscription receivable, accounts payable and accrued liabilities, loan payable, convertible loans and advances from a related party. The carrying values of these financial instruments approximate their fair values because of their short term nature and/or the existence of market related interest rates on the instruments.

IFRS requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company has no financial instrument assets or liabilities recorded in the statements of financial position at fair value at June 30, 2015 and 2014 at fair value.

	Fair value as at June 30, 2015	Basis of measurement	Financial instruments
Financial Assets			
Cash and cash equivalents	$315,853	Carrying value	Loans and receivables
Financial Liabilities			

Accounts payable	$1,323,224	Carrying value	Other financial liabilities
Short term loans	$4,787,388	Carrying value	Other financial liabilities
Long term loans	$2,018,000	Carrying value	Other financial liabilities
Convertible loans [(1)]	$1,565,200	Fair value / Carrying value	Other financial liabilities

[(1)] The fair value of the convertible loan includes both the debt and equity components.

There have been no transfers between fair value levels during the year.

(f) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(i) 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 Company is subject to credit risk on the cash balances at the bank and interest receivable. Management considers that risks related to credit are minimal.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. As at June 30, 2015, the Company had cash and cash equivalents of $315,853 and working capital deficiency of $6,500,116. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

The Company is dependent on the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financings to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company. See note 1 to the Company's consolidated financial statements for the year end June 30, 2015.

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's short-term loans and convertible loans are either non-interest bearing or have fixed rates of interest and these do not expose the Company to interest rates risk.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support its operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in shareholders' equity and debt, net of cash and cash equivalents. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. There were no changes in the Company's approach to capital management during the year ended June 30, 2015.

The Company is not subject to externally imposed capital requirements.

SUMMARY OF OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had the following common shares and options outstanding:

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and fully paid

As at October 30, 2015, there were 124,803,138 common shares issued and outstanding.

(c) Stock options and charitable options outstanding as at October 30, 2015:

Options	Exercise Price	Expiry Date	Exercisable
#	$		#
800,000	0.001	December 1, 2019	-
144,000[1]	0.15	October 29, 2017	144,000
150,000	0.285	September 1, 2018	-
450,000	0.295	June 2, 2020	450,000
250,000	0.295	August 26, 2020	-
350,000	0.30	August 10, 2020	-
885,000	0.30	August 14, 2020	-
350,000	0.30	September 1, 2020	-
200,000	0.30	September 8, 2018	-
150,000	0.30	September 8, 2018	-
250,000	0.32	September 21, 2020	125,000

150,000	0.34	May 23, 2020	12,500
250,000	0.34	October 9, 2016	-
300,000	0.39	March 16, 2020	175,000
350,000	0.40	March 10, 2019	-
200,000	0.42	January 19, 2020	99,999
100,000	0.425	February 27, 2020	33,332
5,329,000			1,039,831

[(1)] These options were granted to two charitable organizations.

(d) Warrants outstanding as at October 30, 2015:

Warrants	Exercise Price	Expiry Date
#	$	
9,000,000	0.02	December 9, 2019
19,000	0.10	June 27, 2016
224,000	0.10	July 15, 2016
10,200,000	0.50	December 9, 2017
19,443,000		

AURORA CANNABIS INC.

Consolidated Financial Statements

For the year ended June 30, 2015
and for the period from September 11, 2013 (date of incorporation)
to June 30, 2014

(In Canadian Dollars)

Management's Responsibility

To the Shareholders of Aurora Cannabis Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

October 30, 2015

signed "Terry Booth"	*signed "John Bean"*
Terry Booth, Chief Executive Officer	John Bean, Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Aurora Cannabis Inc.:

We have audited the accompanying consolidated financial statements of Aurora Cannabis Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at June 30, 2015 and June 30, 2014, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the periods then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aurora Cannabis Inc. and its subsidiaries as at June 30, 2015 and June 30, 2014 and their financial performance and their cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that the Company has prepared these consolidated financial statements on the basis applicable for a going concern. The Company has yet to attain commercial operations and has incurred significant losses which, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

Edmonton, Alberta

October 30, 2015

MNP LLP

Chartered Accountants

AURORA CANNABIS INC.
Consolidated Statements of Financial Position
June 30, 2015 and 2014
(In Canadian Dollars)

	Notes	2015	2014
		$	$
Assets			
Current			
Cash and cash equivalents		315,853	916,767
GST recoverable		628,247	244,523
Shares subscription receivable		-	90,000
Biological assets	5	25,409	-
Prepaid expenses and deposits	14(c)	91,086	-
		1,060,595	1,251,290
Property, plant and equipment	6	10,785,521	4,238,047
Note receivable	7	1,680,506	-
Investment in a joint venture	7	-	-
Receivable from a shareholder		-	2,530
		13,526,622	5,491,867
Liabilities			
Current			
Accounts payable and accrued liabilities	14(c)	1,323,224	1,876,927
Short term loans	8(a) - 8(d), 14(c)	4,787,388	1,845,725
Convertible notes	9(b)	1,291,192	-
		7,401,804	3,722,652
Convertible notes	9(a), 14(c)	274,008	-
Long term loans	8(f), 14(c)	2,018,000	-
		9,693,812	3,722,652
Shareholders' equity			
Share capital	10	11,432,977	3,368,640
Reserves		3,741,737	224,110
Deficit		(11,341,904)	(1,823,535)
		3,832,810	1,769,215
		13,526,622	5,491,867

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Notes 8(c), 8(f), 9(a) and 20)

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

AURORA CANNABIS INC.

Consolidated Statements of Comprehensive Loss
Year ended June 30, 2015 and for the period from
September 11, 2013 (date of incorporation) to June 30, 2014
(In Canadian Dollars)

	Notes	June 30, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
		$	$
Expenses:			
General and administration	11 & 14(a)	1,735,602	296,380
Marketing and promotion	12	1,021,807	206,844
Research and development		432,384	256,605
Depreciation	6	304,796	-
Share-based payments	10(d)(e)	872,587	-
Loss from operations		(4,367,176)	(759,829)
Other income (expenses)			
Interest and other income		27,639	-
Finance and other costs	13	(325,608)	-
RTO listing and compensation expense	3, 4 & 10(e)	(5,060,932)	(1,063,706)
		(5,358,901)	(1,063,706)
Loss before income tax		(9,726,077)	(1,823,535)
Deferred tax recovery	18	207,708	-
Net loss and comprehensive loss for the period		(9,518,369)	(1,823,535)
Net loss per share, basic and diluted		(0.12)	(0.11)
Weighted average number of shares outstanding			
Basic and diluted		76,936,375	16,145,973

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

AURORA CANNABIS INC.

Consolidated Statements of Changes in Equity

Year ended June 30, 2015 and for the period from
September 11, 2013 (date of incorporation) to June 30, 2014
(In Canadian Dollars)

		Share Capital		Reserves						
	Notes	Common Shares	Amount	Obligation to issue shares	Share-based Payments	Warrants	Convertible Notes	Total	Deficit	Total
		#	$	$	$	$	$	$	$	$
Comprehensive loss for the period		-	-	-	-	-	-	-	(1,823,535)	(1,823,535)
Class A shares issued at incorporation		360,000	100	-	-	-	-	-	-	100
Class B shares issued at incorporation		360,000	100	-	-	-	-	-	-	100
Cancellation of Class A shares	10(b)(vii)	(360,000)	(100)	-	-	-	-	-	-	(100)
Cancellation of Class B shares	10(b)(vii)	(360,000)	(100)	-	-	-	-	-	-	(100)
Issuance of Class E shares	10(b)(vii)	25,800,000	100	-	-	-	-	-	-	100
Issuance of Class F shares	10(b)(vii)	25,800,000	100	-	-	-	-	-	-	100
Issuance of Class D shares	4, 10(b)(viii)	8,000,000	1,000,000	-	-	-	-	-	-	1,000,000
Class C shares issued for cash	10(b)(vi)	20,400,000	2,550,000	-	-	-	-	-	-	2,550,000
Class A agent's warrants issued		-	-	-	-	42,550	-	42,550	-	42,550
Fair value of Class C warrants issued		-	(181,560)	-	-	181,560	-	181,560	-	-
Balance, June 30, 2014		80,000,000	3,368,640	-	-	224,110	-	224,110	(1,823,535)	1,769,215
Comprehensive loss for the year		-	-	-	-	-	-	-	(9,518,369)	(9,518,369)
Shares of Prescient on RTO	3	42,000,471	-	-	-	-	-	-	-	-
Eliminate shares of AMI	3	(80,000,000)	-	-	-	-	-	-	-	-
Shares issued to shareholders of AMI	3	60,000,000	6,192,077	2,322,000	-	-	-	2,322,000	-	8,514,077
RTO finders' fees	3	3,000,000	348,300	-	-	-	-	-	-	348,300
Revaluation of warrants on RTO	3, 10(e)	-	-	-	-	509,759	-	509,759	-	509,759
Equity component of convertible loans	9	-	-	-	-	-	798,878	798,878	-	798,878
Deferred tax on convertible notes	9	-	-	-	-	-	(207,708)	(207,708)	-	(207,708)
Conversion of notes	9	8,072,000	934,426	-	-	-	(375,438)	(375,438)	-	558,988
Shares issued for services	10(b)	30,000	12,600	-	-	-	-	-	-	12,600
Exercise of stock options	10(b)(iii)	2,725,667	243,499	-	(185,616)	-	-	(185,616)	-	57,883
Exercise of warrants	10(b)(iv)	2,966,000	333,435	-	-	(216,835)	-	(216,835)	-	116,600
Share-based payments		-	-	-	566,969	305,618	-	872,587	-	872,587
Balance, June 30, 2015		118,794,138	11,432,977	2,322,000	381,353	822,652	215,732	3,741,737	(11,341,904)	3,832,810

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

AURORA CANNABIS INC.

Consolidated Statements of Cash Flows

Year ended June 30, 2015 and for the period from September 11, 2013 (date of incorporation) to June 30, 2014

(In Canadian Dollar)

	June 30, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
	$	$
Cash was provided by (used in)		
Operating activities		
Net loss for the period	(9,518,369)	(1,823,535)
Adjustments for non-cash items		
Depreciation	304,796	-
Non-cash consulting fees	12,600	-
Deferred tax recovery	(207,708)	-
Share-based payments	872,587	1,063,706
Accrued interest	175,043	-
Accretion expense	113,724	-
Loss on investment	2,347	-
RTO listing and compensation expense	4,947,046	-
Changes in non-cash working capital accounts		
GST recoverable	(368,659)	(244,523)
Biological assets	(25,409)	-
Prepaid expenses and deposits	(37,540)	-
Accounts payable and accrued liabilities	405,364	39,246
	(3,324,178)	(965,106)
Investing activities		
Bank indebtedness assumed on RTO of Prescient (Note 3)	(1,686)	-
Purchase of property, plant and equipment	(7,833,612)	(2,421,522)
	(7,835,298)	(2,421,522)
Financing activities		
Short term loans	2,248,335	1,845,725
Convertible notes	2,750,000	-
Long term loans	2,018,000	-
Pre RTO loans from Prescient	5,010,000	-
Financing fees	(54,000)	-
Shares issued for cash	266,733	2,460,200
Note and other receivables	(1,680,506)	(2,530)
	10,558,562	4,303,395
(Decrease) increase in cash and cash equivalents	(600,914)	916,767
Cash and cash equivalents, beginning of period	916,767	-
Cash and cash equivalents, end of period	315,853	916,767
Supplementary information:		
Property, plant and equipment in accounts payables and accrued liabilities	834,530	1,816,525

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

1. Nature of Operations and Going Concern

Aurora Cannabis Inc. (formerly Prescient Mining Corp. ("Prescient")) (the "Company" or "Aurora") was incorporated under the laws of the *Business Corporations Act* (British Columbia). The Company's shares are traded on the Canadian Securities Exchange (the "Exchange") under the symbol "ACB."

The head office and principal address of the Company are located at Suite 1500 – 1199 West Hastings Street, Vancouver, BC, Canada, V6E 3T5. The Company's registered and records office address is located at 1055 West Georgia Street, Vancouver, BC V6E 3P3.

The Company was engaged in the acquisition, exploration, and development of resource properties. On December 9, 2014, the Company completed the acquisition of Aurora Marijuana Inc. ("AMI") pursuant to a Share Exchange Agreement dated September 9, 2014, whereby Prescient acquired all of the issued and outstanding securities of AMI in consideration for securities of the Company. The transaction constituted a reverse acquisition of Prescient by AMI (Note 3). As part of the acquisition, Prescient changed its name to Aurora Cannabis Inc.

Aurora Cannabis Enterprises Inc., a wholly owned subsidiary of the Company, is a licensed producer of medical marijuana under the *Marihuana for Medical Purposes Regulations* ("MMPR") issued pursuant to the *Controlled Drugs and Substances Act* (Canada).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards on a 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.

The Company had financed its working capital requirements primarily through equity financings, convertible loans and third party and related party loans. The Company's ability to continue as a going concern is dependent upon its ability to commence profitable operations, generate funds therefrom and raise additional financing in order to meet current and future obligations. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to obtain additional financing or that such financing will be available on reasonable terms. These conditions combined with the accumulated losses to date indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the year ended June 30, 2015.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on October 30, 2015.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Aurora Marijuana Inc. ("AMI"), Aurora Cannabis Enterprises Inc. ("ACE"), 1769474 Alberta Ltd. ("1769474") and Australis Capital Inc. ("ACI"). All significant intercompany balances and transactions were eliminated on consolidation.

(c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which were measured at fair value.

(d) Functional and presentation of foreign currency

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The presentation currency and functional currency of the Company and its subsidiaries is the Canadian dollar.

(e) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of comprehensive loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(f) Cash and cash equivalents

Cash and cash equivalents include cash deposits in financial institutions and other deposits that are readily convertible into cash.

2. Significant Accounting Policies (Continued)

(g) Biological assets

The Company measures biological assets consisting of medical cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest.

Gains or losses arising from the changes in fair value less cost to sell during the year are included in the results of operations for the related year.

(h) Inventory

Inventories of harvested finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell at harvest which becomes the deemed cost. Any subsequent post harvest costs are capitalized to inventory to the extent that the 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 cost.

The Company reviews inventory for obsolete, redundant and slow moving goods and any such inventory are written-down to net realizable value.

(i) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, except in the year of acquisition, when half of the rate is used as follows:

Computer software and equipment	3 years
Production equipment	2 - 4 years
Furniture and fixtures	5 years
Building and building improvements	10 - 50 years

An asset's residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted if appropriate.

Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in profit or loss.

2. Significant Accounting Policies (Continued)

(j) Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in a joint venture are accounted for using the equity method and are initially recognized at cost. The entire carrying amount of the investment is tested for impairment annually.

(k) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit ("CGU") exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period.

The recoverable amount of an asset or CGU is the greater of it's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

(l) Share capital

Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair market value of the shares on the date of issue.

2. Significant Accounting Policies (Continued)

(m) Share-based payments

The Company has an employee stock option plan. Equity-settled share-based payments to employees are measured at the fair value of the stock options at the grant date and recognized in expense over the vesting periods.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The fair value of options is determined using the Black–Scholes option pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are transferred to deficit in the year of forfeiture or expiry.

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

(n) Loss per share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the year. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

(o) Revenue recognition

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

(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 the development to use or sell the asset. To date, no development costs have been capitalized.

2. Significant Accounting Policies (Continued)

(q) Taxes

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

(r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the statements of financial position at the time the Company becomes a party to the contractual provisions of the financial instrument.

2. Significant Accounting Policies (Continued)

(r) Financial instruments (continued)

Financial instruments are initially measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, available-for-sale, and other financial liabilities.

(i) Financial assets

a) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are either 'held-for-trading' or designated at fair value through profit or loss. They are initially and subsequently recorded at fair value and changes in fair value are recognized in profit or loss for the period.

The Company does not have any financial assets and liabilities at fair value through profit or loss.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value and subsequently on an amortized cost basis using the effective interest method, less any impairment losses. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

The Company has designated its cash and cash equivalents, shares subscription receivable and note receivable as loans and receivables.

c) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are initially recorded at fair value and subsequently measured at amortized cost.

The Company does not have any held-to-maturity financial assets.

2. Significant Accounting Policies (Continued)

(r) Financial instruments (continued)

(i) Financial assets (continued)

d) Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other financial asset categories. They are initially and subsequently measured at fair value and the changes in fair value, other than impairment losses are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss.

The Company does not have any available-for-sale financial assets.

(ii) Financial liabilities

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs on the date at which the Company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, the Company's financial liabilities are measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

The Company's non-derivative financial liabilities include its accounts payable and accrued liabilities and loans payable, which are designated as other liabilities.

(iii) Compound financial instruments

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognized in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognized on conversion.

2. Significant Accounting Policies (Continued)

(r) Financial instruments (continued)

(iv) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss with a corresponding reduction in the financial asset, or, in the case of amounts receivable, are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(s) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

(i) Going concern

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will achieve profitable operation. Further disclosure is included in Note 1.

2. Significant Accounting Policies (Continued)

(s) Significant accounting judgments, estimates and assumptions (continued)

(ii) Estimated useful lives and depreciation of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(iii) Convertible instruments

Convertible notes are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible notes components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

(iv) Share-based payments

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and warrants. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of options, volatility of the Company's future share price, risk free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

(v) Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

2. Significant Accounting Policies (Continued)

(t) Recent accounting pronouncements

There were no new standards effective July 1, 2014 that had an impact on the Company's consolidated financial statements. The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 7 Financial instruments: Disclosure

IFRS 7 *Financial instruments: Disclosure,* was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

(ii) IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

(iii) IFRS 10 Consolidated Financial Statements

The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. Upon adoption, the amendments may impact the Company in respect of future sale or contribution of assets with its joint venture. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016.

(iv) IFRS 15 Revenue from contracts with Customers

The IASB replaced IAS 18, *Revenue,* in its entirety with IFRS 15, *Revenue from contracts with Customers*. 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 model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018.

2. Significant Accounting Policies (Continued)

(t) Recent accounting pronouncements (continued)

(v) IAS 16 Property, Plant and Equipment and IAS 41 Agriculture

IAS 16 and IAS 41 were amended to bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for as property, plant and equipment and allow entities to measure bearer plants at accumulated cost up until the point of production and subsequently apply either the cost model or revaluation model.

It introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce that is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The scope sections of both standards are amended to clarify that biological assets except for bearer plants are accounted for under IAS 41 while bearer plants are accounted for under IAS 16. The amendments also clarify that produce growing on bearer plants continues to be accounted for under IAS 41.

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

3. Reverse Take-Over ("RTO")

On December 9, 2014, Prescient acquired all of the issued and outstanding securities of AMI by way of a Share Exchange Agreement dated September 9, 2014, as amended by agreements on September 10, 2014 and October 30, 2014 (the "Agreement"), in exchange for the following securities of the Company:

(a) Issuance of the following securities of the Company to AMI shareholders and warrant and option holders:

(i) 60,000,000 common shares[(1)] [(2)] of the Company (Note 10(c));

(ii) An aggregate of 21,450,000 warrants ("RTO replacement warrants") as follows: (Note 10(e))

- 11,250,000 warrants[(1)] [(2)] at $0.02 per share expiring December 9, 2019; and
- 10,200,000 warrants[(2)] at $0.50 per share expiring December 9, 2017.

(iii) 4,000,000 options[(1)] ("RTO replacement options) at a price of $0.001 per share expiring December 1, 2019. These options vest as to 1,600,000 on December 21, 2014, 1,600,000 on June 21, 2015 and 800,000 on December 21, 2015. (Note 10(d))

3. Reverse Take-Over ("RTO") (Continued)

(b) Issuance of the following performance shares and warrants:

(i) 20,000,000 common shares[(1)] [(2)] shall be issued on completion of performance milestones (Note 10(f)); and

(ii) 3,750,000 warrants[(1)] [(2)] at $0.02 per share for a term of 5 years shall be issued on completion of funding milestones. On April 21, 2015, these warrants were cancelled as the funding milestones were not met (Note 10(f)).

(1) Subject to escrow. (Note 10(c))

(2) Subject to Right of First Refusal (ROFR) whereby if the holder of the securities receives an offer from a third party to purchase all or any of the securities, the Company or its nominees or assignees shall have the right to acquire such securities of the Company.

The Company issued 3,000,000 common shares as finders' fees with respect to the acquisition. (Note 10(b)(ii))

In conjunction with the transaction, Prescient carried out various equity and debt financings of approximately $6,000,000 to fund the construction of AMI's medical marijuana production facility. (Notes 8(a), 9(b) and 10(b))

On closing of the RTO, the shareholders of AMI held approximately 57% of the issued and outstanding shares of the Company. As a result, the shareholders of AMI controlled the Company and the acquisition constituted a reverse take-over of Prescient by AMI. AMI's assets, liabilities and operations since incorporation were included in these consolidated financial statements at their historical carrying values. The results of operations of Prescient from the date of acquisition of December 9, 2014 were included in these consolidated financial statements.

Since Prescient did not meet the definition of a business under IFRS 3, *Business Combinations* ("IFRS 3"), the acquisition was accounted for as the purchase of Prescient's assets by AMI. The consideration paid was determined as equity settled share-based payment under IFRS 2, *Share-based Payments* ("IFRS 2"), at the fair value of the equity of AMI retained by the shareholders of Prescient based on the fair value of the AMI's common shares on the date of closing of the RTO.

For RTO accounting purposes, the percentage ownership of the shareholders of Prescient in the combined entity on completion of the RTO was 40% (being 42,000,471 of the total 105,000,471 issued and outstanding shares of the Company on closing of the RTO). As a result, the notional number of shares AMI would have to issue to transfer 40% of the Company to Prescient shareholders would be 53,334,000. Based on the share price of the private placement closed by AMI prior to the RTO of $0.116 per share, the consideration received by the shareholders of Prescient amounted to $6,192,077.

The 20,000,000 performance shares issuable to the shareholders of AMI have been recognized as part of RTO listing expense and obligation to issue shares reserves at the fair value of AMI shares.

3. Reverse Take-Over ("RTO") (Continued)

The 11,250,000 RTO replacement warrants exercisable at $0.02 were issued to consultants and therefore were revalued at the time of the RTO. The estimated fair value in excess of the fair value estimated at the grant date was then allocated between the RTO listing expense and post RTO share-based payments expense based on the relative proportions of the vesting period.

RTO replacement options were similarly revalued at the time of the RTO, however the estimated fair value varied insignificantly from the grant date estimated fair value and therefore had no impact on the RTO listing expense.

The terms of the 10,200,000 RTO replacement warrants, exercisable at $0.50 were subscribed for by shareholders in conjunction with a private placement in the prior period, were not modified as a result of the RTO, therefore no revaluation was required.

The Company recorded a listing expense of $5,060,932 in the consolidated statement of comprehensive loss, the details of which are as follows:

	$
Fair value of consideration:	
53,334,000 notional common shares of AMI @ $0.116 per share	6,192,077
Estimated fair value of net assets of Prescient acquired by AMI	(4,425,090)
	1,746,987
Other transaction costs:	
20,000,000 performance shares @ $0.116 per share	2,322,000
Revaluation of warrants exchanged	509,759
3,000,000 common shares for finder's fees	348,300
Transaction costs (legal, audit and filing fees)	113,886
RTO listing expense	5,060,932

The net assets of Prescient were included at their fair value of $4,425,090 (equal to the carrying value of the assets) were allocated as follows:

	$
Goods and services taxes recoverable	15,065
Share subscription receivable	2,250
Prepaid expenses	53,546
Advances to Aurora	6,010,000
Equipment	653
Bank indebtedness	(1,686)
Accounts payable and accrued liabilities	(2,108)
Loan payable	(1,652,630)
Estimated fair value of net assets acquired	4,425,090

4. Acquisition of Aurora Cannabis Enterprises Inc. (formerly 1755517 Alberta Ltd.) ("ACE")

On May 1, 2014, AMI acquired 100% of the issued and outstanding shares of ACE in exchange for 8,000,000 Class D common shares of AMI (the "Transaction").

ACE did not meet the definition of a business under IFRS 3 and, therefore, the Transaction was accounted for as the purchase of the net assets of ACE by AMI through the issuance of its shares in accordance with IFRS 2.

As the consideration paid by AMI to acquire ACE was ultimately to individuals providing services similar to employees, the Transaction was measured at the fair value of the equity instruments given up and not the value of net assets received in accordance with IFRS 2. The 8,000,000 Class D common shares issued had a fair value of $1,000,000. As the individuals are not party to a long-term contractual arrangement with AMI and ACE does not own resources meeting the definition of intangible assets per IAS 38, any excess of consideration paid over net assets received is considered a current period compensation expense.

At May 1, 2014, ACE had a net deficit of $21,156, creating a net compensation expense of $1,021,156 as a result of this transaction.

5. Biological Assets

As at June 30, 2015, the Company's biological assets which consisted of medical cannabis plants were recorded at cost and no change in the fair value of biological assets was recognized as the Company has not received its license to sell under the MMPR.

The Company commenced the process of growing medical cannabis in April, 2015. All of the plants are to be harvested as agricultural produce.

6. Property, Plant and Equipment

	Building & Improvements	Production & Other Equipment	Computer Software & Equipment	Total
	$	$	$	$
Cost:				
Balance, July 1, 2013	-	-	-	-
Additions	4,201,324 [1]	-	36,723[1]	4,238,047
Balance, June 30, 2014	4,201,324	-	36,723	4,238,047
Additions	6,067,741	478,226	306,303	6,852,270
Balance, June 30, 2015	10,269,065	478,226	343,026	11,090,317
Accumulated depreciation:				
Balance, July 1, 2013	-	-	-	-
Depreciation	-	-	-	-
Balance, June 30, 2014	-	-	-	-
Depreciation	201,366	58,808	44,622	304,796
Balance, June 30, 2015	201,366	58,808	44,622	304,796
Net Book Value:				
June 30, 2014	4,201,324	-	36,723	4,238,047
June 30, 2015	10,067,699	419,418	298,404	10,785,521

[1] As at June 30, 2014, these assets were not available for use and no provision for depreciation was recorded.

7. Investment in a Joint Venture

On April 7, 2015, ACI entered into a Limited Liability Partnership Agreement with AJR Builders Group LLC and formed Australis Holdings LLP ("AHL"), a Washington Limited Liability Partnership. Each of ACI and AJR holds a 50% interest in AHL.

AHL purchased two parcels of land totaling approximately 24.5 acres (the "Property") in Whatcom county, Washington for USD$2,300,000 to construct a new marijuana production and processing facility.

Pursuant to a promissory note dated April 10, 2015, the Company through ACI loaned CAD$1,644,831 to AHL to fund the purchase of the Property. The note bears interest at a rate of 5% per annum and matures on October 31, 2017. In the event of a default, interest will be charged at 12% per annum. The note is secured by a first mortgage on one parcel of the Property and a second mortgage on the other title as well as a general security agreement granting ACI security over all present and after acquired property of AHL.

The following table summarizes the financial information of AHL:

(a) Statement of Financial Position:

	June 30, 2015
	US$
Cash and cash equivalents	10,692
Other current assets	500
Total current assets	11,192
Property, plant and equipment	2,300,000
Total assets (100%)	2,311,192
Total current liabilities	24,956
Long term loans	2,317,375
Total equity	(31,139)
Total liabilities and equity (100%)	2,311,192

(b) Statement of Loss and Comprehensive Loss:

Net loss and comprehensive loss (100%)	32,139

8. Short and Long Term Loans

Type of Loan		Interest per Annum	Maturity	2015	2014
				$	$
Short term					
Unsecured term loan	(a)	8%	Jun 27, 2015	421,715	-
Secured demand loan	(b)	19.8%	Jan 4, 2016	974,827	-
Unsecured loans from related parties	(c)	8%	Apr 1, 2016	2,549,316	-
Unsecured advances from a related party	(d)	-	-	841,530	845,725
Notes payable	(e)	8%	Apr 30, 2018	-	1,000,000
				4,787,388	1,845,725
Long term					
Unsecured loans from related parties	(f)	See below	See below	2,018,000	-

(a) The Company entered into a loan agreement dated June 27, 2014 with an arm's length party (the "Lender") in the principal amount of $500,000. In consideration for the loan, the Company issued 714,000 common shares to the Lender at a fair value of $99,960. During the year ended June 30, 2015, the Company made a partial principal payment of $100,000 (prior to the RTO) and paid or accrued $34,983 in interest on this loan.

The Company is currently negotiating for an extension to the loan, however, there is no guarantee that a deferral will be provided.

(b) Pursuant to a loan agreement dated April 4, 2015, the Company obtained a $1,000,000 secured demand loan, payable on the earlier of demand or nine months from the date of the loan agreement. Interest is compounded and payable monthly and the principal amount is due at the end of the term. Default interest rate will be at 24% per annum. The loan is secured by the assets of the Company and its subsidiaries pursuant to general security agreements, a leasehold mortgage on land leased by 1769474, and corporate guarantees by the Company's subsidiaries.

The Company paid a facility fee of $40,000, being 4% of the principal amount of the loan, legal fees of $6,500 and due diligence fees of $7,500. In addition, the Company pays a monitoring fee of $2,500 per month to the lender. During the year ended June 30, 2015, the Company paid or accrued interest of $47,300 and monitoring fees of $5,000 on this loan.

The proceeds from this loan were advanced to AHL through ACI by way of a promissory note dated April 10, 2015. (Note 7)

8. Short and Long Term Loans (Continued)

(c) The Company signed promissory notes with companies controlled by the CEO and the President of the Company dated April 1, 2015, to convert $2,500,000 of the advances from a related party (Note 8(d)). Interest is compounded annually and principal and accrued interests are due on demand on or before maturity. During the year ended June 30, 2015, the Company accrued $49,316 in interest on this loan.

Subsequent to June 30, 2015, the terms of these promissory notes were amended to have the same terms as the loans in note 8(e) below.

(d) Advances from a related party are owing to a company controlled by the CEO and the President of the Company. The advances are unsecured, non-interest bearing and have no fixed terms of repayment. (Note 8(c))

(e) Pursuant to a loan agreement dated June 19, 2014, as amended, AMI obtained a $1,000,000 secured loan from Prescient. The loan bears interest at 8% per annum, matures on April 30, 2018 and is secured by a general security agreement. The loan was eliminated on consolidation subsequent to the RTO.

(f) The Company received aggregate loans of $2,018,000 from companies controlled by the CEO and the President of the Company. The loans are unsecured and mature on the later of: (i) the Company reporting two consecutive profitable quarters; and (ii) August 1, 2016. No interest shall be paid on the loans until the Company reports a positive cash flow quarter and at such time, the loans will bear interest at 4% per annum, compounded annually.

Subsequent to June 30, 2015, an additional loan of $982,000 was received from a company controlled by the President of the Company having the same terms as above.

9. Convertible Notes

(a) On August 29, 2014, the Company issued unsecured, non-interest bearing convertible notes for aggregate proceeds of $1,500,000 (the "Notes1") to companies controlled by the CEO and the President of the Company as settlement of the advances outlined in Note 8(d). The Notes1 have a term of five years maturing August 29, 2019. The lenders may, at their option, convert all or any portion of the outstanding amount of the Notes1 into common shares of the Company at a price of $0.125 per share.

During the year ended June 30, 2015, the lenders assigned an aggregate of $1,009,000 of the Notes1 (the "Assigned Notes") to arm's length parties and the Company issued an aggregate of 8,072,000 common shares on the conversion of the Assigned Notes. $375,438 was reclassified from reserves to share capital on the conversion of these notes.

Subsequent to June 30, 2015, the lenders assigned $491,000 of the Notes1 and 3,928,000 common shares were issued on conversion of the Assigned Notes.

9. Convertible Notes (Continued)

(b) On November 24, 2014 and December 1, 2014, the Company issued secured convertible notes for $1,000,000 and $250,000, respectively (the "Notes2"). The Notes2 have a term of one year and bear interest at a rate of 8% per annum, payable on conversion or maturity. The lenders may, at their option, convert all or any part of the outstanding amount of the Notes2 into common shares of the Company at a price of $1.01 per share. Subject to the approval of the Exchange, the Company may reduce the conversion price of the Notes2.

The liability component of the Notes1 and Notes2 was valued using Company specific interest rates assuming no conversion features existed. The debt component is accreted to its fair value over the term to maturity as a non-cash interest charge and the equity component is presented in convertible notes reserve as a separate component of shareholders' equity.

	Long Term (a)	Short Term (b)
	$	$
Balance, June 30, 2014	-	-
Issued	1,500,000	1,250,000
Equity portion	(754,235)	(44,643)
Conversion	(558,989)	-
Accretion	87,232	26,492
Accrued interest	-	59,343
Balance, June 30, 2015	274,008	1,291,192

10. Share Capital and Reserves

(a) Authorized

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

(b) Issued and outstanding

At June 30, 2015, there were 118,794,138 issued and fully paid common shares (2014 – 80,000,000).

(i) On January 22, 2015, the Company issued 30,000 common shares at a fair value of $12,600 for consulting services.

(ii) On December 9, 2014, the Company acquired all of the issued and outstanding shares of AMI for 60,000,000 common shares of the Company. The Company issued 3,000,000 common shares at a value of $348,300 for finder's fees with respect to this transaction. (Note 3)

10. Share Capital and Reserves (Continued)

(b) Issued and outstanding (continued)

(iii) During the year ended June 30, 2015, 2,725,667 stock options were exercised for gross proceeds of $57,883. Non-cash compensation charges of $185,616 were reclassified from reserves to share capital on the exercise of these options.

(iv) During the year ended June 30, 2015, 2,966,000 warrants were exercised for gross proceeds of $116,600. Non-cash compensation charges of $216,835 were reclassified from reserves to share capital on the exercise of these warrants.

(v) During the year ended June 30, 2015, an aggregate of 8,072,000 common shares were issued on the conversion of $1,009,000 of the convertible notes. (Note 9(a))

(vi) On May 30, 2014, AMI issued 20,400,000 common share units consisting of one Class C common share and one-half warrant to purchase a Class C common share for $0.50 for a period of three years for consideration of $0.125 per unit. At June 30, 2014, proceeds for 720,000 common share units ($90,000) remain receivable from the subscriber. During the year ended June 30, 2015, the Company received the full amount of the proceeds.

(vii) On May 1, 2014, the Class A and B shareholders of AMI entered into share exchange agreements pursuant to Section 86 of the Income Tax Act (Canada) whereby the 360,000 Class A and 360,000 Class B shares outstanding were exchanged for 25,800,000 Class E and 25,800,000 Class F shares.

(viii) On May 1, 2014, AMI entered into rollover agreements pursuant to Subsection 85(1) of the Act with the shareholders of ACE. AMI issued 8,000,000 Class D shares in consideration of acquiring all the outstanding shares of ACE. (Note 4)

(c) Escrow securities

Pursuant to an escrow agreement dated September 18, 2014, 60,000,000 common shares of the Company were deposited into escrow with respect to the RTO (Note 3). In addition, warrants to purchase up to 15,000,000 common shares of the Company at $0.02 per share expiring December 9, 2019 and stock options to acquire up to 4,000,000 common shares of the Company at a price of $0.001 per share expiring December 1, 2019 are also subject to the escrow agreement.

Under the escrow agreement, 10% of the escrowed common shares were released from escrow on December 9, 2014, the date of closing of the RTO, and 15% are to be released every six months thereafter over a period of thirty-six months. The common shares to be issued and deposited in escrow on the exercise of warrants and options will be subject to the same schedule of release.

10. Share Capital and Reserves (Continued)

(c) Escrow securities (Continued)

A summary of the status of the escrowed securities outstanding follows:

	Shares	Stock Options	Warrants
	#	#	#
Balance, June 30, 2014	-	-	-
Issued	60,000,000	4,000,000	15,000,000
Cancelled	-	-	(3,750,000)
Issued/Exercised	3,850,000	(1,600,000)	(2,250,000)
Released	(16,562,500)	-	-
Balance, June 30, 2015	42,287,500	2,400,000	9,000,000

(d) Stock options

The Company has an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company.

A summary of the status of the options outstanding follows:

	Stock Options	Weighted Average Exercise Price
	#	$
Balance, June 30, 2014	-	-
Prescient options outstanding at RTO	1,528,000	0.05
Granted	2,800,000	0.63
RTO replacement options (Note 3(a)(iii)	4,000,000	0.001
Exercised	(2,725,667)	0.02
Forfeited	(1,098,333)	0.92
Balance, June 30, 2015	4,504,000	0.17

10. Share Capital and Reserves (Continued)

(d) Stock options (continued)

The following table summarizes the stock options outstanding as at June 30, 2015:

Exercise Price	Options Outstanding		Expiry Date	Options Exercisable
$	#			#
0.001	2,400,000		December 1, 2019	1,600,000
0.05 (ii)	50,000		April 1, 2020	50,000
0.05 (ii)	25,000		May 31, 2021	25,000
0.05 (ii)	85,000		March 19, 2024	85,000
0.15	144,000	(i)	October 29, 2017	144,000
0.295	450,000		June 2, 2020	450,000
0.34	150,000		May 23, 2020	-
0.39	300,000		March 16, 2020	75,000
0.40	350,000		March 10, 2019	-
0.42	200,000		January 19, 2020	33,333
0.425	100,000		February 27, 2020	16,666
0.70	250,000		September 2, 2019	187,500
	4,504,000			2,666,499

(i) These stock options were granted to two charitable organizations.

(ii) During the year ended June 30, 2014, the exercise price of these stock options was reduced to $0.05 per share. These options had original exercise prices of between $0.10 and $0.15 per share.

During the year ended June 30, 2015, the Company recognized aggregate share-based payments of $566,969 (For the period from September 11, 2013 (date of incorporation) to June 30, 2014 - $Nil) for all stock options granted and vested during the period, of which $415,098 relates to the RTO replacement options.

The fair value of stock options used to calculate share-based payments has been estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
Risk-Free Annual Interest Rate	0.92%	-
Expected Annual Dividend Yield	0%	-
Expected Stock Price Volatility	80.0%	-
Expected Life of Options and Warrants	1.79 years	-
Forfeiture rate	5%	-

10. Share Capital and Reserves (Continued)

(d) Stock options (continued)

The weighted average fair value of stock options granted during the year ended June 30, 2015 was $0.65 (For the period from September 11, 2013 (date of incorporation) to June 30, 2014 - $Nil) per option.

As at June 30, 2015, stock options outstanding have a weighted average remaining contractual life of 4.48 years.

(e) Share purchase warrants

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of the status of the warrants outstanding follows:

	Warrants	Weighted average exercise price
	#	$
Balance, June 30, 2013	-	-
Class A warrants issued [1]	15,000,000	0.02
Warrants issued to class C shareholders [2]	10,200,000	0.50
Balance, June 30, 2014	25,200,000	0.21
Prescient warrants outstanding at RTO	1,530,000	0.25
AMI warrants cancelled (Note 3) [1] [2]	(25,200,000)	0.21
RTO replacement warrants (Note 3(a)(ii)) [1] [2]	21,450,000	0.25
Exercised	(2,966,000)	0.04
Balance, June 30, 2015	20,014,000	0.28

(1) These warrants were initially issued by AMI for consulting services; exercisable for a period of five years from issuance to purchase one Class A share of AMI at a price of $0.02 per share. The Class A warrants vest at the time at which AMI achieves certain performance milestones, estimated to be one year from the date of issuance. The grant date fair value of these warrants was estimated as $0.0043 per warrant based on the following assumptions: Volatility rate - 70%; Risk-free interest rate - 1.67%; Dividend yield rate - 0.00%; Weighted average life - 5 years.

Of the aggregate fair value for the Class A warrants of $64,658, $42,550 was recognized as compensation expense in the period from September 5, 2013 (date of incorporation) to June 30, 2014.

10. Share Capital and Reserves (Continued)

(e) Share purchase warrants (continued)

Effective December 9, 2014, these warrants were cancelled and the Company issued 11,250,000 RTO replacement warrants exercisable at $0.02 per share (Note 3(a)(ii)). The warrants were revalued at $0.10 per warrant based on the following assumptions: Volatility rate - 80%; Risk-free interest rate - 1.01%; Dividend yield rate - 0.00%; Weighted average remaining life - 1 year. The aggregate incremental estimated fair value of $1,019,519 was allocated $509,759 to the RTO listing expense and $509,759 to be recognized over the remaining estimated vesting period. During the year ended June 30, 2015, $305,618 of share-based payments expense was recognized related to these warrants.

(2) These warrants were exercisable for a period of three years from issuance to purchase one Class C share of AMI at a price of $0.50 per share. The fair value of these warrants at grant date was estimated as $0.0178 per warrant based on the following assumptions: Volatility rate - 70%; Risk-free interest rate - 1.52%; Dividend yield rate - 0.00%; Weighted average life - 3 years.

The aggregate fair value of the Class C warrants of $181,560 was fully recognized in equity as at June 30, 2014.

Effective December 9, 2014, these warrants were cancelled and the Company issued RTO replacement warrants of 10,200,000 at $0.50 per share (Note 3(a)(ii)).. As the terms of these warrants were not modified, they were not revalued at the time of the RTO.

The following table summarizes the warrants outstanding as at June 30, 2015:

Exercise Price	Warrants	Expiry Date
$	#	
0.02	9,000,000	December 9, 2019
0.10	173,000	June 27, 2016
0.10	391,000	July 15, 2016
0.50	10,200,000	December 9, 2017
1.01	250,000	September 18, 2015
	20,014,000	

As at June 30, 2015, share purchase warrants outstanding have a weighted average remaining contractual life of 3.28 years.

10. Share Capital and Reserves (Continued)

(f) Performance shares and warrants

Pursuant to the RTO, the Company is obligated to issue the following conditional performance shares and warrants: (Note 3(b))

(i) 20,000,000 common shares shall be issued to the former AMI shareholders upon achievement of performance milestones, being the Company's receipt of production and sales licenses and registration of at least 2,000 patients under the licenses. The fair value of these shares was included in RTO listing expense. (Note 3)

(ii) 3,750,000 five-year term warrants exercisable at $0.02 per share issued upon completion of funding milestones. On April 21, 2015, these performance warrants were cancelled as the funding milestones were not met.

11. General and Administration

	June 30, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
	$	$
Consulting fees	67,282	-
Insurance	27,026	11,599
Management fees	17,700	-
Office and administration	178,779	16,418
Professional fees	330,802	59,646
Production costs	359,257	83,651
Rent and utilities	174,180	-
Regulatory fees	9,048	-
Transfer agent and shareholder communication	22,868	-
Travel and entertainment	51,448	15,166
Wages and benefits	497,212	109,900
	1,735,602	296,380

12. Marketing and Promotion

	June 30, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
	$	$
Advertising and promotion	368,813	81,561
Consulting fees	196,723	69,549
Travel and entertainment	323,452	51,628
Wages and benefits	132,819	4,106
	1,021,807	206,844

13. Finance and Other Costs

	June 30, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
	$	$
Financing fees	29,527	-
Accretion expense	113,723	-
Loss on investment	2,347	-
Interest expense	177,412	-
Bank charges	2,599	-
	325,608	-

14. Related Party Transactions

(a) Related party transactions

The Company incurred the following transactions with companies having directors and officers in common:

	June 30, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
	$	$
Consulting fees paid to directors of ACE	300,000	217,187
RTO listing expense paid or accrued to a company controlled by an officer of the Company	71,120	-
Professional and other fees paid or accrued to a director and an officer of the Company	2,039	-
	373,159	217,187

In addition to the above, $1,554,545 (for the period from September 11, 2013 (date of incorporation) to June 30, 2014 - $598,546) was advanced to the Company by companies controlled by directors and officers of the Company through payment of startup expenditures and working capital needs. The resultant related party balances are included in Note 14(c).

(b) Compensation of key management personnel

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and consist of its management directors, Chief Executive Officer and Chief Financial Officer.

	June 30, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
	$	$
Management fees	16,200	-
Share-based payments [(i)]	60,829	-
	77,029	-

[(i)] Share-based payments are the fair value of options granted and vested to key management personnel under the Company's stock option plan (Note 10(d)).

14. Related Party Transactions (Continued)

(c) Related party balances

The following related party amounts are included in *(i)* accounts payable and accrued liabilities, *(ii)* prepaid expenses and deposits, *(iii)* convertible notes, *(iv)* short term loans and *(v)* long term loans:

		2015	2014
		$	$
(i)	Companies controlled by directors and officers of the Company [(i)]	59,946	37,601
(i)	Directors of the Company [(i)]	17,717	-
(ii)	A company having a director in common	1,500	-
(iii)	A company controlled by a director and officer of the Company (Note 9(a))	274,008	-
(iv)	Companies controlled by directors and officers of the Company (Note 8(c))	2,549,316	-
(iv)	A company controlled by directors of officers of the Company (Note 8(d)) [(i)]	841,530	-
(v)	Companies controlled by directors and officers of the Company (Note 8(f))	2,018,000	-

[(i)] The amounts are unsecured, non-interest bearing and have no specific repayments term.

15. Leases and Other Commitments

The Company entered into the following office and operating leases:

(a) 1769474 has an operating lease on lands located in Cremona, Alberta (the "Lands") for monthly rent payments of $5,000. The lease expires on November 14, 2019, with an option to extend for an additional five-year term. The Company has the option to purchase the Lands during the additional term.

(b) The Company is committed under lease agreements with respect to two office premises located in Vancouver, British Columbia, expiring January 31, 2020 and June 30, 2020, respectively, as follows:

	$
2016	142,704
2017	144,084
2018	145,464
2019	146,844
2020	122,342
	701,438

16. Financial Instruments and Risk Management

(a) Fair value of financial instruments

The Company's financial instruments consist of cash and cash equivalents, shares subscription receivable, note receivable, accounts payable and accrued liabilities, short term loans, convertible notes and long term loans. The carrying values of these financial instruments approximate their fair values as at June 30, 2015.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

16. Financial Instruments and Risk Management (Continued)

(a) Fair value of financial instruments (continued)

	Fair Value as at June 30, 2015	Basis of Measurement	Financial Instruments
Financial Assets			
Cash and cash equivalents	315,853	Carrying value	Loans and receivables
Financial Liabilities			
Accounts payable	1,323,224	Carrying value	Other financial liabilities
Short term loans	4,787,388	Carrying value	Other financial liabilities
Long term loans	2,018,000	Carrying value	Other financial liabilities
Convertible notes (1)	1,565,200	Fair value / Carrying value	Other financial liabilities

(1) The fair value of the convertible loan includes both the debt and equity components.

There have been no transfers between fair value levels during the year.

(b) Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(i) 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 Company is subject to credit risk on the cash balances at the bank and interest receivable. Management considers that risks related to credit are minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

16. Financial Instruments and Risk Management (Continued)

(b) Financial instruments risk (continued)

(ii) Liquidity risk (continued)

The Company is dependent on the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financings to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company. See note 1. Maturities of liabilities are as follows:

	Total	<1 year	1 – 3 years	3 -5 years
	$	$	$	$
Accounts payable and accrued liabilities	1,323,224	1,323,224	-	-
Loans	6,805,388	4,787,388	2,018,000	-
Convertible notes	1,565,200	1,291,192	-	274,008
	9,693,812	7,401,804	2,018,000	274,008

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's short-term loans and convertible loans are either non-interest bearing or have fixed rates of interest and therefore expose the Company to interest rate fair value risk.

17. Capital Management

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support its operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in shareholders' equity and debt, net of cash and cash equivalents. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. There were no changes in the Company's approach to capital management during the year ended June 30, 2015.

The Company is not subject to externally imposed capital requirements.

18. Income Taxes

The net tax provision differs from that expected by applying the combined federal and provincial tax rates of 26% (2014- 25%) to loss before income tax for the following reasons:

	2015	2014
	$	$
Loss before tax	(9,726,077)	(1,823,535)
Combined federal and provincial rate	26%	25%
Expected tax recovery	(2,528,780)	(455,884)
Non-deductible expenses	1,344,589	234,593
Effect of change in tax rates	8,852	-
Changes in deferred tax benefits not recognized	967,631	221,291
Income tax recovery	(207,708)	-

Deferred tax assets and liabilities are attributable to the following:

Deferred tax assets (liabilities)	2015	2014
	$	$
Property and equipment	(136,221)	-
Non-capital losses	1,324,749	201,928
Eligible capital expenditures	365	363
Share issuance costs	47,516	19,000
Finance costs	13,650	-
Convertible notes	(61,137)	-
Net deferred tax assets	1,188,922	221,291
Deferred tax benefits not recognized	(1,188,922)	(221,291)
	-	-

The Company has non-capital losses of approximately $5,063,775 (2014 - $807,711) which are available for deduction against future taxable income until 2034 to 2035.

The change in the statutory tax rates relates to enacted changes to tax rates effective at June 30, 2015.

19. Segment Information

The Company operates in one segment, the production of medical cannabis.

All of the Company’s assets are located in Canada.

20. Subsequent Events

The following events occurred subsequent to June 30, 2015:

a) 1769474 entered into a mortgage financing (the "Mortgage") of $1,550,000 on its production facility on approximately 154 acres of land located in Cremona, Alberta ("Mortgaged Property").

   The Mortgage has a term of six (6) months at a rate of 12% for the duration of the term, calculated and compounded monthly, and is secured by a first mortgage on the Mortgaged Property and corporate guarantees by the Company, CEO of the Company and a company owned by the CEO and the President of the Company. 1769474 shall pay $15,500 per month towards interest and 2.5% brokerage fees on the principal amount of the loan.

b) An aggregate of 1,760,000 common shares were issued on the exercise of 1,760,000 options for gross proceeds of $9,600. Non-cash compensation charges of $1,358,518 were reclassified from reserves to share capital on the exercise of these options.

c) An aggregate of 321,000 common shares were issued on the exercise of 321,000 warrants for gross proceeds of $32,100.

d) The following stock options were granted to directors, officers, employees and consultants of the Company:

Exercise Price	Options	Expiry Date
$	#	
0.30	350,000	August 10, 2020
0.30	910,000	August 14, 2020
0.295	250,000	August 26, 2020
0.30	350,000	September 1, 2020
0.285	150,000	September 1, 2018
0.30	200,000	September 8, 2018
0.30	150,000	September 8, 2018
0.32	250,000	September 21, 2020
0.34	250,000	October 9, 2016
	2,860,000	