AURORA CANNABIS INC.

(Formerly Prescient Mining Corp.)

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the Three and Nine Months Ended March 31, 2015 and 2014

(Expressed in Canadian Dollars)

AURORA CANNABIS INC.

(Formerly Prescient Mining Corp.)
(the "Company")

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended March 31, 2015 and 2014

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Aurora Cannabis Inc. is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed consolidated interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company's auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

June 1, 2015

AURORA CANNABIS INC.

(Formerly Prescient Mining Corp.)

Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)

	Notes	March 31, 2015	June 30, 2014
		$	$
Assets			
Current			
Cash and cash equivalents		143,065	916,767
GST recoverable		558,937	244,523
Share subscription receivable		-	90,000
Prepaid expenses and deposits	10(c)	1,500	-
		703,502	1,251,290
Property, plant and equipment	5, 10(a)	9,471,132	4,238,047
Receivable from a shareholder		-	2,530
		10,174,634	5,491,867
Liabilities			
Current			
Accounts payable and accrued liabilities	10(c)	625,115	1,876,927
Notes payable		-	1,000,000
Loan payable	6	413,415	-
Convertible loans	7(b)	1,255,130	-
Advances from a related party	8, 12(b)	2,513,088	845,725
		4,806,748	3,722,652
Convertible loans	7(a)	792,043	-
		5,598,791	3,722,652
Shareholders' equity			
Share capital	9	25,266,716	3,368,640
Reserves		19,811,445	224,110
Deficit		(40,502,318)	(1,823,535)
		4,575,843	1,769,215
		10,174,634	5,491,867

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Notes 6, 7(a) and 12)

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

AURORA CANNABIS INC.

(Formerly Prescient Mining Corp.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

	Notes	Nine months ended March 31, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
		$	$
Sales		18,500	-
Cost of sales		-	-
Gross margin		18,500	-
General and administration	10(a)	1,086,498	296,380
Sales and marketing		804,196	463,449
Depreciation		397,920	-
		2,288,614	759,829
Loss from operations		(2,270,114)	(759,829)
Other income (expenses)			
Finance and other costs		(120,107)	-
Share-based payments		(2,437,118)	(42,550)
RTO listing / compensation expense	3, 4	(33,939,196)	(1,021,156)
		(36,496,421)	(1,063,706)
Net loss and comprehensive loss for the period		(38,766,535)	(1,823,535)
Basic and diluted loss per share		(0.59)	(0.11)
Weighted average number of shares outstanding		65,866,745	16,145,973

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

AURORA CANNABIS INC.

(Formerly Prescient Mining Corp.)

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

		Share Capital		Reserves						
	Note	Common Shares	Amount	Obligation to issue shares	Share-Based Payments	Warrants	Convertible Loan 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	9(b)(xi)	(360,000)	(100)	-	-	-	-	-	-	(100)
Cancellation of Class B shares	9(b)(xi)	(360,000)	(100)	-	-	-	-	-	-	(100)
Issuance of Class E shares	9(b)(xi)	25,800,000	100	-	-	-	-	-	-	100
Issuance of Class F shares	9(b)(xi)	25,800,000	100	-	-	-	-	-	-	200
Issuance of Class D shares	4	8,000,000	1,000,000	-	-	-	-	-	-	1,000,000
Class C shares issued for cash	9(b)(x)	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 period		-	-	-	-	-	-	-	(38,766,535)	(38,766,535)
Opening balance of Prescient	3	25,550,000	2,640,575	99,960	63,122	83,645	-	246,727	(1,533,941)	1,353,361
Eliminate capital stock of AMI	3	(80,000,000)	-	-	-	-	-	-	-	-
AMI warrants cancelled		-	181,560	-	-	(224,110)	-	(224,110)	42,550	-
Shares issued to shareholders of AMI	3	60,000,000	35,700,400	-	-	-	-	-	-	35,700,400
RTO finders' fees	3	3,000,000	2,550,000	-	-	-	-	-	-	2,550,000
RTO replacement warrants	3, 9(e)	-	(16,752,581)	-	-	16,752,581	-	16,752,581	-	-
Shares issued for loan	6	714,000	99,960	(99,960)	-	-	-	(99,960)	-	-
Private placements	9(b)	15,676,471	3,650,000	-	-	-	-	-	-	3,650,000
Share issue costs	9(b)	-	(496,570)	-	-	340,871	-	340,871	-	(155,699)
Equity component of convertible loans	7	-	-	-	-	-	798,878	798,878	-	798,878
Shares issued for services	9(b)	30,000	12,600	-	-	-	-	-	-	12,600
Forfeited options		-	-	-	(45,202)	-	-	(45,202)	45,202	-
Exercise of stock options		597,333	49,164	-	(19,297)	-	-	(19,297)	-	29,867
Exercise of warrants		473,000	162,086	-	-	(114,786)	-	(114,786)	-	47,300
Eliminate equity of Prescient	3	-	(5,899,118)	-	(338,759)	(625,848)	-	(964,607)	1,533,941	(5,329,784)
Share-based payments		-	-	-	2,714,908	201,332	-	2,916,240	-	2,916,240
Balance, March 31, 2015		106,040,804	25,266,716	-	2,374,772	16,637,795	798,878	19,811,445	(40,502,318)	4,575,843

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

AURORA CANNABIS INC.

(Formerly Prescient Mining Corp.)

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Nine months ended March 31, 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	(38,766,535)	(1,823,535)
Adjustments for non-cash items		
Depreciation	397,920	-
Accrued interest on convertible loan notes	34,411	-
Accretion of convertible loan notes	61,640	-
Share-based payments	2,437,118	1,063,706
RTO listing expense	33,825,310	-
Changes in non-cash working capital accounts		
GST recoverable	(314,414)	(244,523)
Prepaid expenses and deposits	(1,500)	-
Accounts payable and accrued liabilities	603,026	39,246
	(1,723,024)	(965,106)
Investing activities		
Cash acquired in the RTO	(1,686)	-
Purchase of property, plant and equipment	(5,630,353)	(2,421,522)
	(5,632,039)	(2,421,522)
Financing activities		
Shares issued for cash	3,727,167	2,460,200
Share issue costs	(155,699)	-
Share subscriptions received	90,000	-
Advances from a related party	1,667,363	845,725
Receivable from shareholders	2,530	(2,530)
Proceeds from loan	-	1,000,000
Proceeds from convertible loan notes	1,250,000	-
	6,581,361	4,303,395
(Decrease) increase in cash and cash equivalents	(773,702)	916,767
Cash and cash equivalents, beginning of period	916,767	-
Cash and cash equivalents, end of period	143,065	916,767

The accompanying notes are an integral part of these interim 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 610 – 700 West Pender Street, Vancouver, BC, Canada, V6C 1G8. The Company's registered and records 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. 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. ("Aurora Cannabis"), 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). Aurora Cannabis received its license to produce from Health Canada on February 19, 2015. The head office of Aurora Cannabis is located at 14613 - 134 Avenue, Edmonton, Alberta T5L 4S9.

These condensed interim 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 loss for the period ended March 31, 2015 indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern

These condensed interim 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. Summary of Significant Accounting Policies

(a) Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, "*Interim Financial Reporting*" ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on June 1, 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., 1769474 Alberta Ltd. ("1769474") and Australis Capital Inc. ("ACI"). All significant intercompany balances and transactions were eliminated on consolidation.

(c) Basis of measurement

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

These interim consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company.

(d) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

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 revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. Summary of Significant Accounting Policies

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

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements include the following:

(i) Valuation of the purchase price of Prescient Mining Corp. (Note 3)
(ii) Valuation of the purchase price of Aurora Cannabis Enterprises Inc. (formerly 1755517 Alberta Ltd.) (Note 4)
(iii) Fair value measurements for RTO replacement warrants, RTO replacement options and other share-based payments (Notes 3, 9(e) and 9(d))
(iv) Capitalization of development costs of property, plant and equipment (Note 5)

The presentation of these consolidated financial statements requires judgments regarding the ability of the Company to continue as a going concern as described in Note 1.

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 9(c));

(ii) An aggregate of 21,450,000 warrants ("RTO replacement warrants") as follows: (Note 9(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 9(d))

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

(i) 20,000,000 common shares [(1) (2)] on completion of performance milestones; and

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

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

[(1)] Subject to escrow. (Note 9(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 9(b)(ii))

In conjunction with the RTO, 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 6, 7(b) and 9(b))

On closing of the RTO, the shareholders of AMI held approximately 57% of the issued and outstanding shares of the Company at a fair value of $51,000,000 (which value was based on the fair value of the common shares issued by the Company pursuant to a private placement which closed prior to the closing of the RTO). 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 interim 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 interim 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 instruments of the Company retained by the shareholders of Prescient based on the market value of the Company'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 fair value consideration received by the shareholders of Prescient amounted to $35,700,400.

The Company recorded a listing expense of $33,939,196 in the consolidated statement of loss and comprehensive loss, which reflects the aggregate estimated fair value of the consideration paid less the net assets acquired plus the transaction costs related to the RTO as follows:

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

	$
Fair value of consideration:	
42,000,471 common shares of Prescient @ $0.85 per share	35,700,400
Estimated fair value of net assets of Prescient acquired by AMI	(4,425,090)
	31,275,310
Other transaction costs:	
3,000,000 common shares for finder's fees	2,550,000
Transaction costs (legal, audit and filing fees)	113,886
RTO listing expense	33,939,196

The net assets of Prescient were included at their fair value of $4,425,090 (equal to the carrying value of the assets) and have been 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 have 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.

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

At May 1, 2014, 175517 had a net deficit of $21,156, creating a net compensation expense of $1,021,156 as a result of this transaction.

5. Property, Plant and Equipment

	Buildings	Office furniture & equipment	Computer Hardware & Software	Total
	$	$	$	$
Cost:				
Balance, July 1, 2013	-	-	4,180	4,180
Additions	4,201,324[(1)]	-	36,723[(1)]	4,238,047
Balance, June 30, 2014	4,201,324	-	40,903	4,242,227
Additions	5,372,530	99,677	158,146	5,630,353
Balance, March 31, 2015	9,573,854	99,677	199,049	9,872,580
Accumulated depreciation:				
Balance, July 1, 2013	-	-	3,171	3,171
Depreciation	-	-	303	303
Balance, June 30, 2014	-	-	3,474	3,474
Depreciation	359,020	16,900	22,054	397,974
Balance, March 31, 2015	359,020	16,900	25,528	401,448
Net Book Value:				
June 30, 2014	4,245,291	-	37,429	4,238,753
March 31, 2015	9,214,834	82,777	173,521	9,471,132

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

6. 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, compounded monthly, and matures on December 27, 2014. In consideration for the loan, the Company issued 714,000 common shares to the Lender at a fair value of $99,960. During the nine months ended March 31, 2015, the Company made a partial payment of $100,000 on this loan. Subsequent to March 31, 2015, the Lender agreed to extend the loan to June 27, 2015.

7. Convertible Loans

(a) On August 29, 2014, the Company issued unsecured, non-interest bearing convertible loan 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. 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 at any time during the term and at maturity. The common shares issuable upon conversion of the Notes1 will be subject to escrow.

In May 2015, one of the lenders assigned $175,000 of the Notes1 (the "Assigned Note") to arm's length parties and subsequent to March 31, 2015, the Company issued 1,400,000 common shares on the conversion of the Assigned Note.

(b) On November 24, 2014 and December 1, 2014, the Company issued secured convertible loan 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 at any time during the term and at maturity. 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 a Company specific interest rate assuming no conversion feature existed. The debt component was accreted to its fair value over the term to maturity as a non-cash interest charge and the equity component was presented in convertible loan notes reserve as a separate component of shareholders' deficit.

	$
Balance, June 30, 2014	-
Proceeds from issuance of convertible loan notes	2,750,000
Equity component of convertible loan notes	(798,878)
Accretion of convertible loan notes	61,640
Accrued interest	34,411
Balance, March 31, 2015	2,047,173

8. Advances from a Related Party

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. (Notes 7(a), 12(b) and 12(h))

9. 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 March 31, 2015, there were 106,040,804 issued and fully paid common shares (June 30, 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 $2,550,000 for finder's fees with respect to this transaction. (Note 3)

(iii) On October 15, 2014, the Company closed a non-brokered private placement of 1,176,471 common shares at a price of $0.85 per share for gross proceeds of $1,000,000.

(iv) On August 22, 2014, 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. Total share issue costs with respect to the private placement amounted to $100,442 which consisted of finders' fees of $98,920 and other share issue costs of $1,522.

(v) On July 11, 2014, the Company closed 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 finder's fees of $52,000 and issued 520,000 warrants at a fair value of $340,871. 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.

The fair value of the finder's warrants of $340,871 has been charged to share issue costs with a corresponding increase to reserves. 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 – 179.99%; risk-free interest rate - 1.08%; expected life - 2 years. The weighted average fair value of the finder's warrants issued during the nine months ended March 31, 2015 was $0.66 per warrant.

9. Share Capital and Reserves (Continued)

(b) Issued and outstanding (Continued)

(vi) On July 7, 2014, the Company issued 714,000 common shares at a fair value of $99,960 pursuant to a loan agreement. (Note 6)

(vii) During the nine months ended March 31, 2015, 597,333 stock options were exercised for gross proceeds of $29,867. Non-cash compensation charges of $19,297 were reclassified from reserves to share capital on the exercise of these options.

(viii) During the nine months ended March 31, 2015, 473,000 warrants were exercised for gross proceeds of $47,300. Non-cash compensation charges of $114,786 were reclassified from reserves to share capital on the exercise of these warrants.

(ix) On June 27, 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 until 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 on June 27, 2014 was $0.11 per warrant.

(x) 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 nine months ended March 31, 2015, the Company received the full amount of the proceeds.

(xi) 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.

(xii) 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)

9. Share Capital and Reserves (Continued)

(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 11,250,000 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 the date of closing of the RTO and 15% shall be released every six months thereafter over a period of thirty six months. The common shares that will be issued and deposited in escrow on the exercise of warrants and options will be subject to the same schedule of release.

Subsequent to March 31, 2015, 2,025,000 common shares were deposited in escrow (Note 12(g)).

(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	**-**	**-**
Opening balance of Prescient	1,588,000	0.06
Granted	2,200,000	0.70
RTO replacement options (note 3(a)ii)	4,000,000	0.001
Exercised	(597,333)	0.05
Forfeited	(188,333) [(i)]	0.05
Balance, March 31, 2015	**7,002,334**	**0.22**

[(i)] During the nine months ended March 31, 2015, the fair values of 188,333 forfeited options of $45,202 were reclassified from reserves to deficit.

9. Share Capital and Reserves (Continued)

(d) Stock options (continued)

The following table summarizes the stock options outstanding as at March 31, 2015:

Exercise Price	Options Outstanding		Expiry Date	Options Exercisable
$	#			#
0.001	4,000,000		December 1, 2019	1,600,000
0.05 [(ii)]	503,334		October 29, 2017	503,334
0.05 [(ii)]	50,000		April 1, 2020	50,000
0.05 [(ii)]	110,000		May 31, 2021	110,000
0.05 [(ii)]	85,000		March 19, 2024	85,000
0.15	144,000	[(i)]	October 29, 2017	144,000
0.39	300,000		March 16, 2020	-
0.40	350,000		March 10, 2019	-
0.42	200,000		January 19, 2020	-
0.425	100,000		February 27, 2020	-
0.70	250,000		September 2, 2019	125,000
1.01	910,000		September 18, 2019	455,000
	7,002,334			3,072,334

[(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 nine months ended March 31, 2015, the Company recognized aggregate share-based payments of $2,437,118 (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 $2,227,382 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	0.95%	-
Expected Annual Dividend Yield	0%	-
Expected Stock Price Volatility	229.41%	-
Expected Life of Options and Warrants	1.69 years	-

9. Share Capital and Reserves (Continued)

(d) Stock options (continued)

The weighted average fair value of stock options granted during the nine months ended March 31, 2015 was $0.69 (For the period from September 11, 2013 (date of incorporation) to June 30, 2014- $Nil) per option.

As at March 31, 2015, stock options outstanding have a weighted average remaining contractual life of 4.64 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**
Opening balance of Prescient	760,000	0.10
AMI warrants cancelled (Note 3) [(1) (2)]	(25,200,000)	0.21
Warrants issued pursuant to private placements	520,000	0.10
Warrants issued for consulting services	250,000	1.01
RTO replacement warrants (Note 3(a)(ii)) [(1) (2) (3)]	21,450,000	0.25
Exercised	(473,000)	0.10
Balance, March 31, 2015	**22,507,000**	**0.25**

(1) These warrants are 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 fair value of these warrants has been 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 has been recognized as share-based payments in the period from September 5, 2013 (date of incorporation) to June 30, 2014.

9. Share Capital and Reserves (Continued)

(e) Share purchase warrants (continued)

(1) Effective December 9, 2015, these warrants were cancelled and the Company issued RTO replacement warrants of 11,250,000 warrants and 3,750,000 performance warrants, all at $0.02 per share. Notes 3(a)(ii) and (b)(ii).

During the nine months ended March 31, 2015, the fair value of these cancelled warrants of $42,550 was reclassified from reserves to deficit.

(2) These warrants are 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 has been 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 has been fully recognized in equity as at June 30, 2014.

Effective December 9, 2015, these warrants were cancelled and the Company issued RTO replacement warrants of 10,200,000 at $0.50 per share. Notes 3(a)(ii).

During the nine months ended March 31, 2015, the fair value of these cancelled warrants of $181,560 was reclassified from reserves to share capital.

(3) The RTO replacement warrants have a fair value of $16,752,581 which has been charged to share issue costs with a corresponding increase to reserves. The fair value of the RTO replacement 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 – 216.88%; risk-free interest rate – 1.01%; expected life – 1.48 year. The weighted average fair value of the RTO replacement warrants issued during the nine months ended March 31, 2015 was $0.78 per warrant.

The following table summarizes the warrants outstanding as at March 31, 2015:

Exercise Price	Warrants	Expiry Date
$	#	
0.02	11,250,000	December 9, 2019
0.10	402,000	June 27, 2016
0.10	405,000	July 15, 2016
0.50	10,200,000	December 9, 2017
1.01	250,000	September 18, 2015
	22,507,000	

As at March 31, 2015, share purchase warrants outstanding have a weighted average remaining contractual life of 3.6 years.

10. Related Party Transactions

(a) Related party transactions

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

	Nine months ended March 31,2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
	$	$
Property, plant and equipment purchased from a company owned by directors and officers of the Company	195,141	341,299
RTO listing expense paid or accrued to a company controlled by an officer of the Company	69,675	-
Office, rent and administration paid or accrued to a company with a common director	56,600	-
Office, rent and administration paid or accrued to a company owned by directors and officers of the Company	130,657	267,804
	452,073	558,486

(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.

	Nine months ended March 31, 2015	For the period from September 11, 2013 (date of incorporation) to June 30, 2014
	$	$
Share-based payments [(i)]	27,386	217,187

(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 9(d)).

10. Related Party Transactions (Continued)

(c) Related party balances

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

	March 31, 2015	June 30, 2014
	$	$
(i) Companies controlled by directors and an officers of the Company	29,955	16,667
(i) A director of the Company	26,187	-
(ii) Company having a director in common	1,500	-

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

11. Leases and Other Commitments

The Company entered into the following office and operating leases:

(a) 1769474 has an operating lease on lands located in Calgary, 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.

(b) The Company is committed to future minimum annual lease payments with respect to its office premises in Vancouver, British Columbia, expiring January 31, 2020, as follows:

	$
2015	13,803
2016	55,789
2017	57,169
2018	58,549
2019	59,929
2020	35,428
	280,667

12. Subsequent Events

The following events occurred subsequent to March 31, 2015:

(a) The Company obtained a $1,000,000 secured loan from an arm's length party at a rate of 19.8% per annum, maturing nine months from the date of the promissory note. Interest is payable monthly and the principal amount is due at the end of the term. 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 4% of the principal amount of the loan.

(b) The Company entered into loan agreements 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). The loans are unsecured, bear interest at 8% per annum and mature on October 1, 2015.

(c) ACI entered into a Memorandum of Understanding with AJR Builders Group ("AJR") dated April 7, 2015 to form Australis Holdings LLP ("Australis LLP"), a Washington Limited Liability Partnership. ACI and AJR are each 50% owners of Australis LLP. The Company loaned approximately $1,644,831 to ACI to fund Australis LLP's capital investments. The loan bears interest at a rate of 5% per annum maturing on October 31, 2017 and is secured by a general security agreement granting the Company security over all present and after acquired property of ACI, and ACI's loan to Australis LLP 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 Australis LLP.

(d) Australis LLP purchased two parcels of land totaling 24.5 acres (the "Property") in Whatcom county, Washington for approximately USD$2,300,000 to construct a new marijuana production and processing facility. The vendor of the Property granted a USD$1,000,000 loan under a promissory note to Australis LLP towards the purchase of the Property. The loan bears interest at a rate of 5% per annum, payable monthly, and matures on October 31, 2017. In the event of a default on interest payments and other terms, at the option of the lender, the full amount of the loan shall be immediately due and payable and interest will be charged at 12% per annum. The loan is secured by a first mortgage on one of the 2 parcels of land that make up the Property.

(e) An aggregate of 588,334 common shares were issued on the exercise of 588,334 options for gross proceeds of $29,417. Non-cash compensation charges of $17,209 were reclassified from reserves to share capital on the exercise of these options.

(f) An aggregate of 243,000 common shares were issued on the exercise of 243,000 warrants for gross proceeds of $24,300. Non-cash compensation charges of $23,782 were reclassified from reserves to share capital on the exercise of these warrants.

12. Subsequent Events (Continued)

(g) 2,250,000 common shares were issued on the exercise of 2,250,000 RTO replacement warrants at $0.02 per share for gross proceeds of $45,000. Non-cash compensation charges of $1,810,188 were reclassified from reserves to share capital on the exercise of these RTO replacement warrants. Of the 2,250,000 common shares issued, 2,025,000 common shares were deposited in escrow (Note 9(c)).

(h) The Company received an aggregate of $496,553 from a company controlled by the CEO and the President of the Company, of which, $132,202 were recorded in advances payable and $364,351 in accounts payable. The amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

(i) The Company received aggregate loans of $455,000 from the CEO and a company controlled by the CEO of the Company. The loans are unsecured and mature on the latter of: (i) the Company reporting two consecutive profitable quarters; and (ii) August 1, 2016. The loans bear no interest until the Company reports a cash flow positive quarter and interest will be charged at 4% per annum thereafter.