PRESCIENT MINING CORP.

For the years ended June 30, 2014 and 2013

(Expressed in Canadian Dollars)

- Independent Auditor's Report
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MORGAN & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prescient Mining Corp.

Report on the financial statements

We have audited the accompanying financial statements of Prescient Mining Corp., which comprise the statement of financial position as at June 30, 2014, and the statements of changes in equity, comprehensive loss and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Prescient Mining Corp. as at June 30, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other matters

The financial statements of Prescient Mining Corp. for the year ended June 30, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on October 15, 2013.

Vancouver, Canada — *"Morgan & Company LLP"*

October 9, 2014 — Chartered Accountants

PRESCIENT MINING CORP.

Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	**June 30, 2014** **$**	June 30, 2013 $
ASSETS			
CURRENT			
Cash and cash equivalents		**879,419**	644,713
GST recoverable		**4,080**	5,835
Interest receivable		**1,644**	4,748
Loans receivable	6	**1,000,000**	-
Prepaid expenses and deposits	5 & 9(c)	**1,500**	62,240
		1,886,643	717,536
Equipment		**706**	1,009
		1,887,349	718,545
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	9(c)	**33,550**	24,345
Loan payable	7	**500,438**	-
		533,988	24,345
SHAREHOLDERS' EQUITY			
Share capital	8	**2,640,575**	1,848,395
Reserves		**246,727**	175,358
Deficit		**(1,533,941)**	(1,329,553)
		1,353,361	694,200
		1,887,349	718,545

Nature of operations and going concern (Note 1)
Exploration and evaluation assets (Note 5)
Subsequent events (Notes 5, 6, 7 & 13)

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

Approved on behalf of the Board of Directors:

"Marc Levy"
Marc Levy, Director

"Isaac Moss"
Isaac Moss, Director

PRESCIENT MINING CORP.

Statements of Changes in Equity

For the Years Ended June 30, 2014 and 2013

(Expressed in Canadian Dollars)

		Share Capital		Reserves					
	Note	Common Shares	Amount	Obligation to Issue Shares	Share-Based Payment Reserve	Warrant Reserve	Total	Deficit	Total
		#	$	$	$	$	$	$	$
Balance, June 30, 2012		15,890,000	1,837,145	-	174,226	-	174,226	(936,819)	1,074,552
Net loss for the year		-	-	-	-	-	-	(393,489)	(393,489)
Shares issued for exploration and evaluation assets	5	150,000	11,250	-	-	-	-	-	11,250
Forfeited options	8(d)	-	-	-	(755)	-	(755)	755	-
Share-based payments	8(d)	-	-	-	1,887	-	1,887	-	1,887
Balance, June 30, 2013		16,040,000	1,848,395	-	175,358	-	175,358	(1,329,553)	694,200
Net loss for the year		-	-	-	-	-	-	(399,705)	(399,705)
Private placements	8	9,500,000	950,000	-	-	-	-	-	950,000
Share issuance costs	8	-	(159,645)	-	-	83,645	83,645	-	(76,000)
Shares issuable for loan	7	-	-	99,960	-	-	99,960	-	99,960
Forfeited options	8(d)	-	-	-	(195,317)	-	(195,317)	195,317	-
Exercise of stock options	8	10,000	1,825	-	(1,325)	-	(1,325)	-	500
Share-based payments	8(d)	-	-	-	84,406	-	84,406	-	84,406
Balance, June 30, 2014		**25,550,000**	**2,640,575**	**99,960**	**63,122**	**83,645**	**246,727**	**(1,533,941)**	**1,353,361**

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

PRESCIENT MINING CORP.

Statements of Comprehensive Loss

For the Years Ended June 30, 2014 and 2013
(Expressed in Canadian Dollars)

	Note	**2014**	2013
		$	$
EXPENSES			
Depreciation		**303**	432
Consulting fees		**10,000**	29,600
Exploration and evaluation	5	**942**	88,250
Management fees	9(b)	**28,500**	17,500
Office, rent and administration	9(a),9(b)	**122,252**	80,959
Professional fees	9(a)	**31,263**	18,236
Project evaluation costs	9(a)	**(8,383)**	142,944
Regulatory fees		**24,232**	10,795
Share-based payments	8(d),9(b)	**84,406**	1,887
Transfer agent and shareholder information		**8,725**	7,815
Travel and promotion		**4,245**	3,674
LOSS BEFORE OTHER INCOME (EXPENSES)		**(306,485)**	(402,092)
Finance and other costs	10	**(101,075)**	(786)
Interest income		**7,855**	9,389
		(93,220)	8,603
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		**(399,705)**	(393,489)
BASIC AND DILUTED LOSS PER SHARE		**(0.02)**	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		**16,145,973**	16,028,082

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

PRESCIENT MINING CORP.

Statements of Cash Flows

For the Years Ended June 30, 2014 and 2013
(Expressed in Canadian Dollars)

	2014 $	2013 $
CASH WAS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the year	**(399,705)**	(393,489)
Adjustments for non-cash items		
Depreciation	**303**	432
Shares issued for exploration and evaluation assets	**-**	11,250
Shares issuable for loan	**99,960**	-
Share-based payments	**84,406**	1,887
Changes in non-cash working capital accounts		
Interest receivable	**3,542**	4,614
GST recoverable	**1,755**	4,390
Prepaid expenses and deposits	**60,740**	(54,605)
Accounts payable and accrued liabilities	**9,205**	(22,323)
	(139,794)	(447,844)
INVESTING ACTIVITY		
Loans receivable	**(1,000,000)**	-
FINANCING ACTIVITIES		
Shares issued for cash	**950,500**	-
Share issuance costs	**(76,000)**	-
Proceeds from loan	**500,000**	-
	1,374,500	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**234,706**	(447,844)
Cash and cash equivalents, beginning of year	**644,713**	1,092,557
CASH AND CASH EQUIVALENTS, END OF YEAR	**879,419**	644,713
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash on hand (cheques written in excess of cash on hand)	**879,419**	(3,087)
Guaranteed Investment Certificates	**-**	647,800
	879,419	644,713
SUPPLEMENTARY INFORMATION:		
Interest paid	**-**	-
Income taxes paid	**-**	-

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Prescient Mining Corp. (the "Company") was incorporated on December 21, 2006, 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 "PMC."

The head office, principal address, and records office of the Company are located at Suite 507 – 700 West Pender Street, Vancouver, BC, Canada, V6C 1G8. The Company's registered office address is located at Suite 1780 – 400 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A6.

The Company was engaged in the acquisition, exploration, and development of resource properties. The Company's ability to continue as a going concern is dependent upon the ability of the Company to raise additional financing in order to complete the acquisition and development of a medical marijuana production and sales business, and the attainment of future operations. The outcome of these matters cannot be predicted at this time.

These financial statements have been prepared in accordance with International Financial Reporting Standards on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for at least the next 12 months. There is no assurance that it will be able to obtain additional financing, if any, on reasonable terms. These factors may cast significant doubt on the applicability of the use of the going concern assumption. These 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. Any such adjustments could be material.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorized for issue on October 9, 2014, by the Directors of the Company. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Statement of Compliance and Basis of Presentation

The financial statements of the Company have been prepared on a historical basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Functional and Presentation of Foreign Currency

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and short-term highly liquid investments which are readily convertible into cash and that are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, total cash and cash equivalents include cash and Guaranteed Investment Certificates ("GIC") with maturities of less than one year and redeemable anytime at the option of the holder.

(d) Equipment and Depreciation

Equipment is carried at acquisition cost less accumulated depreciation.

Depreciation is calculated on a declining-balance basis to write off the cost of the assets to their residual values over their estimated useful lives, except in the year of acquisition, when half of the rate is used. The annual rate used to compute depreciation is as follows:

Computer hardware	30%

(e) Exploration and Evaluation Assets and Expenditures

Exploration and evaluation activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties, and the costs of the Company's exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

Exploration and evaluation expenditures incurred prior to the determination of commercially viable mineral resources, the feasibility of mining operations, and a positive development decision, are expensed as incurred. Mineral property acquisition costs and development expenditures incurred subsequent to such a determination are capitalized and amortized over the estimated life of the property following the commencement of commercial production or are written off if the property is sold, allowed to lapse, abandoned, or when an impairment is determined to have occurred.

(f) Decommissioning Obligations

A liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized decommissioning costs will be amortized to expense over the life of the related assets using the units-of-production method. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at June 30, 2014 and 2013, the Company has determined that it does not have any material decommissioning obligations.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

(h) 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.

(i) Share-Based Payments

The Company has an employee stock option plan. Share-based payments to employees are measured at the fair value of the stock options at the grant date and amortized to 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) Income 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 Income Tax

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

(ii) Deferred Income Tax

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

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

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

(l) 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.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

(i) 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 classified 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.

(ii) 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, interest receivable and loans receivable as loans and receivables.

(iii) 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.

(iv) 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.

(v) Other Financial Liabilities

Other 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 are its accounts payable and accrued liabilities and loan payable, which are designated as other liabilities.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 2, management is required 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) Share-Based Payments

The Company grants stock options to directors, officers, employees, and consultants of the Company under its incentive stock option plan. The fair value of stock options is estimated using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates such as the life of options, volatility, and forfeiture rates.

Changes in assumptions used to estimate fair value could result in materially different results.

(b) 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.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS

The following IFRS standard has been recently issued by the IASB or the IFRIC. The Company is assessing the impact of this new standard, but does not expect it to have a significant effect on the financial statements. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

IFRS 9, Financial Instruments (Continued)

The mandatory effective date has tentatively been set for January 1, 2018; however, early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the financial statements as the classification and measurement of the Company's financial instruments is not expected to change given the nature of the Company's operations and the types of financial instruments that it currently holds.

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

Cumulative expenditures incurred by the Company on its properties are summarized as follows:

	Hook Lake property Saskatchewan, Canada $
Balance, June 30, 2012	19,075
Acquisition costs:	
Option Payment – Cash	15,000
Option Payment – Common Shares Issued	11,250
Exploration costs:	
Geophysics	62,000
	88,250
Balance, June 30, 2013	107,325
Exploration costs:	
Geophysics	942
Balance, June 30, 2014	**108,267**

On April 12, 2012, the Company entered into an option agreement with Geomode Mineral Exploration Ltd. ("Geomode") for the exclusive right and option to acquire a 100% interest in the Hook Lake property, a prospective uranium project located in Saskatchewan. As consideration, the Company agreed to pay an aggregate of $1,015,000, issue 150,000 common shares and incur in exploration and development expenditures a total of $871,248 or pay to Geomode a further $871,248 over a period of 3 years as follows:

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

	Cash $		Common shares #		Work Commitment or cash payments to Geomode $	
Within 5 days of Exchange approval (July 27, 2012)	15,000	(paid)	150,000	(issued)	-	
On or before July 27, 2013	-		-		60,624	(incurred)
On or before July 27, 2014	-		-		75,780	(1)
On or before July 27, 2015	1,000,000		-		750,000	
	1,015,000		150,000		886,404	

(1) Effective December 1, 2013, the Ministry increased the work requirement for the claims from $60,624 to $75,780. The Company currently has total work assessment credits of $61,905 and was required to submit work assessment of not less than $13,875 or to pay a deficiency deposit in same amount to the Saskatchewan Ministry of Energy and Resources (the "Ministry") before June 2, 2015.

A 1% net smelter return ("NSR") shall be reserved to Geomode which may be purchased at any time by the Company for $1,000,000 less all amounts previously received by Geomode as NSR payments.

Subsequent to June 30, 2014, the Company terminated the option agreement.

NOTE 6 – LOANS RECEIVABLE

On May 9, 2014, the Company entered into a letter agreement and subsequently, on September 9, 2014, into a Share Exchange Agreement (the "Agreement") with Aurora Marijuana Inc. ("Aurora") pursuant to which the Company will acquire all of the issued and outstanding securities of Aurora in consideration for securities of the Company (Note 13). Pursuant to the letter agreement, the Company entered into the following loan agreements with Aurora:

(a) Loan agreement dated June 19, 2014, in the aggregate principal amount of $1,500,000. The Company advanced an aggregate of $1,000,000 to Aurora during June 2014 and another $500,000 on July 14, 2014. The Company accrued $1,644 in interest on the advances during the year ended June 30, 2014.

(b) Loan agreements subsequent to June 30, 2014:

(i) dated July 29, 2014, in the aggregate principal amount of $1,000,000;

(ii) dated August 29, 2014, in the principal amount of $500,000;

(iii) dated September 25, 2014, in the principal amount of $360,000; and

(iv) dated October 2, 2014 in the principal amount of $500,000.

The loans have a term of six months from the dates of advances, bear interest at 8% per annum and are secured by a general security agreement dated June 19, 2014, granting the Company security over all present and after acquired property of Aurora.

NOTE 7 – LOAN PAYABLE

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. The loan is unsecured, bears interest at 8% per annum and matures on December 27, 2014. In consideration for the loan, the Company issued 714,000 common shares to the Lender subsequent to June 30, 2014 at a fair value of $99,960. During the year ended June 30, 2014, the Company paid or accrued $438 in interest on this loan.

NOTE 8 – SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of voting common shares without par value, an unlimited number of Class "A" shares with a par value of $1.00, and an unlimited number of Class "B" shares with a par value of $5.00.

(b) Issued Share Capital

At June 30, 2014, there were 25,550,000 issued and fully paid common shares (2013 – 16,040,000).

(c) Share Issuance

During the year ended June 30, 2014, the Company closed a non-brokered private placement of 9,500,000 common shares at a price of $0.10 per share for gross proceeds of $950,000. The Company paid finder's fees of $76,000 and 760,000 share purchase warrants at a fair value of $83,645. Each finder's warrant entitles the finder to purchase a common share of the Company at a price of $0.10 per share expiring June 27, 2016. The fair value of the finder's warrants of $83,645 has been charged to share issue costs with a corresponding increase to warrant reserve. The fair value of the finder's warrants was determined using the Black-Scholes option pricing model using the following weighted average assumptions: expected dividend yield - 0.00%; expected stock price volatility - 160.08%; risk-free interest rate - 1.10%; expected life - 2 years. The weighted average fair value of the finder's warrants issued during the year ended June 30, 2014 was $0.11 per warrant.

During the year ended June 30, 2014, 10,000 stock options at a price of $0.05 per share were exercised for gross proceeds of $500. Non-cash compensation charges of $1,325 were reclassified from reserves to share capital on the exercise of these options.

During the year ended June 30, 2013, 150,000 common shares valued at $11,250 were issued for exploration and evaluation assets (Note 5).

(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, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants of the Company, 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.

NOTE 8 – SHARE CAPITAL (Continued)

(d) Stock Options (Continued)

A summary of the status of the options outstanding follows:

	Number of Options	Weighted Average Exercise Price $
Balance, June 30, 2012	1,733,000	0.06
Forfeited	(10,000) [(i)]	0.05
Balance, June 30, 2013	1,723,000	0.06
Granted	1,444,000	0.05
Exercised	(10,000)	0.05
Expired unexercised	(138,333) [(ii)]	0.05
Forfeited	(1,430,667) [(ii)]	0.05
Balance, June 30, 2014	**1,588,000**	**0.06**

(i) During the year ended June 30, 2013, the fair value of 10,000 forfeited options of $755 was reclassified from reserves to deficit.

(ii) During the year ended June 30, 2014, the fair values of 138,333 expired unexercised options of $24,371 and 1,430,667 forfeited options of $170,946 were reclassified from reserves to deficit.

The following table summarizes the stock options outstanding as at June 30, 2014:

Exercise Price $	Number of Options Outstanding		Expiry Date	Number of Options Exercisable
0.05	473,333		March 22, 2015	473,333
0.05	503,334		October 29, 2017	503,334
0.15	144,000	(i)	October 29, 2017	144,000
0.05	104,000		April 1, 2020	104,000
0.05	180,000		May 31, 2021	180,000
0.05	183,333		March 19, 2024	183,333
	1,588,000			1,588,000

(i) These stock options are held by two charitable organizations.

As at June 30, 2014, stock options outstanding have a weighted average remaining contractual life of 3.86 years.

NOTE 8 – SHARE CAPITAL (Continued)

(d) Stock Options (Continued)

During the year ended June 30, 2014, the Company amended the terms of an aggregate of 1,420,667 stock options previously granted to employees, directors and consultants of the Company. These options with original exercise prices between $0.10 and $0.15 per share and expiry dates between 2017 and 2021 were amended to have an exercise price of $0.05 per share. The repricing of these options resulted in the recognition of additional share-based payments of $38,791 during the year ended June 30, 2014.

During the year ended June 30, 2014, the Company recognized share-based payments of $45,615 (2013 – $1,887) for stock options granted and vested during the year.

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:

	2014	2013
Risk-Free Annual Interest Rate	**1.16%**	-
Expected Annual Dividend Yield	**0%**	-
Expected Stock Price Volatility	**159%**	-
Expected Life of Options and Warrants	**2.28 years**	-

The weighted average fair value of stock options granted during the year ended June 30, 2014 was $0.03 (2013 - $Nil) per option.

(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:

	Number of Warrants	Weighted Average Exercise Price $
Balance, June 30, 2013 and 2012	-	-
Granted	760,000	0.10
Balance, June 30, 2014	**760,000**	**0.10**

The following table summarizes the warrants outstanding as at June 30, 2014:

Exercise Price $	Warrants #	Expiry Date
0.10	760,000	June 27, 2016

As at June 30, 2014, share purchase warrants outstanding have a weighted average remaining contractual life of 2.00 years.

NOTE 9 – RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

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

	2014 **$**	2013 $
Office, rent and administration costs paid or accrued to companies having directors and officers in common [(i)]	**99,100**	69,750
Legal fees and share issuance costs paid or accrued to a company controlled by an officer of the Company	**1,151**	8,005
Project evaluation costs paid or accrued to a companies controlled by a director and an officer of the Company	**-**	38,267
	100,251	116,022

[(i)] Of these fees, $28,800 was paid to the CFO of the Company (2013 - $21,600) (Note 9(b)(i)).

(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 Directors, Chief Executive Officer, and Chief Financial Officer.

	2014 **$**	2013 $
Short-term benefits – Management fees [(i)]	**57,300**	39,100
Share-based payments [(ii)]	**61,083**	1,661
	118,383	40,761

[(i)] Short-term benefits include consulting and management fees.

[(ii)] Share-based payments is the fair value of options granted and vested to key management personnel under the Company's stock option plan (Note 8(d)).

(c) Related Party Balances

The following related party amounts are included in *(i)* accounts payable and accrued liabilities and *(ii)* prepaid expenses and deposits:

	June 30, 2014 **$**	June 30, 2013 $
(i) Companies controlled by directors and an officer of the Company	**5,250**	12,327
(ii) Companies having a director and officers in common	**1,500**	1,500

Any amounts due to related parties are unsecured, non-interest bearing, and have no specific repayment terms.

NOTE 10 – FINANCE AND OTHER COSTS

	2014	2013
	$	$
Financing fees (Note 7)	**99,960**	-
Interest expense (Note 7)	**438**	-
Bank charges	**677**	786
	101,075	786

NOTE 11 – INCOME TAXES

(a) Reconciliation of Effective Tax Rate

Income tax recovery differs from the amounts computed by applying the combined federal and provincial income tax rate of 26% (2013 – 25%) to pre-tax loss as a result of the following:

	2014	2013
	$	$
Loss before income taxes	**(399,705)**	(393,489)
Expected income tax recovery	**(104,000)**	(99,000)
Change in tax assets not recognized	**102,000**	110,000
Change in tax rates	**-**	(12,000)
Permanent differences and other	**2,000**	1,000
Deferred income tax recovery	**-**	-

(b) Deferred Income Tax Assets

Deferred tax assets have not been recognized in respect of the following items:

	2014	2013
	$	$
Non-capital losses carry-forward	**375,000**	305,000
Share issuance cost	**16,000**	-
Exploration and evaluation assets	**42,000**	26,000
Equipment	**1,000**	1,000
	434,000	332,000
Less: Tax benefits not recognized	**(434,000)**	(332,000)
Net deferred tax assets	**-**	-

NOTE 11 – INCOME TAXES (Continued)

(c) Non-Capital Losses

As at June 30, 2014, the Company has non-capital losses of approximately $1,440,000 (2013 - $1,111,000), which may be applied to reduce taxable income of future years. These non-capital losses expire as follows:

Year	$
2026	2,000
2027	46,000
2028	19,000
2029	109,000
2030	80,000
2031	215,000
2032	337,000
2033	303,000
2034	329,000
	1,440,000

The Company has not recognized deferred income tax assets as it is not probable that there will be sufficient taxable income to realize the benefits.

In addition, the Company has Canadian resource pools of approximately $163,000 (2013 - $162,000), which can be carried forward indefinitely to offset future taxable income.

NOTE 12 – FINANCIAL RISK MANAGEMENT

(a) Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, interest receivable, loans receivable, accounts payable and accrued liabilities and loan payable. 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 as at June 30, 2014 and 2013.

NOTE 12 – FINANCIAL RISK MANAGEMENT (Continued)

(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, its short-term bank Guaranteed Investment Certificates ("GICs"), and interest receivable. Cash and cash equivalents consisting of GICs have been invested with Schedule 1 banks or equivalents, with its cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. Management considers that risks related to credit are minimal.

(ii) Liquidity Risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at June 30, 2014, the Company had cash and cash equivalents of $879,419 to settle current liabilities of $533,988 which mainly consisted of accounts payable of $33,550 and loan payable of $500,438 that were considered short term and settled within 30 days.

The Company is dependent on the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company (Note 1).

(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.

The Company's short-term investments are invested in GICs with greater than 90 day terms but not greater than one year. These GICs have a fixed interest rate for the term of the deposit. The interest on cash and GICs is typical of Canadian banking rates, which are low at present and the conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the financial statements.

(c) Capital Management

The Company manages its share capital as capital, which as at June 30, 2014, totaled $2,640,575 (2013 – $1,848,395).

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration, and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares or debt, or dispose of assets.

NOTE 12 – FINANCIAL RISK MANAGEMENT (Continued)

(c) Capital Management (Continued)

The Company's historical sources of capital have consisted of the sale of equity securities and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's management of capital during the year ended June 30, 2014.

NOTE 13 – SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2014:

(a) The Company closed the second and final tranche of a non-brokered private placement of 6,500,000 common shares at a price of $0.10 per share for gross proceeds of $650,000. The Company paid finders' fees of $52,000 and 520,000 share purchase warrants. Each finder's warrant entitles the finder to purchase a common share of the Company at a price of $0.10 per share expiring July 15, 2016.

(b) The Company closed a non-brokered private placement of 8,000,000 common shares at a price of $0.25 per share for gross proceeds of $2,000,000. The Company paid aggregate finders' fees of $98,920 on a portion of the private placement.

(c) The Company granted stock options to purchase 1,000,000 common shares of the Company at a price of $1.01 per share for a period of 5 years.

(d) The Company has arranged for a non-brokered private placement of 2,353,000 common shares at a price of $0.85 per share for gross proceeds of $2,000,050. The Company received shares subscriptions of $997,750 pursuant to this private placement.

(e) 60,000 common shares were issued at $0.05 per share for gross proceeds of $3,000 on exercise of stock options.

(f) On August 31, 2014, the Company entered into an Investor Relations Consulting Agreement (the "Agreement") for investor and financial relations services. The term of the Agreement is for a period of 3 months commencing September 1, 2014. Pursuant to the Agreement, the Company agreed to pay a monthly fee of $15,000 and grant stock options to purchase 250,000 common shares of the Company at a price of $0.70 per share for a period of 5 years. The stock options will vest as to 25% every 3 months up to a period of 12 months. The Agreement is subject to the approval of the Exchange.

(g) On September 9, 2014, the Company entered into a Share Exchange Agreement with Aurora pursuant to which the Company will acquire all of the issued and outstanding securities of Aurora in consideration for securities of the Company (the "Agreement"), which will constitute a reverse takeover of the Company by the shareholders of Aurora, as follows:

(i) Issuance of the following securities of the Company to Aurora shareholders:
- 60,00,000 common shares;
- An aggregate of 21,450,000 warrants, being 10,200,000 warrants exercisable at a price of $0.50 per share for a period of 3 years and 11,250,000 warrants exercisable at a price of $0.02 per share for a period of 5 years; and
- 4,000,000 options exercisable at a price of $0.001 per share for a period of 5 years.

NOTE 13 – SUBSEQUENT EVENTS (Continued)

(ii) Assumption of Aurora's convertible shareholder loan of $1,500,000. The loan has a term of 5 years, is unsecured and convertible into common shares of the Company at a price of $0.125 per share at any time during the term.

(iii) Issuance of 20,000,000 performance shares and 3,750,000 performance warrants on completion of a performance milestone.

The Company entered into a finder's fee agreement and will issue 3,000,000 common shares to the finder, being 5% of the total shares to be issued under the Agreement.

As of the most current date, the Company advanced an aggregate of $3,860,000 to Aurora pursuant to loan and security agreements (Note 6).

In connection with the transaction, the Company changed its name to Aurora Cannabis Inc. The transaction and the name change are subject to the approval of the Exchange.

(h) On September 18, 2014, the Company entered into a consulting agreement pursuant to which the Company will issue 250,000 broker's warrants to the consultant. Each broker's warrant entitles the consultant to acquire a common share of the Company at $1.01 per share for a period of 1 year.