

AURORA CANNABIS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended September 30, 2015

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Aurora Cannabis Inc. (the "Company" or "Aurora") was incorporated under the *Business Corporations Act* (British Columbia) on December 21, 2016 as Prescient Mining Corp. ("Prescient"). The Company's shares are traded on the Canadian Securities Exchange (the "Exchange") under the symbol "ACB."

Below are the addresses of the Company:

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

This Management's Discussion and Analysis ("MD&A") reports on the operating results and financial condition of the Company for the three months ended September 30, 2015 and is prepared as of November 30, 2015. The MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended September 30, 2015 ("Interim Financial Statements") and the audited consolidated financial statements for the year ended June 30, 2015.

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

The accompanying Interim 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. ("Australis"). 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 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

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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 as outlined under “*Business Overview*”, the receipt from Health Canada of its sales license and the Letter of Intent for exclusive distribution rights to a cannabis inhaler.

BUSINESS OVERVIEW

On December 9, 2014, the Company completed the reverse acquisition of Prescient pursuant to a Share Exchange Agreement dated September 9, 2014. See note 3 to the Company’s Interim Financial Statements for the three months ended September 30, 2015.

Aurora Cannabis Enterprises Inc. (“ACE”), a wholly-owned subsidiary of the Company, is an Alberta company and is licensed to produce and sell medical marijuana under the *Marihuana for Medical Purposes Regulations* (“MMPR”) issued pursuant to the *Controlled Drugs and Substances Act* (Canada). ACE received its license to produce medicinal cannabis on February 19, 2015 and on November 27, 2015, Health Canada granted ACE its license to sell medicinal cannabis under the provisions of the MMPR.

The Company’s operations are located in a recently constructed, state-of-the-art, expandable 55,200 square foot production facility (“Facility”). The Facility is of pharmaceutical production grade quality with hydroponic greenhouse high pressure sodium lighting and nutrient delivery equipment which is capable of producing over 5,400 kilograms of medical cannabis 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.

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The Facility cost approximately \$10.5 million as of September 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 primary focus is to bring its Facility to full production once the sales license has been obtained. Other immediate goals are to accelerate its business growth and expansion plans including procuring or constructing an additional production facility in Canada, acquiring distressed facilities that failed to obtain licenses, creating alliances throughout the cannabis space with doctors, scientists, pharmacies, retail, etc., and securing an import and export license under the MMPR. In addition, Aurora's wholly-owned subsidiary, Australis Capital Inc., seeks to be an active participant in the U.S. cannabis market by way of acquiring dispensary process and production licenses in the U.S. and developing exclusive partnerships with North American cannabis companies.

RECENT DEVELOPMENTS

Sales License

On November 27, 2015, ACE received its license from Health Canada to sell medicinal cannabis under the MMPR. The sales license authorizes Aurora for the sale of medicinal cannabis to patients across the country.

Aurora's 55,200 square foot indoor production facility in Alberta is capable of producing over 5,400 kg. of medicinal-grade cannabis per year. Out of all the publicly traded fully licensed producers in Canada, Aurora has the second most licensed indoor production space and the largest purpose-built indoor production facility.

Aurora also has the advantage of producing at lower costs as it has access to mountain-fed fresh water table on approximately 160 acres of land, sub \$0.03 per kilowatt hour electricity costs and the least expensive corporate tax rates in the country.

With a new comprehensive website set to launch in the coming days, pre-registration of patients will begin immediately and product deliveries are expected to commence in December 2015.

Aurora anticipates the facility to be at its full production capacity by May 2016. Once in full production, Aurora has the capability of harvesting over 130 kg of medicinal cannabis every 7 to 10 days. As previously announced, micro-propagation through plant tissue culture technology will support the facility in ramping up to maximum production capacity while preserving the full genetic potential of Aurora's production stock.

Mystabis Inhaler Letter of Intent

On November 5, 2015, Aurora announced that it has entered into a Letter of Intent ("LOI") for exclusive distribution rights to Mystabis, a revolutionary inhaler that provides pressurized metered doses of cannabis.

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The terms of the arrangement allow Aurora sole Canadian distribution of the device. The ability to administer metered doses is something that both patients and the medical community have been waiting for eagerly. Without the use of any form of heat or combustion, this pressurized inhaler ("pMDI") delivers exact quantities of cannabinoids in a manner that provides rapid medicinal effects while preserving the entourage effects of the cannabinoids and terpenoids. Physicians will find the delivery mechanism to be very familiar and will appreciate the precision controlled per dose delivery of both the THC and CBD dominant formulations.

The proposed transaction is subject to the completion of satisfactory due diligence. The finalized terms will be released upon closing of the definitive agreement.

Receipt of Production License for Building Number 3

On September 25, 2015, 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.

Washington Project

The Company's joint venture in Washington, Australis Holdings LLP, recently completed the engineering and design of the Bellingham, Washington cannabis facility.

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 and sales license from Health Canada (the "License"). The Licenses are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements and terms of the Licenses or any failure to maintain the Licenses or any failure to renew the Licenses 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

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for future extensions or renewals of the Licenses, there can be no assurance that Health Canada will extend or renew the Licenses 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 Licenses or should they renew the licenses 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 produce cannabis oil by health Canada (the "License"). Although the Company believes it will meet the requirements of MMPR for the License, there can be no guarantee that Health Canada will approve and grant the License. Should Health Canada not grant the License, 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

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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.

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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

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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

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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.

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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.

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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.

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
	\$	\$	\$
September 30, 2015	14,217	(1,369,168)	(0.01)
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)

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, branding 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 Prescient.

RESULTS OF OPERATIONS

During the three months ended September 30, 2015, the Company reported a net loss of \$1,369,168 compared to a net loss of \$729,056 during the three months ended September 30, 2014.

Marketing and promotion amounted to \$124,727 for the three months ended September 30, 2015 compared to \$239,804 for the prior period. The decrease in marketing and promotion was a result of reduced expenditures related to website and branding and travel and promotion. In the prior period, the Company incurred travel costs in connection with the RTO and its participation and attendance in various investment and medical marijuana business conferences.

Research and development for the three months ended September 30, 2015 was \$96,560 compared to \$26,635 for the prior period. The increase in research and development was a result of researches, development and documentation of certain aspects relating to the cannabis grow process and client registration process.

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Depreciation of property, plant and equipment increased to \$163,308 for the three months ended September 30, 2015 from \$Nil for the prior period. No depreciation was recorded in the prior period as the property, plant and equipment only became available for use during the third quarter of fiscal 2015 as the Company commenced its operations.

During the three months ended September 30, 2015, the Company recorded share-based payments of \$282,279 for stock options and warrants granted and vested during the period as compared to \$118,470 during the previous period.

Finance and other costs were \$200,981 for the three months ended September 30, 2015 compared to \$270 for the prior period. The amount relates to interests on loans as well as interest accretion on convertible loans. The outstanding loans in the prior period bore no interest.

During the prior period, the Company recorded a deferred tax recovery of \$196,101 related to the \$1,500,000 convertible loans issued in August 2014.

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 debt and equity 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 \$6,662,571 at September 30, 2015 as compared to working capital deficit of \$6,341,209 at June 30, 2015, representing a decrease in working capital by \$321,362.

Net cash and cash equivalents on hand increased by \$378,029 from \$315,853 as at June 30, 2015 to \$693,882 as at September 30, 2015. The increase in cash was mainly attributable to cash inflows from financing activities of \$1,174,171 offset by cash used for operating activities of \$505,300 and cash outflows for investing activities of \$290,842.

Operating Activities

For the three months ended September 30, 2015, cash flow used for operating activities was \$505,300 compared to \$823,319 for the three months ended September 30, 2014. The decrease in cash flow used for operating activities of \$318,019 was primarily due to a GST refund of \$559,393 received during the period.

Investing Activities

For the three months ended September 30, 2015, the Company had net cash outflows relating to investing activities of \$290,842 as compared to \$3,074,114 for the three months ended September 30, 2014. Investing activities during the current period relate to building improvements and the purchase of production equipment, computers and furniture. Investing activities of \$3,074,114 during the prior period all relate to building (production facility) construction.

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Financing Activities

Net cash flows provided by financing activities for the three months ended September 30, 2015 were \$1,174,171 compared to \$3,060,467 for the three months ended September 30, 2014. During the three months ended September 30, 2015, the Company raised an aggregate of \$2,715,700, which comprised of \$1,132,471 from short and long term loans, \$9,600 from the exercise of options and \$32,100 from the exercise of warrants, and repaid short term loans of \$1,541,529.

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	Sep 30, 2015	Jun 30, 2015
			\$	\$
Short term				
Unsecured term loan ⁽¹⁾	8%	Aug. 27, 2015	430,276	421,715
Secured demand loan	19.8%	Jan. 4, 2016	-	974,827
Unsecured loans from related parties ⁽²⁾	8%	April 1, 2016	2,599,726	2,549,316
Unsecured advances from a related party	-	-	342,001	841,530
Secured mortgage loan	12%	March 13, 2016	1,608,750	-
			4,980,753	4,787,388
Long term				
Unsecured loans from related parties	See ⁽³⁾ below	See ⁽³⁾ below	3,000,000	2,018,000

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Convertible loans

Convertible loan – secured short term ^{(4) (5)}	8%	Nov. 24, 2015	1,062,564	1,033,397
Convertible loan – secured short term ⁽⁴⁾	8%	Dec. 1, 2015	265,086	257,795
Convertible loan – unsecured long term ⁽⁶⁾	-	Aug. 29, 2019	-	274,008

- (1) The Lender granted an extension to the term of the loan to August 27, 2015. As of September 30, 2015, the Company is in default of making the principal and interest payments due under the loan. Subsequent to September 30, 2015, the Company received a demand letter demanding full repayment of the outstanding amounts owing no later than November 24, 2015, or enforcement action will be taken.
- (2) On October 1, 2015, the terms of these promissory notes were amended to have the same terms as the loans in footnote (3) below.
- (3) 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.
- (4) Convertible into common shares of the Company at a price of \$1.01 per share.
- (5) On November 20, 2015, the Company received a notice demanding full repayment in cash of the convertible note (principal amount plus interests) on or before November 30, 2015.
- (6) Convertible into common shares of the Company at a price of \$0.125 per share.

Other Contractual Obligations

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

Contractual Obligation	Total	1-3 years	After 3 years
	\$	\$	\$
Operating lease ⁽¹⁾	247,500	165,000	82,500
Office lease ⁽²⁾	665,906	396,720	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 September 30, 2015:

- (a) An aggregate of 224,999 common shares were issued on the exercise of 224,999 options for gross proceeds of \$82,000. Non-cash compensation charges of \$43,424 were reclassified from reserves to share capital on the exercise of these options.

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- (b) 55,000 common shares were issued on the exercise of 55,000 warrants for gross proceeds of \$5,500.
- (c) The following stock options were granted to consultants of the Company:

Exercise Price	Options	Expiry Date
\$	#	
0.34	250,000	October 9, 2016
0.69	250,000	November 26, 2017
	500,000	

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 three months ended September 30, 2015. A description of the related party transactions is as follows:

Name and Relationship to Company	Transaction	2015	2014
		\$	\$
W.L. Macdonald Law Corporation, a company controlled by William Macdonald, a former officer of the Company	RTO listing expense and legal fees	3,102	-
Delcon Industries Ltd, a company controlled by Dale Lesack, a director of ACE	Consulting fees	37,500	37,500
Evolve Concrete, a company controlled by Chris Mayerson, a director of ACE	Consulting fees	37,500	37,500
Inspire Consulting Services Ltd., a company controlled by John Bean, CFO of the Company	Management fees	10,800	-
Jason Dyck, a director of	Director's fees	1,500	-

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the Company			
Adam Szweras, a director of the Company	Director's fees	4,500	-
Chuck Rifici, a director of the Company	Director's fees	3,000	-

Included in prepaid expenses is a rent deposit of \$1,500 (June 30, 2015 - \$1,500) paid to a company having a former director in common.

Included in accounts payable and accrued liabilities were the following:

- (a) \$97,900 (June 30, 2015 - \$59,946) payable to companies controlled by directors and officers of the Company.
- (b) \$28,556 (June 30, 2015 - \$17,717) payable to directors of the Company.

Included in convertible notes was \$nil (June 30, 2015 - \$274,008) payable to a company controlled by a director and officer of the Company.

An aggregate of \$5,941,727 (June 30, 2015 - \$5,408,846) 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 Interim 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 Interim 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 Interim Financial Statements.

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(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 Interim 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.

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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.

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

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) 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 September 30, 2015 and 2014 at fair value.

	Fair value as at Sept. 30, 2015	Basis of measurement	Financial instruments
Financial Assets			
Cash and cash equivalents	\$1,268,379	Carrying value	Loans and receivables
Financial Liabilities			
Accounts payable	\$1,490,228	Carrying value	Other financial liabilities
Short term loans	\$4,980,753	Carrying value	Other financial liabilities
Long term loans	\$3,000,000	Carrying value	Other financial liabilities
Convertible loans ⁽¹⁾	\$1,327,650	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.

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(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. As at September 30, 2015, the Company had cash and cash equivalents of \$1,268,379 and working capital deficiency of \$6,602,477. 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 Interim Financial Statements.

(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.

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 November 30, 2015, there were 125,083,137 common shares issued and outstanding.

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(c) Stock options and charitable options outstanding as at November 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
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	-
125,000	0.32	September 21, 2020	-
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	-
100,000	0.425	February 27, 2020	33,332
250,000	0.69	November 26, 2017	-
5,104,000			814,832

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

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

Warrants	Exercise Price	Expiry Date
#	\$	
9,000,000	0.02	December 9, 2019
19,000	0.10	June 27, 2016
169,000	0.10	July 15, 2016
10,200,000	0.50	December 9, 2017
19,388,000		