

LAMÉLÉE IRON ORE LTD.

CSE FORM 2A

AMENDED AND RESTATED LISTING STATEMENT



This Amended and Restated Listing Statement amends and restates the listing statement of the Corporation dated May 31, 2018. This Amended and Restated Listing Statement (the "Listing Statement") concerns an entity (the Resulting Issuer, as defined below) that is expected to derive its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. federal law. Currently, neither the Corporation nor AURA (as both terms are defined below) are directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the United States, nor is either company directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in the United States. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. As such, there are a number of risks associated with the Resulting Issuer's existing and future investments in the United States. For the reasons set forth above, the Resulting Issuer's interests in the United States cannabis market, and future investments, if any, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada.

See Item 3.2 - "Trend, commitments, events or uncertainties", and Item 17 - "Risk Factors" - "Non-compliance with Laws", "U.S. Federal Laws", "Enforcement Risk", and "There is a Substantial Risk of Regulatory or Political Change" for additional information concerning the foregoing.

The current business of AURA and the proposed business of the Resulting Issuer takes place entirely in the United States. AURA's business operating partner, Sun Valley, operates a network of physician-staffed medical cannabis clinics. Sun Valley seeks to create a leading nationwide brand of trusted services for the medical cannabis industry, enabling patients to more effectively and affordably address areas such as chronic pain, Epilepsy, PTSD, insomnia and other chronic ailments. AURA currently has investments in four Sun Valley clinics located in the states of Nevada, Arizona and Florida. To the best of AURA's knowledge, Sun Valley is in compliance with applicable licensing requirements and the regulatory framework enacted in the applicable U.S. state.

While some states have authorized the use and sale of marijuana, it remains illegal under federal law and the approach to enforcement of U.S. federal laws against marijuana is subject to change. Because AURA engages in marijuana-related activities in the U.S., it assumes certain risks due to conflicting state and federal laws. The federal law relating to marijuana could be enforced at any time, and this would put AURA and the Resulting Issuer at risk of being prosecuted and having its assets seized.

To the best of AURA's knowledge, Sun Valley ensures that its marijuana related activities are conducted in a manner consistent with previous U.S. federal enforcement priorities established by the memorandum issued by the former Department of Justice Deputy Attorney General of the Obama administration, James M. Cole (the "Cole Memo") by preventing the distribution of marijuana to minors; preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; preventing the diversion of marijuana from U.S. states where it is legal under state law in some form to other U.S. states; preventing U.S. state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; preventing violence and the use of firearms in the cultivation and distribution of marijuana; preventing drugged

driving and the exacerbation of other adverse public health consequences associated with marijuana use; preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and preventing marijuana possession or use on U.S. federal property.

On January 4, 2018, U.S. Attorney General Jeff Sessions rescinded the Cole Memo by issuing a memorandum which effectively placed discretion in the hands of federal prosecutors in the U.S. to decide, individually, how to prioritize resources directed towards enforcing U.S. federal law regarding the procession, distribution and production of cannabis in states where such activities are legal under state law. It is unclear at this time whether the Sessions memo indicates that the Trump administration will strongly enforce the federal laws applicable to cannabis or what types of activities will be targeted for enforcement. However, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to cannabis could cause significant financial damage to the Resulting Issuer. While AURA does not currently, and the Resulting Issuer does not expect to, harvest, distribute or sell cannabis, it may be irreparably harmed by a change in enforcement policies of the federal government depending on the nature of such change. The Resulting Issuer plans to invest in, and may in the future operate, medical marijuana assessment clinics. As a result, the Resulting Issuer could be deemed to be aiding and abetting illegal activities, a violation of federal law.

Given the illegality of marijuana under U.S. federal law, AURA's and the Resulting Issuer's ability to access both public and private capital may be hindered by the fact that certain financial institutions are regulated by the U.S. federal government and are thus prohibited from providing financing to companies engaged in marijuana related activities. AURA's and the Resulting Issuer's ability to access public capital markets in the U.S. will be directly hindered as a result, however AURA is and the Resulting Issuer is expected to be able to access public and private capital markets in Canada in order to support continuing operations.

July 31, 2018

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Certificate of Lamêlée
Certificate of AURA

1 GLOSSARY

The following is a glossary of certain general terms used in this Listing Statement of Lamêlée, including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Where the context requires, words importing the singular include the plural and vice versa and words importing any gender include both genders.

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person. A company is "controlled" by a Person if:
- (c) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (d) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

"**AMMA**" means the *Arizona Medical Marijuana Act*;

"**AMMP**" means the *Arizona Medical Marijuana Program*;

"**AURA**" means AURA Health Corp., a corporation incorporated pursuant to the OBCA;

"**AURA Board**" means the board of directors of AURA;

"**AURA Clinic LLCs**" means, collectively, Sun Valley Alternative Health Centers NV LLC, Sun Valley Alternative Health Centers Mesa LLC, Sun Valley Alternative Health Centers Tucson LLC and Sun Valley Alternative Health Centers Hollywood, FL LLC;

"**AURA Convertible Securities**" means, collectively, the NHII Note, the Series A Debenture Unit Warrants, the Series B Debentures (including any Series B Debentures that may be issued upon the exercise of the KW ROFR), the December Warrants, the December Compensation Options, the Series A Finder Warrants, the Series B Finder Warrants, the AURA Option and the Financing Finder Warrants;

"**AURA Financial Statements**" means the consolidated audited financial statements of AURA for the year ended December 31, 2017 and the period from incorporation of November 8, 2016 to December 31, 2016 and the notes thereto, and the unaudited interim financial statements of AURA for the three months ended March 31, 2018;

"**AURA Finder**" means FMI;

"**AURA Finder's Fee Agreement**" means the finder's fee agreement between AURA and the AURA Finder with respect to the issuance of the AURA Finder Shares;

"**AURA Finder Shares**" means 300,000 AURA Shares issuable immediately prior to Closing to AURA Finder as satisfaction for a finder's fee with respect to the Transaction at a deemed value of \$0.49 per share for an aggregate deemed value of \$147,763, subject to the applicable securities laws and the policies of CSE, which will be exchanged with 300,000 Resulting Issuer Shares on Closing;

"**AURA MD&A**" means the annual management's discussion and analysis of AURA for the year ended December 31, 2017 and the period for the period from incorporation of November 8, 2016 to December 31, 2016, and the interim management's discussion and analysis of AURA for the three months ended March 31, 2018;

"**AURA Options**" means the 1,600,000 incentive stock options to purchase AURA Shares that shall be exchanged for Resulting Issuer Options on Closing;

"**AURA Shareholders**" means the holders of the AURA Shares;

"**AURA Shares**" means common shares in the capital of AURA;

"**Available Funds**" means the funds that will be available to the Resulting Issuer upon completion of the Transaction;

"**Branson**" means Branson Corporate Services Inc.;

"**Branson Agreement**" means the agreement dated December 9, 2016 between AURA and Branson pursuant to which Branson provides corporate services and Chief Financial Officer services to AURA;

"**CBCA**" means the *Canada Business Corporations Act*;

"**Clinic Business**" means AURA's business focused on providing medical consulting services to users of medical marijuana in Nevada, Arizona and Florida and providing medical evaluations and notifications to the U.S. State when a patient is interviewed and found to have one of the Qualifying Conditions;

"**Closing**" means the closing of the Transaction;

"**Cole Memo**" means the memorandum issued by the former Department of Justice Deputy Attorney General of the Obama administration, James M. Cole setting out previous U.S. federal enforcement priorities re marijuana;

"**company**" means unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Continuation**" means the proposed continuation of Lamêlée from the CBCA to the OBCA, effective upon Closing;

"**Control Person**" means any person or Company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**CSE**" means the Canadian Securities Exchange;

"**CSE Policies**" means the policies and procedures of the CSE;

"**December Compensation Options**" means 500,000 compensation options of AURA issued on December 9, 2016 with each December Compensation Option entitling the holder to purchase one December CO Unit at \$0.10 per December CO Unit until the earlier of December 9, 2021 and two years after Listing;

"**December CO Units**" means the units of AURA issuable upon the exercise of the December Compensation Options, each of which will be comprised of one December CO Unit Share and one-half of one December CO Unit Warrant;

"**December CO Unit Share**" means one AURA Share comprising one December CO Unit;

"**December CO Unit Warrants**" means warrants to purchase AURA Shares at \$0.15 per share until the earlier of December 9, 2021 and two years after Listing;

"**December Units**" means the units of AURA issued on December 9, 2016 in a private placement financing, each of which is comprised of one AURA Share and one-half of one December Warrant;

"**December Warrants**" means the 3,275,000 warrants to purchase AURA Shares at \$0.15 per share until the earlier of December 9, 2021 and two years after Listing;

"**Escrow Agent**" means the transfer agent for the Resulting Issuer;

"**Escrow Agreement**" means the escrow agreement dated as of the date of Closing between the Resulting Issuer, the Escrow Agent and the Principals of the Resulting Issuer upon the completion of the Transaction;

"**Exchange Ratio**" means 1.00 Resulting Issuer Shares for each one AURA Share;

"**Final Exchange Bulletin**" means the CSE Bulletin issued following the Closing and the submission of all required documentation that evidences the final CSE acceptance of the Transaction and the listing of the Resulting Issuer Shares;

"**Financing**" means the proposed non-brokered private placement by AURA for gross proceeds of between \$1,000,000 and \$5,000,000;

"**Financing Price**" means the issue price for the Financing Units in the Financing;

"**Financing Finder Options**" means the finder options AURA may issue to registered dealers who act as finders in the Financing, to purchase up to 8% of the Financing Units sold by the finders in the Financing, with each Financing Finder Option entitling to the holder to purchase one Financing FO Unit at the Financing Price for a period of 2 years after Closing;

"**Financing Finder Units**" means the units of AURA issuable upon the exercise of the Financing Finder Options, each of which will be comprised of one Financing Finder Unit Share and one-half of one Financing Finder Unit Warrant;

"**Financing Finder Unit Share**" means one AURA Share comprising one Financing Finder Unit;

"Financing Finder Unit Warrants" means warrants to purchase AURA Shares at \$0.75 per share until two years after Closing;

"Financing Units" means the units of AURA to be issued in the Financing, each of which will be comprised of one AURA Share and one-half of one Financing Warrant;

"Financing Warrants" means warrants to purchase AURA Shares at \$0.75 per share until two years after Closing;

"FMI" means Foundation Markets Inc.;

"GAAP" means generally accepted accounting principles approved by the Canadian Institute of Chartered Accountants or its successor, including IFRS, as applicable;

"Green Global" means Green Global Properties Inc., a corporation existing under the State of Delaware and a wholly-owned subsidiary of AURA;

"Governmental Entity" means any government, parliament, legislature, regulatory authority, governmental department, agency, commission, board, tribunal, crown corporation, court or other law, rule or regulation-making entity having jurisdiction or exercising executive, legislative, judicial, regulatory or administrative powers on behalf of any federation or nation, or any province, territory, state or other subdivision thereof or any municipality, district or other subdivision thereof, including, for greater certainty and without limitation, any Securities Authorities;

"Initial Listing Requirements" means the minimum financial, distribution and other standards that must be met by an Issuer seeking a listing on the CSE;

"Insider" if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer;
or
- (d) the issuer itself if it holds any of its own securities;

"Lamêlée" or the **"Corporation"** means, prior to giving effect to the Name Change, Consolidation and completion of the Transaction, Lamêlée Iron Ore Ltd., a company currently listed for trading on the TSXV;

"Lamêlée Board" means the board of directors of Lamêlée;

"Lamêlée Finder" means Gravel Developments Inc., a company controlled by Mr. Jimmy Gravel, a director of Lamêlée and a proposed director of the Resulting Issuer;

"Lamêlée Finder's Fee Agreement" means the finder's fee agreement between Lamêlée and the Lamêlée Finder with respect to the issuance of the Lamêlée Finder Shares;

"Lamêlée Finder Shares" means 300,000 Lamêlée Shares issuable on Closing to Lamêlée Finder as satisfaction for a finder's fee with respect to the Transaction at a deemed value of \$0.49254 per share for an aggregate deemed value of \$147,763, subject to the applicable securities laws and the policies of CSE.

"Lamêlée MD&A" means the management discussions and analyses of Lamêlée for:

- (a) the financial year ended September 30, 2016;
- (b) the financial year ended September 30, 2017; and
- (c) for the six month period ended June 30, 2018.

"Lamêlée Shareholders" means the holders of Lamêlée Shares;

"Lamêlée Shares" means common shares in the capital of Lamêlée;

"Lamêlée Stock Option Plan" means the stock option plan of Lamêlée;

"Lamêlée Warrants" means warrants to purchase Lamêlée Shares exercisable at a price of \$0.05 per Lamêlée Share;

"Laws" means all statutes, codes, ordinances, regulations, statutory rules, published policies, published guidelines and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term "applicable" with respect to such Laws, and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities (all references herein to a specific statute being deemed to include all applicable rules, regulations, rulings, orders and forms made or promulgated under such statute and the published policies and published guidelines of the Governmental Authorities administering such statute) and shall include the published rules and policies of the CSE;

"Letter of Intent" means the letter agreement dated January 23, 2018, as the same may be amended, between Lamêlée and AURA providing for, among other things, a business combination between Lamêlée and AURA to be given effect by way of merger, statutory amalgamation, 3-corner amalgamation, plan of arrangement, share purchase, takeover, or other business combination;

"Listing" means listing of Common Shares for trading on the CSE;

"Listing Statement" means this listing statement, including the Schedules attached hereto, of Lamêlée describing the Transaction and prepared in accordance with Form 2A of the CSE Policies;

"marijuana" means all parts of the plant of the genus cannabis, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin. The term "marijuana" as used in this Listing Statement does not include industrial hemp, nor does it include fiber produced from stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other product;

"Marijuana Service Business" has the meaning given to it under "Item 4(b) – Narrative Description of AURA's Business" of this Listing Statement;

"Maximum Offering" means the Financing raising a maximum of \$5,000,000 gross proceeds;

"Medical Compliance Certificate" means a certification or license issued by a U.S. State to an individual who has been diagnosed by a Qualified Physician as having at least one Qualifying Condition enumerated by such U.S. State's applicable regulation that permits the use of medical marijuana;

"medical marijuana" or **"medicinal marijuana"** means marijuana that is grown and sold pursuant to applicable laws and regulations for medical purposes (as opposed to recreational purposes);

"Minimum Offering" means the Financing raising a minimum of \$1,000,000 gross proceeds;

"Material Adverse Effect" means, when used in connection with Lamêlée or AURA, as applicable, any event, condition or change which individually or in the aggregate constitutes, or would reasonably be expected to have, a material adverse effect on their respective business assets, liabilities, condition (financial or otherwise) or results of operations on a consolidated basis; provided, however, that the determination of whether a Material Adverse Effect has occurred shall be made ignoring any event, change, fact or effect resulting from: (i) any change in GAAP or Laws or interpretation thereof; (ii) any generally applicable change or development in economic, regulatory, business or financial market conditions; (iii) any acts of terrorism or war; (iv) the execution or announcement of the Securities Exchange Agreement; (v) in respect of Lamêlée, any breach of the Securities Exchange Agreement by Lamêlée; and (vi) in respect of AURA, any breach of the Securities Exchange Agreement by AURA;

"Name Change" means a change of name of Lamêlée from "Lamêlée Iron Ore Ltd." to "AURA Health Inc." or such other name as is agreed to by Lamêlée and AURA;

"Named Executive Officers" means the chief executive officer, the chief financial officer and the most highly compensated executive officers, or the most highly compensated individuals acting in a similar capacity (other than the chief executive officer and chief financial officer) as at the most recently completed financial year end whose total compensation for the most recently completed financial year was individually \$150,000 or greater;

"NHII" means Nutritional High International Inc., a company listed on the CSE;

"NHII Note" means the unsecured convertible note issued by AURA to NHII on November 14, 2016 in the principal amount of US\$120,000, convertible into NHII Note Units at \$0.05 per NHII Note Unit after November 14, 2017 until maturity date of November 14, 2018;

"NHII Note Units" means the units of AURA issuable upon the conversion of the NHII Note, each of which will be comprised of one NHII Note Unit Share and one-half of one NHII Note Unit Warrant;

"NHII Note Unit Share" means one AURA Share comprising one NHII Note Unit;

"NHII Note Unit Warrant" means an AURA Share purchase warrant exercisable into one AURA Share at an exercise price of \$0.075 for a period ending on the date that is the earlier of: (i) November 14, 2021; or (ii) 24 months from the Closing Date;

"Non-Arm's Length Party" means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person;

"**NP 46-201**" means National Policy 46-201- *Escrow for Initial Public Offerings*;

"**OBCA**" means the *Business Corporations Act (Ontario)*;

"**Offered Shares**" means the AURA Shares offered by AURA in the Financing;

"**Owned Sun Valley Clinic LLCs**" means the medical marijuana assessment clinics operated and owned by Sun Valley;

"**Patient Assessment Clinic**" or "**PAC**" has the meaning given to it under "Item 4(b)-Narrative Description of Aura's Business" of this Listing Statement;

"**Person**" means a company, a partnership, a trust or individual;

"**Pro Forma Consolidated Financial Statements**" means the unaudited *pro forma* consolidated financial statements of the Resulting Issuer as at March 31, 2018;

"**Promoter**" means (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer; or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, ten percent (10%) or more of any class of securities of the issuer or ten percent (10%) or more of the proceeds from the sale of any class of securities of a particular issue, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business;

"**Qualified Physician**" means a person licensed as a medical practitioner in accordance with applicable local, state and federal regulations and qualified by such jurisdiction to diagnose patients with a Qualifying Condition. The licensing requirements to be considered a Qualified Physician varies by U.S. State and is subject to ongoing revision.

"**Qualifying Condition**" means a medical condition that qualifies a patient for medical marijuana in a particular jurisdiction. The list of Qualifying Conditions varies by U.S. State and is subject to haphazard, but ongoing redefinition;

"**recreational**" or "**adult**", when used in reference to the use of marijuana, means the use of marijuana in jurisdictions where legislation has been passed to permit the non-criminal possession of regulated amounts of marijuana for purposes other than medical purposes;

"**Resulting Issuer**" means Lamêlée following the completion of the Transaction and the issuance of the Final Exchange Bulletin;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer;

"**Resulting Issuer Escrow Shares**" means the Resulting Issuer Shares held in escrow pursuant to the CSE Policies;

"**Resulting Issuer Options**" means options to acquire Resulting Issuer Shares pursuant to the Resulting Issuer Stock Option Plan;

"Resulting Issuer Shares" means common shares in the capital of the Resulting Issuer following the Name Change;

"Resulting Issuer Stock Option Plan" means the stock option plan of the Resulting Issuer;

"Resulting Issuer Warrants" means the Lamêlée Warrants exchanged pursuant to the Exchange Ratio following the completion of the Transaction;

"Securities Exchange Agreement" means the agreement entered into between Lamêlée, AURA and certain AURA Shareholders dated May 31, 2018, as amended on June 21, 2018 and as may be further amended, providing for, among other things, the completion of the Transaction;

"Series A Debentures" means \$300,000 principal amount of Series A 12% secured convertible debentures of AURA issued on April 20, 2017 due April 20, 2019, as amended;

"Series A Debenture Units" means the unit of AURA issuable upon the automatic conversion of the Series A Debentures, with each Series A Unit comprised of one AURA Debenture Unit Share and one-half of one Series A Warrant;

"Series A Debenture Warrants" means common share purchase warrants of AURA comprising part of the Series A Debenture Units issuable upon the automatic conversion of the Series A Debentures, with each warrant entitling the holder to purchase one AURA Share at \$1.00 per share until one year after Listing;

"Series A Finder Warrants" means 20,000 finder warrants issued by AURA on April 20, 2019 with each warrant entitling the holder to purchase one AURA Share at \$1.00 per share until the earlier of April 20, 2019 and one year after Listing;

"Series B Debentures" means \$600,000 principal amount of Series B 12% secured convertible debentures of AURA issued on December 22, 2017 due December 22, 2019;

"Series B Finder Warrants" means 80,000 common share purchase warrants of AURA issued to FMI, with each warrant entitling the holder to purchase one AURA Share at \$0.60 per share until December 22, 2019;

"Sun Valley" means Sun Valley Certification Clinics Holdings, LLC;

"Sun Valley Joint Venture Financial Statements" means the audited combined joint venture financial statements of Sun Valley for the AURA Clinic LLCs for the year ended December 31, 2017 and the period from August 30, 2016 (date of formation) to December 31, 2016, and unaudited interim combined joint venture financial statements of Sun Valley for the AURA Clinic LLCs for the three months ended March 31, 2018;

"Sun Valley Joint Venture MD&A" means the annual "carve-out" combined joint venture management's discussion and analysis of Sun Valley for the AURA Clinic LLCs for the year ended December 31, 2017 and the period from August 30, 2016 (date of formation) to December 31, 2016, and interim "carve-out" combined joint venture management's discussion and analysis of Sun Valley for the AURA Clinic LLCs for the three months ended March 31, 2018;

"Sun Valley Management Agreements" means the amended management services agreements dated August 1, 2017 between each of the AURA Clinic LLCs (other than Sun Valley FL Clinic) and Sun

Valley, and the management services agreement dated August 1, 2017 between Sun Valley FL Clinic and Sun Valley, as may be amended;

"**Sun Valley Option Agreement**" means the purchase option agreement dated November 11, 2016, between Green Global and Sun Valley, as amended on February 21, 2017;

"**Sun Valley Operating Agreements**" means the amended and restated operating agreements dated August 1, 2017 between each of the AURA Clinic LLCs (other than Sun Valley FL Clinic) and Sun Valley, and the operating agreement dated August 1, 2017 between Sun Valley FL Clinic and Sun Valley, as may be amended;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Termination Date**" means August 15, 2018 or such later date as AURA and Lamêlée may agree in writing;

"**THC**" means tetrahydrocannabinol, the principal psychoactive constituent of the cannabis plant;

"**Transaction**" means the agreement pursuant to which all of the issued and outstanding AURA Shares and certain of the AURA Debentures will be exchanged for Resulting Issuer Shares and the Resulting Issuer will carry on the business currently carried on by AURA, Green Global and the AURA Clinic LLCs, pursuant to the terms and conditions of the Securities Exchange Agreement as more particularly described in this Listing Statement;

"**TSXV**" means the TSX Venture Exchange.

"**TSXV Delisting**" means the proposed voluntary delisting of the Lamêlée Shares from the TSXV;

"**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**U.S. Person**" has the meaning given to it under Rule 902(k) of Regulation S;

"**U.S. Securities Act**" means the *United States Securities Act* of 1933, as amended; and

"**U.S. State**" means one of the 50 constituent political entities of United States that shares its sovereignty with the United States federal government.

Forward-Looking Statements

The information provided in this listing statement (the "**Listing Statement**"), including information incorporated by reference, may contain "forward-looking statements" about Lamêlée, AURA and the Resulting Issuer. In addition, the Resulting Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Resulting Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by Lamêlée, AURA or the Resulting Issuer that address activities, events or developments that Lamêlée, AURA or the Resulting Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those

words or other similar or comparable words. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Each of Lamêlée and AURA believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Listing Statement should not be unduly relied upon. These statements speak only as of the date of this Listing Statement.

In particular, this Listing Statement contains forward-looking statements pertaining to, but not limited to, the following:

- capital expenditures;
- business trends;
- management's outlook regarding future trends;
- general business and economic conditions;
- new and emerging markets;
- competition and changes in the competitive landscape;
- projections of market prices and costs;
- expected revenues;
- ability to attain profitability;
- expectations regarding the ability to raise capital;
- AURA's goal of creating shareholder value; and
- the plans, costs, and timing for future business prospects, including the costs and potential impact of complying with existing and proposed laws and regulations.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to any other assumptions identified in this Listing Statement, assumptions have been made regarding, among other things:

- the ability of AURA and the Resulting Issuer to generate cash flow from operations and necessary financing on acceptable terms;
- the ability to maintain relationships with current and new partners;
- consumer perception of Marijuana Service Businesses;
- currency, exchange and interest rates;
- general economic, financial market, regulatory and political conditions in which AURA or the Resulting Issuer operates;
- AURA's and the Resulting Issuer's ability to establish new, and to build on existing relationships with its partners;
- the impact of increasing competition;
- the continuity of existing business relationships;
- anticipated and unanticipated costs;
- the ability of AURA and or Resulting Issuer and their partners to obtain qualified staff and services in a timely and cost effective manner;
- the ability of AURA and the Resulting Issuer to enter contracts with target companies;
- AURA's and the Resulting Issuer's ability to maintain adequate internal control over financial reporting and disclosure controls and procedures;
- the ability to complete previously announced transactions; and
- the ability to obtain all necessary regulatory approvals.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Listing Statement:

- AURA has and the Resulting Issuer will have a limited operating history;
- risk inherent in the nature of the health clinic industry;
- AURA has incurred and the Resulting Issuer will incur negative cash flow from operating activities since inception and there is no assurance that it will be able to generate positive cash flow from operating activities;
- non-compliance with federal, provincial or state laws and regulations, or the expansion of current, or the enactment of new laws and regulations, could adversely affect AURA's and the Resulting Issuer's business;
- Qualified Physicians who operate out of AURA's and the Resulting Issuer's PACs could potentially be disciplined by a U.S. State medical board if they issue excessive medical marijuana recommendations;
- Qualified Physicians who operate out of AURA's and the Resulting Issuer's PACs are prohibited from giving a prescription for medical marijuana to patients; rather they are only permitted to provide a recommendation that such patient has a Qualifying Condition and may benefit from medical marijuana;
- non-referrals;
- regulatory approvals and permits;
- U.S. federal laws;
- risks associated with removal of U.S. Federal Budget Rider Protections
- U.S. money laundering laws
- regulations that may hinder AURA's and the Resulting Issuer's ability to establish and maintain bank accounts;
- uninsurable risks;
- enforcement risks;
- use of proceeds;
- AURA and the Resulting Issuer may not be able to accurately predict its future capital needs and it may not be able to secure additional financing;
- no market for securities;
- there can be no assurance that AURA's and the Resulting Issuer's shareholders or purchasers of the Offered Shares will be able to resell their securities at prices equal to or greater than their cost;
- taxes;
- illegal drug dealers could post threats;
- reliance of management;
- factors which may prevent realization of growth targets;
- competition;
- there is a substantial risk of regulatory or political change;
- unfavourable publicity or consumer perception;
- environmental and employee health and safety regulations;
- litigation;
- difficult to forecast;
- management of growth;
- risks associated with acquisitions;
- electronic communication security risks
- holding company risks;
- dividends;
- economic dependence;

- conflicts of interest;
- currency exchange rates;
- enforcement of legal rights;
- volatile global financial and economic conditions may negatively affect AURA's and the Resulting Issuer's operations; and
- the other factors discussed under "Item 17 - Risk Factors".

Readers are cautioned that the foregoing lists of factors are not exhaustive. Should one or more of these risks and uncertainties materialize, or should Lamêlée's or AURA's estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements. Neither Lamêlée nor AURA can guarantee future results, levels of activity, performance, or achievements. Moreover, neither Lamêlée nor AURA assume responsibility for the outcome of the forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

The forward-looking statements contained in this Listing Statement are expressly qualified by this cautionary statement. Neither Lamêlée nor AURA undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities laws.

Currency

All References in this Listing Statement to "US\$" or "U.S. dollars" refer to United States dollars while references to "\$", "C\$" or "dollars" refer to Canadian dollars.

The following table sets out the exchange rates for Canadian dollars per U.S. dollar in effect at the end of the following periods based on the Bank of Canada daily exchange rate and annual average rates.

U.S. Dollar	Annual Average Rate for Year Ended December 31			Average Daily Exchange Rate for the Six Months Ended June 30
	2017	2016	2015	2018
Average	1.2986	1.3248	1.2787	1.2781

On July 30, 2018, the daily exchange rate for U.S. dollars reported by the Bank of Canada was U.S. \$1.00 = \$1.3021.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, neither Lamêlée nor AURA have independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

2 CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

a. Lamêlée

The Corporation's corporate name is Lamêlée Iron Ore Ltd., and its head and registered address is located at 1000 Sherbrooke Street West, Suite 2700, Montreal, Québec, H3A 3G4.

b. AURA

AURA's, corporate name is AURA Health Corp. and AURA's head and registered office is located at 77 King Street West, Suite 3000, Toronto-Dominion Centre Toronto, ON M5K 1G8.

2.2 Jurisdiction of Incorporation

(a) Issuer

Lamêlée is a corporation existing under the CBCA that was incorporated on September 6, 2011 under the name "Gimus Resources Inc." Lamêlée filed articles of amendment on December 20, 2013 to change its name from Gimus Resources Inc. to Lamêlée Iron Ore Ltd.

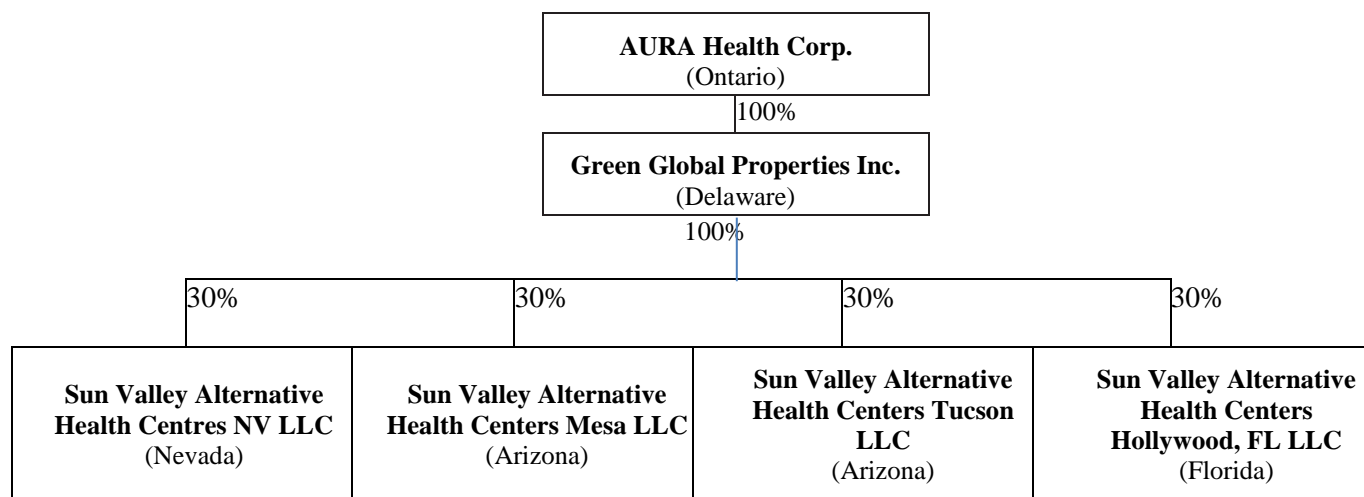
c. AURA

AURA was incorporated under the OBCA on November 8, 2016. Prior to Closing, Aura will file articles of amendment to remove the transfer restrictions on securities.

2.3 Inter-corporate Relationships

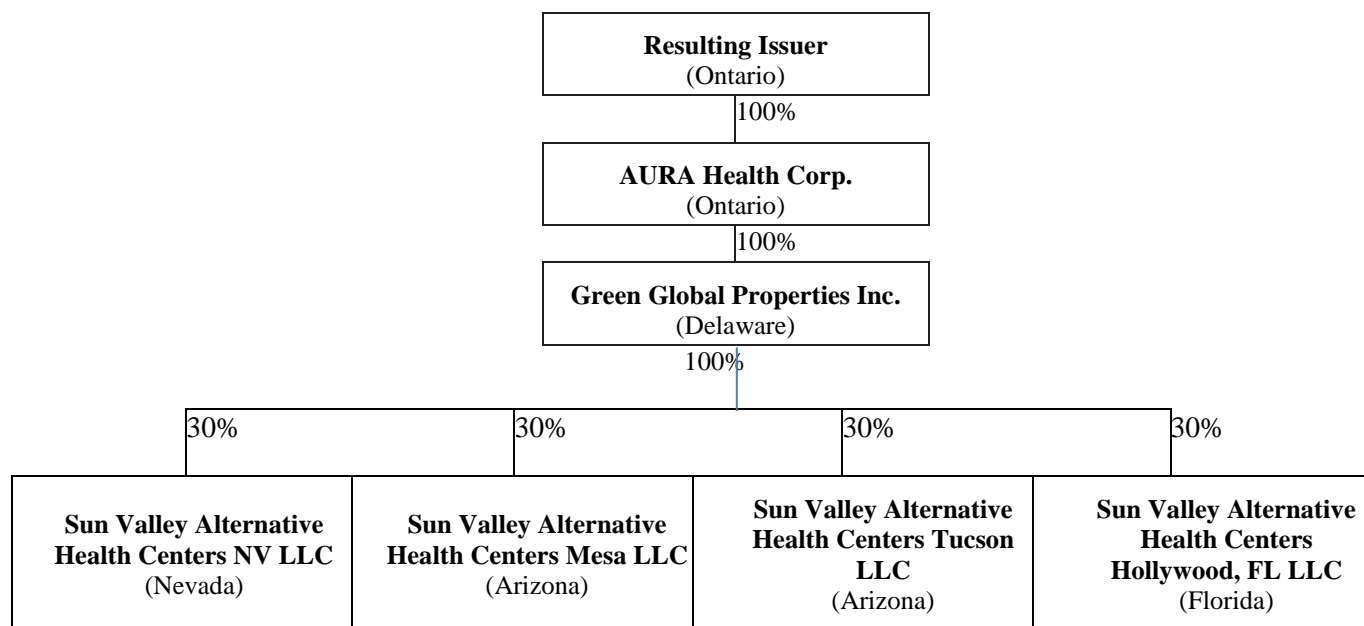
Prior to the Closing of the Transaction, Lamêlée has no subsidiaries.

Prior to the Closing of the Transaction, AURA's current corporate structure is as follows:



Upon completion of the Transaction described below in *Section 3 – General Development of the Business*, and following the Closing, the Resulting Issuer will hold 100% of the issued and outstanding common

shares of AURA and AURA will be a wholly-owned subsidiary of the Resulting Issuer. The full corporate structure of the Resulting Issuer following completion of the Transaction will be as follows:



2.4 Fundamental Change

AURA, certain AURA Shareholders and Lamêlée have entered into the Securities Exchange Agreement to give effect to the Transaction. Pursuant to the Securities Exchange Agreement, AURA Shareholders will exchange their AURA Shares for Lamêlée Shares such that, following completion of the Transaction, AURA Shareholders will hold 95% of the Resulting Issuer Shares. The Transaction will result in the business of AURA becoming the business of Lamêlée.

The Resulting Issuer will have one direct wholly owned subsidiary, AURA, along with indirect minority interest in four clinic entities as shown in the corporate structure diagram of the Resulting Issuer in Section 2.3 above.

3 GENERAL DEVELOPMENT OF THE BUSINESS

(a) General Development of Lamêlée's Business

The business of AURA will become the business of the Resulting Issuer upon Closing of the Transaction.

General Description of Lamêlée's Business

Lamêlée is a mineral exploration company with activities in Canada. The Company's principal property is an interest in the Meston Lake West Property located near Chibougamau, Quebec, which it acquired on May 16, 2016. The company has no income from production since all its properties are at the exploration stage.

(b) General Development of AURA's Business

AURA has one wholly owned subsidiary, Green Global Properties Inc. ("**Green Global**"), a private corporation existing under the laws of the State of Delaware. Green Global was first incorporated as a

limited liability company on June 21, 2016 as "Green Global Stores, LLC". On September 6, 2016, Green Global amended its organizational documents to become a corporation and simultaneously changed its name to "Green Global Properties Inc."

AURA, through Green Global, has acquired a 30% interest, by way of the holding of membership units, in each of (i) Sun Valley Alternative Health Centers NV, LLC, the owner of a clinic in Las Vegas, Nevada (the "**Sun Valley NV Clinic**"), (ii) Sun Valley Alternative Health Centers Mesa, LLC, the owner of a clinic in Mesa, Arizona (the "**Sun Valley Mesa Clinic**"), (iii) Sun Valley Alternative Health Centers Tucson, LLC, the owner of a clinic in Tucson, Arizona (the "**Sun Valley Tucson Clinic**") and (iv) Sun Valley Alternative Health Centers Hollywood, FL, LLC, the owner of a clinic in Hollywood, Florida (the "**Sun Valley FL Clinic**"). Green Global has an option to increase its interest in each such clinic (other than the Sun Valley NV Clinic), from 30% to 51%, by purchasing additional membership units, exercisable within 18 month of the clinic opening. See Item 4(b) "Narrative Description of AURA's Business" and Item 5.5 "Available Funds and Principal Purposes".

(c) **The Transaction**

On May 31, 2018, AURA and Lamêlée entered into the Securities Exchange Agreement to give effect to the Transaction, which was amended by AURA and Lamêlée on June 21, 2018. Pursuant to the Securities Exchange Agreement, AURA Shareholders will exchange their AURA Shares for Lamêlée Shares such that, following completion of the Transaction, AURA Shareholders (including the purchasers of the Financing Units) will hold approximately 82.28% of the Resulting Issuer Shares assuming Minimum Offering, or 86.77% assuming Maximum Offering, in each case on a non-diluted basis. The Transaction will result in the business of AURA becoming the business of Lamêlée.

In accordance with the Securities Exchange Agreement, each AURA Shareholder will be entitled to receive Resulting Issuer Shares in exchange for the AURA Shares held by such AURA Shareholder on the basis of one Resulting Issuer Shares for each AURA Share held by such AURA Shareholder.

Upon the completion of the Transaction and assuming completion of the Minimum Offering, on a non-diluted basis, current AURA Shareholders (including the AURA Finder) will own approximately 73.79% of the then outstanding Resulting Issuer Shares, Lamêlée Shareholders will own approximately 16.47% of the then outstanding Resulting Issuer Shares, the purchasers in the Financing will own approximately 8.49% of the then outstanding Resulting Issuer Shares, and the Lamêlée Finder will own 1.25% of the then outstanding Resulting Issuer Shares, assuming the conversion of the Series A Debentures and the issuance of the Lamêlée Finder Shares and the AURA Finder Shares as set forth below. Upon the completion of the Transaction and assuming completion of the Maximum Offering, on a non-diluted basis, current AURA Shareholders (including the AURA Finder) will own approximately 55.09% of the then outstanding Resulting Issuer Shares, Lamêlée Shareholders will own approximately 12.30% of the then outstanding Resulting Issuer Shares, the purchasers in the Financing will own approximately 31.68% of the then outstanding Resulting Issuer Shares, and the Lamêlée Finder will own 0.93% of the then outstanding Resulting Issuer Shares, assuming the conversion of the Series A Debentures and the issuance of the Lamêlée Finder Shares and the AURA Finder Shares as set forth below.

In addition, the AURA Convertible Securities shall be exchanged for Lamêlée replacement convertible securities, adjusted based on the Exchange Ratio.

No fractional Resulting Issuer Shares or Resulting Issuer convertible securities will be issued to AURA Shareholders or holders of AURA Convertible Securities upon the surrender of AURA Shares and AURA Convertible Securities. Each AURA Shareholder or holder of AURA Convertible Securities otherwise

entitled to receive a fractional interest in a Resulting Issuer Share or Resulting Issuer convertible securities will be rounded up or down as applicable and receive one whole share in lieu thereof.

In connection with the Transaction, Lamêlée has applied to the TSXV to voluntarily delist the Lamêlée Shares (the "**TSXV Delisting**"), to continue Lamêlée from the CBCA to the OBCA (the "**Continuation**"), and to change the name of the Resulting Issuer to "AURA Health Inc." or such other similar name as may be acceptable to AURA and approved by the Lamêlée Shareholders (the "**Name Change**").

Lamêlée held a shareholders' meeting on April 4, 2018 where, among other things, the TSXV Delisting, the Continuation and the Name Change were approved by Lamêlée shareholders.

Description of the Securities Exchange Agreement

The summary of the principal terms of the Securities Exchange Agreement set forth below is subject to and qualified in its entirety by the provisions of the Securities Exchange Agreement. A copy of the Securities Exchange Agreement is available at www.sedar.com under Lamêlée's profile.

Mutual Agreement Regarding the Transaction

Each of Lamêlée and AURA has agreed and given usual and customary mutual covenants for an agreement of the nature of the Securities Exchange Agreement, including that Lamêlée apply for the and receive the approval of the CSE with respect to the Transaction.

Covenants of Lamêlée

Lamêlée has given, in favour of AURA, usual and customary covenants for an agreement of the nature of the Securities Exchange Agreement, including changing its name to "Aura Health Inc." using its reasonable best efforts to obtain the approval of the CSE, not taking any action except in the ordinary course of business, or making any fundamental change to its articles, by-laws or capital structure.

Covenants of AURA

AURA has given, in favour of Lamêlée, usual and customary covenants for an agreement of the nature of the Securities Exchange Agreement, including approving the Transaction and not taking any action except in the ordinary course of business of AURA or making any fundamental change to its articles, by-laws or capital structure other than the Financing or issuance of AURA shares pursuant to existing rights or commitment.

Representations and Warranties

Each of Lamêlée and AURA have made certain customary representations and warranties in the Securities Exchange Agreement, including representations and warranties related to their due organization and qualification and authorization to enter into the Securities Exchange Agreement and carry out their obligations thereunder.

The representations and warranties are, in some cases, subject to specified exceptions and qualifications.

Conditions of Closing

Mutual Conditions

The obligations of Lamêlée and AURA to complete the transactions contemplated by the Securities Exchange Agreement are subject to the fulfillment, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the parties:

- (a) *Transaction Resolution.* The Transaction shall have been approved by the boards of directors of both Lamêlée and AURA;
- (b) *Prohibition at Law.* There shall not exist any prohibition at law, including a cease trade order, injunction or other prohibition or order against Lamêlée or AURA preventing the consummation of the Transaction;
- (c) *Key Approvals.* All required key approvals with respect to the Transaction shall have been obtained;
- (d) *Financing.* The Minimum Offering of the Financing shall have been completed;
- (e) *Termination.* The Securities Exchange Agreement shall not have been terminated;
- (f) *Exempt Distribution.* The distribution of the securities pursuant to the Transaction shall be exempt from the prospectus and registration requirements of applicable Canadian securities laws;
- (g) *TSXV Delisting.* Lamêlée shall have delivered evidence satisfactory to AURA of the approval of the TSXV of the TSXV Delisting;
- (h) *CSE Listing.* Lamêlée shall have delivered evidence satisfactory to AURA of the approval of the CSE of the Transaction, subject only to satisfaction of customary listing conditions of the CSE; and
- (i) The Transaction shall have been completed by the Termination Date.

Additional Conditions in Favour of Lamêlée

The Securities Exchange Agreement provides that the obligation of Lamêlée to consummate the transactions contemplated thereby, and in particular the Transaction, is subject to the following conditions:

- (a) *Covenants.* All covenants of AURA under the Securities Exchange Agreement not waived by Lamêlée shall have been duly performed by AURA in all material respects;
- (b) *Representations and Warranties.* All representations and warranties of AURA set forth in the Securities Exchange Agreement shall be true and correct in all material respects;
- (c) *No Material Adverse Change.* Since the date of the Securities Exchange Agreement, there shall not have occurred or been disclosed, any event, occurrence, development or circumstance that, individually or in the aggregate has a Material Adverse Effect (as such term is defined in the Securities Exchange Agreement) on AURA; and

- (d) *Change in Recommendation.* The AURA Board of Directors shall not have changed its approval in favour of the Transaction.

Additional Conditions in Favour of AURA

The Securities Exchange Agreement provides that the obligation of AURA to consummate the transactions contemplated thereby, and in particular the Transaction, is subject to the following conditions:

- (a) *Covenants.* All covenants of Lamêlée under the Securities Exchange Agreement not waived by AURA have been duly performed by Lamêlée in all material respects;
- (b) *Representations and Warranties.* All representations and warranties of Lamêlée set forth in the Securities Exchange Agreement shall be true and correct in all material respects;
- (c) *Material Adverse Effect.* Since the date of the Securities Exchange Agreement, there shall not have occurred or have been disclosed any event, occurrence, development or circumstance that, individually or in the aggregate has a Material Adverse Effect (as such term is defined in the Securities Exchange Agreement) on Lamêlée;
- (d) *Number of Directors.* The number of directors on the Resulting Issuer Board shall have been set to six and the five nominees of AURA shall be appointed to the Resulting Issuer Board and one nominee of Lamêlée (Mr. Jimmy Gravel) will be appointed to the Resulting Issuer Board;
- (e) *Continuation.* The Continuation of Lamêlée from CBCA to OBCA shall have been effected; and
- (f) *Name Change.* The name of Lamêlée shall have been changed to "Aura Health Inc." or such other name as may be acceptable to AURA.

Termination of the Securities Exchange Agreement

The Securities Exchange Agreement may be terminated at any time prior to Closing as follows:

- (a) by mutual written agreement of AURA and Lamêlée; or
- (b) by either AURA or Lamêlée, if:
 - (i) there shall be enacted or made any applicable law that makes consummation of the Transaction illegal or otherwise prohibited;
 - (ii) the Transaction shall have failed to obtain the approval of the shareholders or boards of directors of either AURA or Lamêlée;
 - (iii) the Transaction has not been completed by the Termination Date;
 - (iv) if the other party enters into an Alternative Transaction (as defined in the Securities Exchange Agreement);
- (c) by Lamêlée, if prior to Closing, there has been a material breach of AURA or AURA securitiesholders of any representation, warranty of covenant in the Securities Exchange Agreement which have not been remedies in ten business days; or

- (d) by AURA, if prior to Closing, if prior to Closing, there has been a material breach of Lamêlée of any representation, warranty of covenant in the Securities Exchange Agreement which have not been remedies in ten business days.

Termination Expenses

The Securities Exchange Agreement specifies that, both Lamêlée and AURA are responsible for their respective legal, audit, financial and other expenses incurred with respect to the Transaction. However, AURA will be required to pay a break-fee of \$75,000 if the termination is due to the failure to complete the Transaction by the Termination Date, Aura or Aura securitiesholders breach of the Securities Exchange Agreement or Aura entering into an Alternative Transaction.

Amendment

The Securities Exchange Agreement may be amended by written agreement of AURA and Lamêlée without further notice to or authorization on the part of the Lamêlée Shareholders.

(d) **Financing**

In connection with the Transaction, AURA will use best efforts to complete a non-brokered private placement financing (the "**Financing**") immediately prior to the completion of the Transaction of a minimum of \$1,000,000 in Financing Units (the "**Minimum Offering**") and a maximum of \$5,000,000 in Financing Units (the "**Maximum Offering**") at \$0.49 per Financing Unit. Each Financing Unit will be comprised of one AURA Share and one purchase warrant (a "**Financing Warrant**"), with each Financing Warrant entitling the holder to purchase one AURA Share at \$0.75 per share for a period of two years following Closing. On completion of the Transaction, the AURA Shares comprising the Financing Units sold in the Financing will be exchanged based on the Exchange Ratio into a minimum of 2,040,816 Resulting Issuer Shares in case of Minimum Offering and a maximum of 10,204,081 Resulting Issuer Shares in case of Maximum Offering. The Financing Warrants will be exchanged and replaced based on the Exchange Ratio into a minimum of 2,040,816 Resulting Issuer warrants in case of the Minimum Offering and a maximum of 10,204,081 Resulting Issuer warrants in case of the Maximum Offering, with each Resulting Issuer warrants entitling the holder to purchase one Resulting Issuer Share at \$0.75 per share for a period of two years following Closing.

AURA will pay registered dealers who act as finders in the Financing a cash finder's fee equal to 8% of the gross proceeds of the Financing raised by the finders, and to issue finder options (the "**Financing Finder Options**") to purchase that number of Financing Finder Units equal to 8% of the Financing Units sold in the Financing to purchasers introduced by the finders for a period of two years at a price of \$0.49 per Financing Finder Units. On completion of Transaction, the Financing Finder Options will be exchanged and replaced based on the Exchange Ratio into a minimum of 163,265 Resulting Issuer finder options in case of the Minimum Offering and a maximum of 816,326 Replacement finder options in case of the Maximum Offering, with each Resulting Issuer finder option entitling the holder to purchase one Resulting Issuer finder unit at \$0.49 per unit for a period of two years following Closing. Each Resulting Issuer finder unit will be comprised of one Resulting Issuer share and one-half of one warrant, with each full warrant entitling the holder to purchase one Resulting Issuer Share at \$0.75 per share for a period of two years following Closing.

Purchasers of the Financing Units in the Financing and finders in the Financing will be signing an acknowledgement become a Party to the Securities Exchange Agreement.

The Financing will be a Financing for the Transaction and it will be a condition to the completion of the Transaction to complete the Minimum Offering.

3.2 Trend, commitments, events or uncertainties

There are significant risks associated with the business of the Resulting Issuer, as described above and in *Section 17 – Risk Factors*. Readers are strongly encouraged to carefully read all of the risk factors contained in *Section 17 – Risk Factors*.

In particular, there are uncertainties surrounding the Resulting Issuer carrying on the existing medical cannabis business of AURA currently carried on in the United States. Currently, there are 29 states of the United States plus the District of Columbia that have laws or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. Many other states are considering similar legislation.

Conversely, under the Controlled Substance Act (the "CSA"), the policies and regulations of the Federal government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. Unless and until Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such potential amendments there can be no assurance, there is a risk that federal authorities may enforce current federal law, and we may be deemed to be producing, cultivating or dispensing marijuana in violation of federal law or we may be deemed to be facilitating the selling or distribution of drug paraphernalia in violation of federal law with respect to our current or proposed business operations. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect the Resulting Issuer's future cash flows, earnings, results of operations and financial condition. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings and stated federal policy remains uncertain.

In addition, individual state laws do not always conform to the federal standard or to other states' laws. A number of states have decriminalized marijuana to varying degrees, other states have created exemptions specifically for medical cannabis, and several have both decriminalization and medical laws. Variations exist among states that have legalized, decriminalized or created medical marijuana exemptions. In most states, the cultivation of marijuana for personal use continues to be prohibited except for those states that allow small-scale cultivation by the individual in possession of medical marijuana needing care or that person's caregiver. Active enforcement of state laws that prohibit personal cultivation of marijuana may indirectly and adversely affect the Resulting Issuer's future cash flows, earnings, results of operations and financial condition.

Marijuana remains a schedule-I controlled substance and is illegal under U.S. federal law. Even in those states in which the use of marijuana has been legalized, its use remains a violation of U.S. federal law. Since U.S. federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in our inability to proceed with our business plan. Such regulatory issues concerning the interaction of federal and state laws may also result in the Resulting Issuer having difficulties raising the necessary capital to operate its business on a going forward basis and implementing its business plan.

4 NARRATIVE DESCRIPTION OF THE BUSINESS

(a) Narrative Description of Lamêlée's Business

Lamêlée is a mineral exploration company with activities in Canada. The Company's principal property is an interest in the Meston Lake West Property located near Chibougamau, Quebec, which it acquired on

May 16, 2016. The company has no income from production since all its properties are at the exploration stage.

The business of AURA will become the business of the Resulting Issuer following the Closing of the Transaction.

(b) **Narrative Description of AURA's Business**

AURA is engaged in the identification, acquisition and management of a portfolio of investments in Marijuana Service Businesses. Such investments currently take the form of acquisitions of minority equity interests, with the option to acquire majority equity interests, in Marijuana Service Businesses. As AURA grows, it intends to consolidate these investments into an operating entity owned and operated by AURA.

"**Marijuana Service Businesses**" are businesses in the marijuana industry that are not involved in cultivating or processing of marijuana products, but rather provide a service within a regulated jurisdiction. The main type of Marijuana Service Business that AURA targets for investment is a medical marijuana patient assessment clinic ("**Patient Assessment Clinic**"), which is a clinic operated by Qualified Physicians (the requirements to be a Qualified Physician vary from jurisdiction to jurisdiction) that evaluate prospective patients and make a recommendation to the relevant jurisdiction's regulatory board that such patient has been diagnosed with a Qualifying Condition and is therefore eligible to apply for a Medical Compliance Certificate. In addition to Patient Assessment Clinics, AURA may also review potential investments or operating partnerships in other businesses that provide services to the marijuana industry.

AURA currently owns an Initial Membership Interest in four Patient Assessment Clinics under the brand name "Sun Valley Medical Clinics", referred to in this Listing Statement as Owned Sun Valley Clinics. See "*Sun Valley Option Agreement and Current Portfolio of Patient Assessment Clinics*". In the fiscal year ending December 31, 2018, AURA expects to acquire an Initial Membership Interest in two additional Owned Sun Valley Clinics, as well as continue to seek out and consider additional investments in Marijuana Service Businesses that meet its described investment criteria.

At present, AURA does not directly operate the day-to-day affairs of the Marijuana Service Businesses that form part of its portfolio. Rather, such businesses are operated and managed on a day-to-day basis by experienced owner-operators and service providers, namely Sun Valley Certification Clinics Holdings, LLC ("**Sun Valley**") and its affiliates at present (see "*Sun Valley Option Agreement and Current Portfolio of Patient Assessment Clinics*" below). AURA may enter into strategic arrangements with other owner-operators or service providers with respect to future investments in Marijuana Service Businesses.

In the future, AURA intends to consolidate these investments into an operating entity that directly manages and operates the day-to-day affairs of one or more Marijuana Service Businesses in its portfolio, although there is no present intention to do so.

AURA may also consider investing in, or developing similar businesses in countries other than the United States where laws have been passed allowing for the use of medical marijuana. Germany, for example, has established a regulatory structure to allow for the prescribed use of marijuana by qualified patients.

History of AURA

AURA was incorporated on November 8, 2016 and, therefore, has limited operating history. On November 8, 2016, AURA subscribed for 1,000,000 shares of common stock, representing 100% of the issued and

outstanding shares of common stock of Green Global. Green Global is a Delaware corporation through which AURA acquires, holds and manages its investments which are U.S. based.

On November 11, 2016, AURA, through Green Global, entered into a Purchase Option Agreement (as amended on February 21, 2017, the "**Sun Valley Option Agreement**") and began its relationship with Sun Valley. See "*Sun Valley Option Agreement and Current Portfolio of Patient Assessment Clinics*" below.

Business Objectives, Investment Criteria and Markets

Business Objectives

AURA has the following general and specific objectives:

- A. General Objective. The general objective of AURA is identify, acquire, manage and grow a portfolio of investments in Marijuana Service Businesses in countries where a regulatory regime has been established to allow for the medical use of marijuana.
- B. Immediate Objective. The short-term objective of AURA is to concentrate on building a portfolio of interests in a nationwide chain of Patient Assessment Clinics operating under the brand name "Sun Valley Medical Clinics", referred to in this Listing Statement as Owned Sun Valley Clinics. AURA intends to build this portfolio of interests in Owned Sun Valley Clinics pursuant to the exercise of purchase options and other rights contained in the Sun Valley Option Agreement and related agreements between Green Global and Sun Valley and its affiliates, all as more particularly described under "*Sun Valley Option Agreement and Current Portfolio of Patient Assessment Clinics*" below. To date, AURA has limited its investments to the purchase of minority interests in four AURA Clinic LLCs, which are all Owned Sun Valley Clinics (located in Nevada, Arizona and Florida). Sun Valley at present owns and operates Owned Sun Valley Clinics only in Arizona, Nevada and Florida, but is considering expansion to additional U.S. States in the future. See "About Sun Valley" for further details.
- C. Medium and Long-Term Objectives. AURA intends to acquire interests in PAC's similar to those acquired pursuant to the Sun Valley Option Agreement with other PAC operators along with interests in other Marijuana Service Businesses, which management intends to be directly managed by AURA.

AURA Major Milestones:

AURA's path to profitability is set out in its business plan, which has the following major milestones for the five years ending 2022, assuming no additional financing other than the Minimum Offering:

Milestone	Approximate Costs	Pre-Requisite Events	Cash End of Year
2018 – Acquire: 30% - none Additional 21% - 1 Year end: 4 clinics: 1 @ 51%, 3 @ 30%	Total Operation Costs - \$453,000 New Investments -\$130,000 New Funds Raised - \$720,000 Profit/Dividend - \$0	Existing Investments more than 1 year old operate profitably.	\$623,000
2019 – Acquire: 30% - 1 Additional 21% - none Year end: 4 clinics: 1 @ 51%, 4 @ 30%	Total Operation Costs -\$356,000 New Investments -\$130,000 New Funds Raised - \$0 Profit/Dividend - \$382,000		\$519,000
2020 – Acquire: 30% - none Additional 21% - 2 Year end: 6 clinics: 3 @ 51%, 4 @ 30%	Total Operation Costs -\$390,000 New Investments - \$260,000 New Funds Raised -\$0 Profit/Dividend - \$512,000		\$380,000
2021 – Acquire: 30% - 2 Additional 21% - 0 Year end: 8 clinics: 3 @ 51%, 6 @30%	Total Operation Costs -\$430,000 New Investments - \$260,000 New Funds Raised -\$0 Profit/Dividend - \$832,000		\$521,000
2022 – Acquire: 30% - 2 Additional 21% - 2 Year end: 10 clinics: 5 @ 51%, 8 @30%	Total Operation Costs - \$473,000 New Investments - \$520,000 New Funds Raised - \$0 Profit/Dividend - \$832,000		\$360,000

Assumptions:

- 1) 30% Interest and additional 21% interest each cost US\$100,000 @ 1.3 exchange =C\$130,000.
- 2) Goal is \$400,000 per clinic annual dividend after 2 year x % owned.
- 3) Assuming profit share paid as dividend is 80% of goal.
- 4) At the end of 2022, with no capital raised other than \$1 million Minimum Offering, the Resulting Issuer can grow its portfolio to 10 total clinics, and of those 6 could be controlled with 51% ownership.
- 5) Additional acquisitions could be possible if additional capital could be successfully raised.

Business Strategy

- AURA's business strategy is to develop a chain of 10 high-quality medical marijuana certification clinics by the end of 2022, assuming no additional financing other than the Minimum Offering. AURA has acquired a 30% interest in four clinics in the U.S., and has an option to acquire 21% further ownership in each location at any time up to 18 months after opening.
- AURA has entered into an agreement with Sun Valley to open 10 clinics including the four already opened. Sun Valley owns 100% of three other profitable clinics near Phoenix, Arizona and is the largest medical marijuana assessment clinic operator in Arizona.

- Each clinic has a capacity with one doctor to assess up to 400 patients per month and to generate a pre-tax profit of up to US\$400,000 per year, based on the operational results of two of the operating clinics owned by Sun Valley. These two Sun Valley clinics have now had peak months of more than 500 patients each.
- Agreement with Sun Valley is to pay US\$100,000 for first 30% of ownership and to have an option to pay an additional US\$100,000 for additional 21% (for a total of 51%) exercisable within 18 months of clinic opening. If future clinics achieve existing clinic profitability, AURA will essentially pay US\$200,000 for a cash flow stream of approximately US\$200,000 per year.
- Methodology will be to acquire an interest of 30% in 10 clinics to be opened and operated by Sun Valley, and within 18 months of each investment (other than the Sun Valley NV Clinic) AURA will increase ownership to 51% to allow consolidation of sales and profit.
- In Europe and other Non-North American jurisdictions, AURA will partner with doctors in each country to open and operate 100% owned clinics as medicinal marijuana use becomes legalized over the next five years.
- In addition to the above, AURA will seek to replicate the business model it has established with Sun Valley in northern states across the U.S., and in Europe as different countries in Europe and Britain adopt legalized medicinal marijuana use.
- AURA will also seek other Marijuana Service Business opportunities that are not medical clinics. These will likely require financing in addition to the Minimum Offering and accordingly will only be undertaken on a case-by-case basis if funding is available.

Investment Criteria

To achieve its general and specific objectives, management and the Board of Directors of AURA have developed the following investment criteria:

- AURA will invest only in Marijuana Service Businesses and will not invest or otherwise become involved in cultivating, producing or processing marijuana products.
- AURA will only acquire equity securities (entitled to voting rights) of a Marijuana Service Business (including options to acquire equity securities) and will not become a lender, with the exception that AURA may acquire convertible debt securities that provide a yield with defined conversion criteria where the conversion is solely at AURA's option.
- AURA will seek, where possible, investment opportunities where it can first acquire a minority equity interest (e.g., 30% of voting securities, as is the case with Owned Sun Valley Clinics under the Sun Valley Option Agreement), provided that such an investment must include an option to increase the ownership interest to a majority equity interest (i.e., at least 51% of voting securities), where the exercise of such option has a defined date and is solely at the discretion of AURA. The purpose of this criteria is twofold: (i) to preserve capital by spreading the cost of acquiring a majority equity interest over a period of time and therefore allowing AURA to invest in a greater number of Marijuana Service Businesses while at the same time providing for a contractual right to acquire a majority equity interest; and (ii) to provide a period of time to validate the investment before determining whether or not to increase the equity interest.

- AURA will avoid investments that do not provide the opportunity (whether upon initial investment or by contractual option) to acquire, directly or indirectly, a majority equity interest (i.e., at least 51% of the voting equity) of the Marijuana Service Business, and where such majority interest cannot reasonably be expected to be maintained with limited dilution in the long term.
- AURA will have a preference for investments in Marijuana Service Businesses that have the potential to be repeatable and scalable across multiple jurisdictions with brand recognition, as is the current objective with respect to investments in Owned Sun Valley Clinics (as described above).
- AURA will invest in ventures that have the potential to be operated directly by AURA.
- AURA will invest in Marijuana Service Business that can lease or own the premises in which it operates.
- AURA will only invest in Marijuana Services Businesses that are fully compliant with all applicable local and state level laws and regulations for the jurisdiction in which such business operates.

While AURA intends to be guided by the above-noted investment criteria, there may be circumstances where, for sound business reasons, a divergence from, or an amendment to, such investment criteria may be necessary for AURA to achieve its objectives. AURA may make amendments or additions to its investment criteria from time to time, or choose not to follow any investment criteria, in order to meet its objectives or to address changes in its operations or in the market, economy, or regulatory regime. See also "*Risk Factors*".

Investment Decisions

At present, AURA does not have a formal investment committee. Rather, all decisions regarding investments by AURA are at the discretion of the Board of Directors of AURA and/or Green Global after recommendations are made by management of AURA and Green Global.

Current Principal Markets for Investments in Medical Marijuana Businesses

At present, AURA will consider potential investments in Marijuana Service Businesses that are located in the following U.S. States, although investments to date have been limited to Nevada, Arizona and Florida (see above under "*Investment Criteria*"):

- A. Primary Target States. Those U.S. States (the "**Primary Target States**") that have approved the use of medical marijuana only by individuals: (a) who have been examined by a Qualified Physician; and (b) who have been issued a Medical Compliance Certificate by the U.S. State because the individual was determined by the Qualified Physician to have one of the Qualifying Conditions allowed by the U.S. State for medical marijuana use.
- B. Secondary Target States. Those U.S. States (the "**Secondary Target States**") where recreational use has been legislatively approved in some form, but where there remains provisions for medical marijuana use by individuals who have received, and continue to receive, a Medical Compliance Certificate by the U.S. State provided that they have been examined by a Qualified Physician and are found to have a Qualifying Condition. There are several advantages granted to individuals who hold these Medical Compliance Certificates, even in U.S. States that have approved Recreational use.

- C. Countries Outside of North America. At present there are approximately 20 countries around the world that have approved the use of some form of medical-use marijuana. AURA is continually monitoring the changes in laws around the world. AURA may develop similar chains of marijuana Patient Assessment Clinics in countries that have a significant population, stable long-term political structures, where laws would not be expected to be repealed once established, and have strong international economies.

For a further discussion of the general marijuana market in the U.S., see "*Market and Regulatory Overview*" below.

Other Markets

AURA has not completed any investments in jurisdictions outside of the U.S. States. However, AURA continues to monitor developments in countries outside of the U.S. which are considering adopting a system similar to the U.S. AURA may consider in the future expanding its investment targets to include Marijuana Service Businesses in these markets, subject to legal and regulatory compliance and considerations. AURA is not currently pursuing any investments in Canada; AURA believes that the Canadian market is fragmented and at present, the current or proposed legal framework and regulations for the entire process (including growing, processing, and dispensing) are not well defined or subject to uncertainty.

Revenue Model

AURA is planning to generate returns, if any, from one or more of the following sources:

Dividend income (or other profit distributions) from its equity investments in Marijuana Service Businesses. See "Sun Valley Option Agreement and Current Portfolio of Patient Assessment Clinics - Operation and Management of Owned Sun Valley Clinics" for provisions for distributions under Operating Agreements with respect to Owned Sun Valley Clinics); and

Capital appreciation from its equity investments in Marijuana Service Businesses.

During the fiscal year ended December 31, 2016, AURA completed the acquisition of its first Initial Membership Interest in one Owned Sun Valley Clinic (the Sun Valley NV Clinic). AURA did not report sales for 2016 but rather included only an equity share of the losses incurred during the fiscal year by such clinic, which opened for business on September 20, 2016. In the first quarter of 2017, AURA made the second \$50,000 deposit completing the acquisition of 30% Initial Membership Interest in the second Owned Sun Valley Clinic (being the Sun Valley Mesa Clinic) and made the initial \$50,000 deposit on the third Owned Sun Valley Clinic (being the Sun Valley Tucson Clinic). In the second quarter of 2017, AURA made the second \$50,000 deposit completing the acquisition of 30% Initial Membership Interest in the third Owned Sun Valley Clinic (being the Sun Valley Tucson Clinic). The Sun Valley Mesa Clinic began operations on April 24, 2017 and the Sun Valley Tucson Clinic began operations on May 22, 2017. In the third quarter of 2017, AURA completed the acquisition of 30% Initial Membership Interest in the fourth Owned Sun Valley Clinic, being the Sun Valley FL Clinic. The Sun Valley FL Clinic began operations on August 11, 2017. It is expected that Patient Assessment Clinics, such as Owned Sun Valley Clinics, will report a first year loss.

Sun Valley Option Agreement and Current Portfolio of Patient Assessment Clinics

In the U.S. States that have approved the use of marijuana for medical purposes, the first step is for the patient to be assessed by a Qualified Physician. The Qualified Physician will provide a recommendation,

after an assessment of the patient, whether such patient suffers from one of the enumerated Qualifying Conditions required for a Medical Compliance Certificate for the use of medical marijuana.

According to the Americans for Safe Access 2017 Annual Report on Medical Marijuana Access in the United States (the "**ASA Report**"), many physicians are still reluctant to recommend, or even discuss, medical marijuana with their patients due to its continued status as a Schedule I drug under U.S. federal law. Additionally, hospitals, community health centres, nursing homes and health plans that participate in U.S. State and federally-funded programs are denying patients access for fear of an unintentional contravention of law, or loss of governmental funding. Further, on May 5, 2017, President Trump issued a written statement confirming the provisions of HR 244, Division B, section 537, which provides that the Department of Justice may not use federal funds to prevent the implementation of medical marijuana laws by various U.S. States and territories.

As a consequence, management believes that specialized PACs have emerged as the most efficient option regarding the patient certification process for medical marijuana usage. PACs are generally structured in two models: a doctor-owned clinic; or a corporate-owned clinic chain, such as the Sun Valley model. The Owned Sun Valley Clinics create efficiencies given the ability to leverage operational experience and centralize certain functions such as appointment bookings, record keeping and advertising.

Sun Valley Option Agreement

On November 11, 2016, Green Global entered into the Sun Valley Option Agreement with Sun Valley.

Sun Valley and its affiliates are in the business, among other things, of opening and operating Patient Assessment Clinics under the "Sun Valley Medical Clinics" brand ("**Owned Sun Valley Clinics**") and also offering franchises throughout the United States to third parties to operate Patient Assessment Clinics under the "Sun Valley Medical Clinics" brand ("**Franchised Sun Valley Clinics**"). Further details regarding Sun Valley are set out below under "*About Sun Valley*".

Pursuant to the Sun Valley Option Agreement, Sun Valley granted Green Global the option (the "**Initial Option**") to purchase an initial 30% membership interest (the "**Initial Membership Interest**") in each of the next 10 Owned Sun Valley Clinics (but excluding Franchised Sun Valley Clinics) that Sun Valley determines, in its sole discretion, to open in the United States. The Sun Valley Option Agreement does not prohibit Sun Valley or its affiliates from marketing, offering, awarding supporting and developing either Franchised Sun Valley Clinics anywhere in the world or Owned Sun Valley Clinics in jurisdictions outside the United States. The option rights provided under the Sun Valley Option Agreement expire on the date that Sun Valley notifies Green Global, in writing, of its intent to open its tenth Owned Sun Valley Clinic in the United States.

Pursuant to the Sun Valley Option Agreement, no later than ten days after Sun Valley has identified a prospective location for a new Owned Sun Valley Clinic (which includes identification of a lease or purchase of a proposed property for the Patient Assessment Clinic), it must give written notice to Green Global. Green Global then has the right, but not the obligation, within ten days after receipt of the notice, to exercise its Initial Option to purchase the Initial Membership Interest in the new Owned Sun Valley Clinic for the payment of US\$100,000, which may be paid in two installments of US\$50,000 each provided the second US\$50,000 is paid to Sun Valley within 30 days of the date of the first instalment payment. Should Green Global determine not to exercise the Initial Option with respect to a particular Owned Sun Valley Clinic, Sun Valley may offer any membership interest or other interest in such clinic to any third party.

Provided Green Global has acquired the Initial Membership Interest in respect of a particular Owned Sun Valley Clinic, Green Global has an additional option (the "**Additional Option**") to purchase an additional 21% membership interest (the "**Additional Membership Interest**") in such Company Owned Sun Valley Clinic for the purchase price of US\$100,000 in order to bring Green Global's total membership interest in such Owned Sun Valley Clinic to 51%. The term of the Additional Option commences on the day the new Owned Sun Valley Clinic opens for business and expires 18 months from that date. The Additional Option for the Sun Valley NV Clinic expired on March 21, 2018. Aura intends to use best efforts to negotiate with Sun Valley on an extension of the Additional Option for the Sun Valley NV Clinic after Closing.

Neither the Initial Option nor the Additional Option may be exercised partially.

The completion of the purchase of an Initial Membership Interest or an Additional Membership Interest in any particular clinic is subject to a number of closing conditions, including, without limitation: (i) Green Global cannot be in default of the Sun Valley Option Agreement or any Operating Agreement (as hereafter defined); (ii) the absence of any litigation or other proceedings; (iii) the receipt of any consents or approvals in connection with the transactions; and (iv) the absence of any law or regulations that would affect the consummation of the transactions.

The Sun Valley Option Agreement does not prohibit or limit Sun Valley' right to sell a franchise for a Franchised Sun Valley Clinic anywhere in the world, including in cities and neighbourhoods where an Owned Sun Valley Clinic already exists. Management has assessed the associated risks to the business of AURA and believes that such risks are minimal as Sun Valley retains a financial interest in an Owned Sun Valley Clinic, even after the Additional Option is exercised. See "*Risk Factors – Competition*".

Operation and Management of Owned Sun Valley Clinics

Once Sun Valley has determined to establish a new Owned Sun Valley Clinic, it incorporates a new limited liability company (each, an "**AURA Clinic LLC**") under the laws of the U.S. State in which the Owned Sun Valley Clinic will be located, which AURA Clinic LLC will own the assets and business of the Owned Sun Valley Clinic. Each AURA Clinic LLC is owned by members who hold membership interests. The members of an AURA Clinic LLC enter into an operating agreement (a "**Sun Valley Operating Agreement**") which sets out how such AURA Clinic LLC is managed and the restrictions on each of the membership interests in such AURA Clinic LLC. Each AURA Clinic LLC also enters into a management services agreement (a "**Sun Valley Management Agreement**") with a Sun Valley' affiliate (the "**Sun Valley Service Provider**") with respect to the day-to-day management of the Owned Sun Valley Clinic.

The following is a summary of the general terms of a typical Sun Valley Operating Agreement and Sun Valley Management Agreement that have been entered into for each AURA Clinic LLC. Such agreements are expected to be substantially similar in form and content across Owned Sun Valley Clinics; however, each agreement is subject to such amendments and additional terms on a clinic per clinic basis as may be negotiated and agreed upon between Green Global and Sun Valley.

Operating Agreement

In connection with the purchase of an Initial Membership Interest under the Sun Valley Option Agreement with respect to a particular Owned Sun Valley Clinic, Green Global is required to become a party to the applicable Operating Agreement with Sun Valley with respect to that particular clinic.

The Operating Agreement remains in force until any of the following termination events: (a) dissolution, bankruptcy, receivership, or termination of the AURA Clinic LLC; (b) voluntary mutual agreement of all members; or (c) when the AURA Clinic LLC ceases to conduct any business operations.

Pursuant to the Operating Agreement, an AURA Clinic LLC is managed by a three person Board of Managers (the "**Clinic Board**") appointed annually: one manager nominee appointed by Green Global; one manager nominee appointed by Sun Valley; and a third manager nominee appointed by the party holding the greatest equity interest in the AURA Clinic LLC at the particular annual appointment date. If between annual appointment dates, there is a change in the relative ownership interests, the party with the greatest equity interest has the right to appoint the third manager nominee until the next annual appointment date. The day-to-day business and affairs of the AURA Clinic LLC are managed and under the direction of the Clinic Board, who may exercise all such powers of the AURA Clinic LLC permitted by law and that are not required to be exercised by its members. All members of the Clinic Board makes a quorum of the Clinic Board to transact business at a meeting of the Clinic Board, and, subject to certain exceptions, decisions are made by the vote of a majority of managers present at meetings of the Clinic Board.

However, there are fundamental decisions that require unanimous approval of the Clinic Board, which include, among others: (i) amending the Articles of Organization or Operating Agreement for the AURA Clinic LLC; (ii) making any material change to the nature of the business conducted by the AURA Clinic LLC; (iii) issue or sell any equity securities of the AURA Clinic LLC to any person or enter any transaction involving the sale, transfer or acquisition of equity securities to or from any person; (iv) incur any indebtedness or guarantee or lien on any assets in excess of the certain permitted working capital loans; (v) make any loan to any member or its affiliate; (vi) enter into transactions involving the purchase, lease or other acquisition by the AURA Clinic LLC of assets or equity securities from any person; (vii) initiate an initial public offering; (viii) dissolve, wind-up or liquidate the AURA Clinic LLC or initiate a bankruptcy proceeding involving the AURA Clinic LLC; or (ix) terminate or allow any management services agreement to expire.

If the Clinic Board is unable to agree on one or more fundamental matters as set out in the Operating Agreement (which includes those fundamental decisions set out above), in each case which disagreement continues for 60 days despite good faith deliberations by the managers (a "**Deadlock**"), any of Green Global and Sun Valley are entitled to exercise their right to make a buy or sell offer to the other party for its membership interest.

The Operating Agreement provides for a distribution mechanism to the members of an AURA Clinic LLC. An AURA Clinic LLC pays its members pro rata based on their interests, on a quarterly basis, distributions equal to the free cash flow generated by the AURA Clinic LLC for the applicable quarter, provided that distributions will only be made if: (i) free cash flow for the applicable quarter is positive; and (ii) the clinic's operating account exceeds US\$100,000 and will not be less than US\$100,000 after making such distributions. "Free cash flow" will be calculated on an accrual accounting basis as gross sales of AURA less all costs incurred to run AURA's business including lease costs, interest on working capital loan, utilities and other municipal levies, and income taxes.

The Operating Agreement also contains additional provisions, including: pre-emptive rights allowing each member to purchase its pro rata portion of any new securities that an AURA Clinic LLC may propose to issue; transfer restrictions restricting a member from transferring or selling its membership units in the AURA Clinic LLC for 24 months following the effective date of the Operating Agreement, after which a transfer or sale to a third party may be only be completed after the selling member has first given a right of first refusal to the other member to purchase such membership units; and tag along rights, whereby, if a member who holds at least 50.1% proposes to sell any membership units to a third party, the other member is entitled to participate in such sale.

Management Agreement

In addition to the Operating Agreement, each AURA Clinic LLC enters into a Sun Valley Management Agreement with a Sun Valley Service Provider pursuant to which the Sun Valley Service Provider will

provide the following management services to the AURA Clinic LLC in exchange for a management fee: (i) obtain all necessary licenses, (ii) hire personnel, (iii) design and implement building improvements, (iv) provide or retain others to provide accounting and other related software and physical equipment, (v) assist in sourcing infrastructure, and (vi) market the AURA Clinic LLC to qualified patients. The Sun Valley Service Provider has the authority to manage the day-to-day operations of the relevant AURA Clinic LLC, which responsibilities include, but are not limited to: (i) hiring, training and supervising employees, (ii) preparing operating budgets, (iii) managing receivables and payables, (iv) maintaining business records, and (v) other general administrative functions.

The Sun Valley Management Agreement has a term expiring two years and one month after the date of the Sun Valley Management Agreement and will be automatically renewed for one (1) additional year if neither party terminates sixty (60) days prior to the expiry of the initial term. The Sun Valley Management Agreement may be terminated at any time by mutual written consent or by either party if the other party is in breach of the Agreement and, absent exceptional circumstances, has not rectified the default within thirty (30) days of written notice.

Pursuant to the Sun Valley Management Agreement, the AURA Clinic LLC shall pay the Sun Valley Service Provider a monthly management fee equal to US\$2,000, subject to increase on an annual basis at no more than 5% per year. In addition, the AURA Clinic LLC shall pay directly or reimburse the Sun Valley Service Provider certain out-of-pocket expenses as set out in the Sun Valley Management Agreement. In addition, the Sun Valley Management Agreement provides the Sun Valley Service Provider with a limitation of liability in certain circumstances.

About Sun Valley

To date, Sun Valley has operations in Arizona, Nevada and Florida. Additional U.S. States are also under consideration for 2017 and beyond. Sun Valley is a limited liability company formed in Arizona and operates medical consulting businesses that offer medical services, namely, patient evaluations to determine suitability for use of marijuana for medicinal purposes.

Sun Valley has developed, and continues to improve, a system for the operation of Owned Sun Valley Clinics and Franchised Sun Valley Clinics. The distinguishing characteristics of this system include proprietary methods of operation, legal compliance, record keeping, marketing and signage, staff and customer recruitment and retention programs and procedures of management training and assistance.

Prior to AURA's partnership with Sun Valley, Sun Valley had developed a franchise system whereby it would sell Franchised Sun Valley Clinics to individuals and companies who independently operate Franchised Sun Valley Clinics. AURA determined that a direct co-ownership arrangement with Sun Valley was more advantageous to AURA. This negotiation resulted in the Sun Valley Option Agreement. See section entitled "*Risk Factors – Competition*".

Current Portfolio of Clinics

To date, Green Global has acquired an Initial Membership Interest in four Owned Sun Valley Clinics, as follows:

Clinic Location	Current Ownership	Board of Members	Status of Clinic
Las Vegas, Nevada	Green Global – 30% Sun Valley – 70%	1. Chris Carl 2. Dustin Klein 3. Andrea Klein	Leased property; Opened for business on September 20, 2016
Mesa, Arizona	Green Global – 30%	1. Chris Carl	Leased property;

Clinic Location	Current Ownership	Board of Members	Status of Clinic
	Sun Valley – 70%	2. Dustin Klein 3. Andrea Klein	Opened for business on April 24, 2017
Tucson, Arizona	Green Global – 30% Sun Valley – 70%	1. Chris Carl 2. Dustin Klein 3. Andrea Klein	Leased property; Opened for business on May 22, 2017
Hollywood, Florida	Green Global – 30% Sun Valley – 70%	1. Chris Carl 2. Dustin Klein 3. Andrea Klein	Leased property; Opened for Business on August 11, 2017

An Owned Sun Valley Clinic is a Patient Assessment Clinic that typically provides the following services:

- 1) Clinical Examination – determination by a Qualified Physician, after an examination, as to whether a patient has a certain Qualifying Condition.
- 2) Patient Registration – the Sun Valley Service Provider uses an application and registration system that allows and requires the patient to be involved directly at every step to help reduce errors during the registration process. By reducing these errors, the patient can hope to receive his or her Medical Compliance Certificate in a shorter time period.

AURA Clinic Operations

Currently there is only one doctor providing services at the Nevada and Florida clinics, and two doctors providing services at each of the Arizona clinics. Each AURA clinic will have at least one doctor with required qualifications providing the assessment services. The following sets out the credentials of the doctors working at the AURA clinics.

Clinic	Doctor	Licensed As	Medical Licence Issued By	Year License Issued	Additional Required Certification	Years of Practice
Las Vegas, Nevada	Doctor 1	Medical Doctor	Nevada	1991	N/A	26
Mesa, Arizona	Doctor 1	Naturopathic Doctor	Arizona	2014	N/A	3
	Doctor 2	Chiropractic Physician	Arizona	1983	N/A	34
Tucson, Arizona	Doctor 1	Naturopathic Doctor	Arizona	2017	N/A	1
	Doctor 2	Chiropractic Physician	Arizona	1990	N/A	27
Hollywood, Florida	Doctor 1	Medical Doctor	Florida	1978	Medical marijuana certification course passed	30

In Arizona, the physician performing the assessment is required to review a patient's medical records from other treating physicians during the previous 12 months. Accordingly, each of the Mesa and Tucson clinics have two doctors working at each clinic: one being the physician providing the assessment for a qualifying condition, and the second being a chiropractic doctor

performing a general medical examination of the patient if the patient does not have a medical record during the previous 12 months. The chiropractic doctors at the Arizona clinics do not provide assessment services for the purposes of the medical marijuana program. The chiropractic doctors are, however, qualified as "treating physicians" who can examine the patient and generate the medical records to be reviewed and relied upon by the doctor who performs the assessment.

Ownership of Intellectual Property

AURA does not own any intellectual property used by the Sun Valley Owned Clinics. The Sun Valley brand is a registered trademark owned by Sun Valley and is licensed to each Owned Sun Valley Clinic.

Competitive Conditions

The medical marijuana industry is intensely competitive and AURA competes with other companies that have greater financial resources and technical facilities. Numerous other businesses are expected to compete in the clinic space and provide additional patient servicing under regulatory regimes in seeking patients that purchase medical marijuana. The main competitors include clinics similar to AURA's, illegal dispensaries, individual physicians and potentially licensed producers.

In addition to clinics, illegal dispensaries are the main competition for AURA. There are many dispensaries in urban centres in the United States and elsewhere. These are not clinics with physicians assessing patients, most require memberships, and sell the marijuana on site.

Individual physicians are able to assess their own patients regarding Qualifying Conditions as there is no requirement for either general practitioners or specialists to refer patients to a specialized medical marijuana clinic. However, as discussed above, the ASA Report states that many physicians are still reluctant to recommend, or even discuss, medical marijuana with their patients due to its continued status as a Schedule I drug under U.S. federal law. Additionally, hospitals, community health centres, nursing homes and health plans that participate in U.S. State and federally-funded programs are denying patients access for fear of an unintentional contravention of law, or loss of governmental funding.

Management believes that the vast majority of PACs are single-venue clinics opened by a local entrepreneur or in partnership with a single doctor. Some of these clinics are successful and have created the right experience for patients; however, given that the majority of such clinics are stand-alone management believes that they are not able to leverage efficiencies that the Owned Sun Valley Clinics avail themselves of, including centralized appointment bookings, and advertising economies of scale. As a result, the limited profitability that management believes results makes it difficult for the single-clinic model to remain competitive and management has observed a continual cycle of new-openings and clinic-closings happening in various jurisdictions on a monthly basis. Sun Valley has created a PAC model that takes advantage of these efficiencies and as a result, it has been able to successfully replicate the formula in different clinics.

Economic Dependence

The current specific business objectives of AURA are dependent on the Sun Valley Option Agreement and AURA's relationship with Sun Valley and its affiliates. See "*Business Objectives, Investment Criteria and Markets - Business Objectives*" and "*Sun Valley Option Agreement and Current Portfolio of Patient Assessment Clinics*". However, management expects to explore new opportunities to reduce reliance on a single partner or service provider.

Specialized Skill and Knowledge

AURA does not have any employees. The executive officers of AURA are all engaged as consultants. See "*Executive Compensation*" for a description of relevant consulting agreements.

AURA is currently not a direct operator of a Marijuana Service Business and is therefore not responsible for employment or retention of employees and other skilled workers within its investee companies. However, the success of any Patient Assessment Clinic in which AURA invests is, in part, reliant on the ability to source qualified practitioners. A Qualified Physician at a Patient Assessment Clinic must be properly certified in the jurisdiction where he or she will be based. In some cases, a Qualified Physician may also be licensed to practice in other jurisdictions in addition to their home jurisdiction. In addition, each Patient Assessment Clinic also requires health care support staff. Dustin Klein and Andrea Klein are the executive officers of Sun Valley, which is the co-owner of the Owned Sun Valley Clinics.

Ms. Klein has been the co-owner and Chief Operating Officer of Sun Valley since 2013, which operates Sun Valley branded PACs in Arizona, Nevada and Florida. Prior to which, she had over 10 years of medical practice management in Denver, Colorado and Los Angeles, California, and specializes in operations, electronic medical record keeping and marketing. She conceptualized, designed and deployed Sun Valley' marketing strategy. Ms. Klein graduated Magna Cum Laude with a Bachelor of Arts from Colorado College in 2001. Mr. Klein has been the co-owner of Sun Valley since 2013. Prior to this, Mr. Klein had a 15-year career developing sales teams and opening franchise stores in emerging markets in the telecommunications industry. In the past two years, he has been interviewed on various Arizona medical marijuana topics by NBC, ABC, Weediabuzz, Leafly, and Weedmaps. This year he was also featured on The Marijuana Show and was a featured panel speaker on medical marijuana at the Southeast Cannabis Conference and Expo in Fort Lauderdale, Florida in June 2017. Mr. Klein has a Bachelor's of Performing & Visual Arts from the University of Northern Colorado, 2006.

Cycles

AURA's current business of investing in Medical Marijuana Businesses is not affected by seasonal cycles. However, certain Medical Marijuana Businesses, such as Patient Assessment Clinics, experience some seasonal cyclicity with lower patient concentration found near Christmas and in the mid-summer.

Market and Regulatory Overview

The Development of Legal State-Regulated Medical Cannabis Use in the U.S.

In 1996, California became the first of the U.S. States to legalize cannabis for medicinal purposes. Since then, another 29 U.S. States and the District of Columbia have legalized cannabis for medicinal use.

This change in cannabis policy at the state level has occurred despite the fact that the cultivation and sale of cannabis is still a violation of the *U.S. Controlled Substances Act of 1970* as cannabis remains a Schedule I drug under that federal law. However, in 2009 U.S. Department of Justice issued a memorandum, commonly referred to as the "Ogden Memo", which offered guidance to U.S. Attorneys (federal prosecutors) regarding seven priority offenses in states that have regulated marijuana industries. The U.S. Department of Justice stated attorneys should focus efforts on these seven priorities, because when present, it would be clear the person is not operating within state laws. The Ogden Memo led to an increase of new cultivation and dispensary operations in states with existing medical cannabis programs and to a strong push in many states to pass new medical cannabis legislation. Nevertheless, the medical cannabis industry grew erratically in the following years as some branches of the federal government periodically cracked down on cannabis businesses despite the new Justice Department policy of refraining

from prosecuting such businesses absent clear cut violations of the state law where the business was operating.

In the summer of 2013, the U.S. Department of Justice issued what came to be called the "Cole Memo", which offered guidance to U.S. Attorneys on where to focus federal enforcement efforts with respect to marijuana in all U.S. States. The Cole Memo listed eight enforcement priorities including preventing the distribution of marijuana to minors, preventing revenue of sales from going to criminal enterprises, gangs and cartels, preventing the diversion of marijuana from a state where it is legal across state lines, and several others. In 2013, Illinois became the 20th state to legalize medical marijuana and began a four-year pilot program. The pilot program allows for the cultivation and dispensing of medical marijuana and is set to run through July 1, 2020.

Connecticut legalized medical marijuana in 2012, while Massachusetts voters passed the legalization in 2012 to be effective January 1, 2013. New Hampshire legalized medical marijuana in 2013.

New York State passed a bill legalizing medical cannabis under a restrictive program in July 2014, and accepted applications in June 2015 for the five available medical cannabis licenses in the state. In Florida, a state constitutional amendment to implement a medical cannabis program obtained a 57% approval margin in 2014, though Florida requires a 60% vote in order to pass a constitutional amendment by popular referendum. Nevertheless, in 2015 the Florida legislature adopted a highly restrictive high cannabidiol (CBD)/low tetrahydrocannabinol (THC) measure. In November, 2016, 71.3% of Florida voters approved amending the state constitution to allow medical marijuana. Management believes that New York and Florida, each with populations in excess of 20 million people, represent the potential for extremely large medical cannabis markets as the New York program is expanded, and since Florida has approved a medical cannabis program.

Maryland adopted a comprehensive law legalizing medical cannabis in 2014. Management believes the Maryland program will result in a large medical marijuana market as a result of an expansive list of Qualifying Conditions, less restrictive provisions for obtaining cannabis certifications from doctors, and patient freedom to choose preferred methods of cannabis ingestion. Currently, Maryland has 102 pre-approved companies to dispense medical cannabis but no final licenses have been awarded. The Maryland Medical Cannabis Commission expects cannabis to be available through these dispensaries by mid-late summer 2017.

In New Mexico, 2015 also witnessed a significant expansion of the state's medical cannabis program that was originally adopted in 2007. In October, New Mexico issued 12 new licenses in addition to the existing 23 licenses. New Mexico has also broadened the list of Qualifying Conditions, streamlined the patient certification process, and increased the permitted cultivation capacity of license holders. In addition, the new regulations have allowed for-profit management companies to manage multiple license holders. Management believes the result of the changes will likely be a significant expansion of the existing market for medical cannabis in New Mexico.

In April 2016, Pennsylvania became the 24th state to adopt a comprehensive medical cannabis program. With nearly 13 million people, an extensive list of Qualifying Conditions including severe chronic or intractable pain and a business-friendly statute, management believes that Pennsylvania may eventually become one of the biggest medical marijuana markets in the country. In June 2016, Ohio became the 25th medical cannabis state after adopting a comprehensive law providing for a wide-range of Qualifying Conditions, which management believes should also result in a large medical cannabis market after the program is fully operational.

In November, 2016 voters in Arkansas (53.2%), Florida (71.3%), and North Dakota (63.7%) all voted to approve medical marijuana in their respective states bringing the total number of states with medical marijuana laws up to 28. Finally, on April 19, 2017 the Governor of West Virginia enacted a law allowing medical marijuana in that state, bringing the total number of U.S. States with medical marijuana to 29.

Current Cannabis Market and Trends

The emergence of the legal cannabis sector in the United States, both for medical and adult use, has occurred rapidly, as more U.S. States adopt regulations for its production and sale. ArcView Market Research, a leading cannabis industry research group, reports that U.S. consumers spent US\$5.8 billion in 2016 on legal cannabis products (ArcView Market Research and New Frontier Data, "The State of Legal Marijuana Markets: 5th Edition", (the "**ArcView Report – 5th Edition**")). The ArcView Report – 5th Edition forecasts that the North American market is expect to grow at a compounded annual rate of 27% until 2021 and that the U.S. market accounts for approximately 87% of the North American market. New Frontier Data, in its report entitled "Cannabis Industry – 2017 Report" (the "**New Frontier Report**"), forecasts that U.S. annual retail sales within the cannabis industry will grow from US\$6.6 billion to US\$24.1 billion by 2025. Within this total, the New Frontier Report projects that medical marijuana sales are expected to increase from US\$4.7 billion to US\$13.2 billion in the same period. According to the Marijuana Policy Project website (the "**MPP Website**"), the number of medical cannabis patients in U.S. States with existing comprehensive medical cannabis programs was approximately 2.3 million by the end of 2016.

After the ballots of the 2016 U.S. federal election were counted, a total of 44 U.S. States have adopted some form of regulation authorizing the use of cannabis and/or cannabis-related products with 29 of these states (and the District of Columbia) having authorized medical marijuana, and of those 29, eight plus the District of Columbia have also authorized adult use marijuana. Many other states have decriminalized possession. Today 60% of Americans live in a U.S. State where cannabis is legal in some form and almost a quarter of the population lives in U.S. States where it is fully legalized for adult use.

According to the 2015 report of the U.S. National Center for Biotechnology Information, U.S. National Library of Medicine, the literature suggests that the medicinal use of cannabis may have a therapeutic role for a multitude of diseases, particularly chronic pain disorders, including headache disorders and supporting literature suggests a role for medicinal cannabis and cannabinoids in several types of headache disorders including migraine and cluster headache, although primarily limited to case-based, anecdotal, or laboratory-based scientific research. According to the same 2015 report, cannabis contains an extensive number of pharmacological and biochemical compounds, of which only a minority are understood, so many potential therapeutic uses likely remain undiscovered. Cannabinoids appear to modulate and interact at many pathways inherent to migraine, triptan mechanisms of action, and opiate pathways, suggesting potential synergistic or similar benefits. Modulation of the endocannabinoid system through agonism or antagonism of its receptors, targeting its metabolic pathways, or combining cannabinoids with other analgesics for synergistic effects, may provide the foundation for many new classes of medications.

Arizona State Regulation

In Arizona, the state permits the use of cannabis to treat or alleviate symptoms of over 20 medical conditions, including chronic pain. According to the MPP Website, at the end of 2016, more than 114,000 patients (1.63% of total population of Arizona) had been approved by Arizona to use medical cannabis as a form of treatment for a Qualifying Condition and that number has been steadily increasing. The Arizona market size for medical cannabis is projected at US\$367 million in 2016 and predicted to grow by 16% annually through 2020 to \$681 million (New Frontier Report).

The Arizona state registry is administered by the Arizona Department of Health Services, ADHS. The medical marijuana program allows individuals with a medical history of one or more Qualifying Conditions and a Qualified Physician's written statement to apply for registration with the ADHS. Qualified applicants are issued a Medical Compliance Certificate and are known as "Patients", which entitles them to legally possess and cultivate cannabis, subject to certain limitations. A registered Patient is allowed to possess up to 2.5 ounces of cannabis products. Patients are also permitted to designate another person as a "caregiver" ("**Caregiver**") on their behalf. Caregivers are individuals (other than a patient's attending Qualified Physician) who are at least 21 years old and are responsible for managing the well-being of a Patient. Patients are limited to a single Caregiver who must be formally designated by the Patient on the Patient's application for a registry identification card or other written notification to the department. The Caregiver is issued a registry identification card allowing them to transport cannabis for the Patient within the allowable limits, as long as the Caregiver is in possession of their registry identification card.

Nevada State Regulation

Medical cannabis was legalized in the state of Nevada on November 7, 2000. In 2013, the Nevada legislature allowed for safe, regulated access to cannabis. According to the MPP Website, there were approximately 25,000 registered medical marijuana users at the end of 2016. Nevada has a reciprocal agreement whereby any out-of-state Medical Compliance Certificate carrier can present their certificate in Nevada and acquire medical marijuana while visiting. The sale of marijuana for adult use in Nevada was approved by ballot initiative on November 8, 2016.

Florida State Regulation

In 2016, a constitutional amendment was passed in Florida to legalize medical marijuana use for individuals with certain enumerated conditions, and the regulatory regime became effective in June 2017. As of August 2017, Marijuana Business Daily reported that approximately 27,000 patients have registered for Medical Compliance Certificates, an increase of 10,000 in the two months since the new regulations became effective. Given the large population of seniors residing in Florida relative to other parts of the country, management expects that number to increase steadily as this population explores alternative therapies to their diverse medical needs. The regulatory regime is similar to those in both Arizona and Nevada, where an individual who is assessed by a Qualified Physician to have a Qualifying Condition can apply to the Florida Department of Health, Office of Medical Marijuana Use for a Medical Compliance Certificate, which allows such individual to possess and use marijuana in connection with such Qualifying Condition.

Compliance of U.S. Law by AURA

The business model of AURA does not anticipate "handling or touching the plant". As such, the production, processing or dispensing of any cannabis products will occur with individuals that have the specific licenses and within the parameters of the applicable state laws to do so. In all cases, the patients to be seen by AURA are interested in dealing with chronic pain, insomnia and appetite disorders which means the products they may purchase at a dispenser are largely Cannabidiol or CBD based oils and therefore non-incendiary in nature. The non-product handing aspects of AURA's business means it remains in compliance with U.S. federal enforcement priorities outlined in the memorandum of U.S. Deputy Attorney General James M. Cole dated February 14, 2014 entitled "Guidance Regarding Marijuana Related Financial Crimes" (the "**Cole Memo**").

The Cole Memo outlined certain priorities for the U.S. federal Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memo noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and

enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. However, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memo standard. In light of limited investigative and prosecutorial resources, the Cole Memo concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memo had merit, however, he disagreed that it had been implemented effectively and has not committed to utilizing the Cole Memo framework going forward. Sessions also established a task force after taking office to study cannabis but they have issued no final conclusions so far. On January 4, 2018, Attorney General Sessions announced the rescission of prior guidance to U.S. attorneys regarding the enforcement of federal marijuana laws as outlined in the Cole Memo. Instead, U.S. attorneys were directed to focus on a number of the Department of Justice's enforcement priorities such as preventing distribution of marijuana to minors, preventing marijuana revenue from reaching gangs and cartels, preventing the diversion from states where marijuana use is legal to other states and preventing marijuana-related violence. At present, the impact of the rescission of the Cole Memo on the U.S. attorneys in states that have legalized marijuana is largely unknown.

On April 13, 2018, the Washington Post reported that President Trump and Colorado Sen. Cory Gardner reached an understanding that the marijuana industry in Colorado will not be the subject of interference from the federal government and that the DOJ's recession of the Cole memo will not impact Colorado's legal marijuana industry. Furthermore, President Trump provided assurances that he will support a federalism-based legislative solution to fix the issue regarding of states' rights to regulate cannabis, and that former House Speaker John Boehner has been appointed to the advisory board of a private U.S. cannabis company. AURA is cautiously optimistic that this development will lead to AURA moving towards a climate where cannabis users and business can participate in the industry without fear of interference from the federal government. However, there is no guarantee that the current presidential administration will not change its stated policy regarding the low-priority enforcement of U.S. federal laws that conflict with State laws. Additionally, any new U.S. federal government administration that follows could change this policy and decide to enforce the U.S. federal laws vigorously. Any such change in the U.S. federal government's enforcement of current U.S. federal laws could cause adverse financial impact and remain a significant risk to the Company's business.

Unless and until the Cole Memo is incorporated into U.S. federal legislation, there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law, albeit a federal agency may not have appropriated funds to undertake such prosecution as is delineated below. Such potential proceedings could involve significant restrictions being imposed upon the Resulting Issuer or third parties, and also divert the attention of key executives. Such proceedings could have a material adverse effect on AURA's business, revenues, operating results and financial condition as well as AURA's reputation, even if such proceedings were concluded successfully in favour of AURA. See "*Risk Factors*".

In addition, on February 8, 2018, the Canadian Securities Administrators published revised Staff Notice 51-352 Issuers with U.S. Marijuana-Related Activities (the "**Staff Notice**") which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the U.S. as permitted within a particular state's regulatory framework. All issuers with U.S. cannabis-related activities, such as AURA, are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents. For the purposes of the Staff Notice, the AURA's activities in the United States are classified as "ancillary" involvement in the

United States cultivation or distribution industry. The applicable regulations in the states of Arizona, Nevada and Florida are summarized below under the heading "Applicable Marijuana Laws" in accordance with the requirements of the Staff Notice. The follow table provides a cross reference of the disclosure required in the Staff Notice in this Listing Statement.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties Required in the Staff Notice	Disclosure in the Listing Statement
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	See last paragraph on page 37 in Item 4(b)- "Narrative Description of AURA's Business" – "Market and Regulatory Overview" – "Compliance of U.S. Law by AURA".
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	See first and last two paragraphs on the cover page, last paragraph of Item 3.2-"Trend, commitments, events or uncertainties", and Item 17 – "Risk Factors" –"Non-compliance with Laws", "U.S. Federal Laws", "Enforcement Risk", and "There is a Substantial Risk of Regulatory or Political Change".
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	See 5 th and 6 th paragraphs on the cover page, Item 4(b)-"Narrative Description of AURA's Business"- "Market and Regulatory Overview" – "Compliance of U.S. Law by AURA" and "The Development of Legal State-Regulated Medical Cannabis Use in the U.S.", and Item 17 –"Risk Factors" –"U.S. Federal Laws", "Enforcement Risk", "Regulation that may hinder the Resulting Issuer's Ability to Establish and Maintain Bank Accounts" and "U.S. Money Laundering Laws".
	Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	See Item 17 –"Risk Factors" – "Non-compliance with Laws" and "Regulatory Approvals and Permits".
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	See Item 17 –"Risk Factors" – "The Resulting Issuer may not be able to accurately predict its future capital needs and it may not be able to secure additional financing" and "Liquidity risk and negative cash flow"

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties Required in the Staff Notice	Disclosure in the Listing Statement
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana- related activities.	The exposure to Aura's U.S.-marijuana related activities is quantified by (1) the investment in joint venture from the consolidated statement of financial position, and (2) the equity loss from joint venture noted from the consolidated statement of loss. It's limited to the 30% interest from the AURA Clinic LLCs' operations.
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	See paragraph below this table.
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	See paragraph below this table, and see Item 4(b) -"Narrative Description of AURA's Business"- "Market and Regulatory Overview" – "Compliance of U.S. Law by AURA" and "Regulation of Medical Marijuana Assessment Clinics".

AURA intends to comply with all levels of government within a country including local, state/provincial and federal laws. Although the cultivation and sale of medical marijuana remains illegal at the federal level in the United States and there is currently no federal statutory laws that allow for the prescribing or recommending medical marijuana to patients, AURA believes, based on U.S. legal advice that AURA has obtained, the Sun Valley clinics AURA invests in (the "**AURA Clinics**") within the United States are compliant with current U.S. federal case law¹, because doctors at the AURA Clinics only diagnose for qualifying conditions and do not prescribe or dispense marijuana. In the United States, AURA intends to invest in marijuana service businesses, being those businesses that provide services to the core supply chain of growing and dispensing marijuana to the public. AURA does not intend to operate either growing operations or any form of retail dispensing operation in the United States.

Further, AURA does intend to expand internationally where medical marijuana has been made legal within a country, but only in medical marijuana businesses. AURA chose the U.S. as a starting point partly because of the geographical proximity to the founders, partly because patient assessment clinic operations are consistent with U.S. federal case law, and because each state that AURA chooses to invest/operate in have well defined laws and regulations.

¹ Please see Conant v. Walters, 309 F.3d 629, 632 (9th Cir. 2002), cert. denied, 540 U.S. 946 (2003), a decision from the 9th Circuit Court of Appeals in 2002, which grants a permanent injunction against federal prosecutions of doctors based solely upon those doctors' professional recommendation of medical marijuana to patients. The court allows for the discussion of pros and cons of medical marijuana and written or oral recommendation but not for prescribing or dispensing medical marijuana.

Regulation of Medical Marijuana Assessment

Regulation of Medical Marijuana Assessment Clinics

AURA clinics are currently operating in Nevada, Arizona and Florida. Each state's medical marijuana laws require medical marijuana licenses for establishments which touch the medical marijuana. Such establishments include medical marijuana treatment centers, independent testing laboratories, cultivation facilities, facilities for the production of edible marijuana products or marijuana-infused products; or medical marijuana dispensaries. As AURA medical assessment clinics do not currently fall into any of these categories, there is no approval or license requirement under the applicable state medical marijuana laws and regulations.

Outside of medical marijuana laws, the AURA clinics do need to obtain regular business registrations to operate a medical assessment clinic in each of the states it operates.

Regulatory Oversight

Arizona

In Arizona, the medical marijuana program is administered by the Arizona Department of Health Services ("ADHS") under Arizona Medical Marijuana Act (Arizona Revised Statute Title 36 Chapter 28.1) and Medical Marijuana Rules (Arizona Administrative Code, Title 19 Health Services, Chapter 17 Department of Health Services-Medical Marijuana Program).

A qualifying patient, who has been diagnosed with one of the debilitating medical conditions will need to get a written certification from a physician (medical doctor, osteopath, naturopath, or homeopath licensed to practice in Arizona) with whom he/she has a physician-patient relationship. The written certification has to be on a form provided by ADHS within 90 days before submitting an application for a registry identification card. After obtaining the written certification from the physician, the qualifying patient can apply online for a registry identification card, after April 14, 2011.

Allopathic (MD), Osteopathic (DO), Homeopathic [MD(H) or DO(H)], and Naturopathic [NMD or ND] physicians who have a physician-patient relationship with the patient may write certifications for medical marijuana. The physician must hold a valid Arizona license.

ADHS will periodically review the demographics of qualifying patients. If ADHS determines that a physician providing written certifications may be engaging in unprofessional conduct, ADHS will provide information to the physician's licensing board.

"Debilitating medical condition" means one or more of the following:

- (a) Cancer, glaucoma, positive status for human immunodeficiency virus, acquired immune deficiency syndrome, hepatitis C, amyotrophic lateral sclerosis, crohn's disease, agitation of alzheimer's disease or the treatment of these conditions.
- (b) A chronic or debilitating disease or medical condition or its treatment that produces one or more of the following: cachexia or wasting syndrome; severe and chronic pain; severe nausea; seizures, including those characteristic of epilepsy; or severe and persistent muscle spasms, including those characteristic of multiple sclerosis.
- (c) Any other medical condition or its treatment added by ADHS.

The law and rules specify requirements for issuing written certifications for patients for the medical use of marijuana. A physician is required to:

- Have made or confirmed a diagnosis of a debilitating medical condition for the qualifying patient;
- Have established a medical record for the qualifying patient and is maintaining the qualifying patient's medical record;
- Have conducted an in-person physical examination of the qualifying patient within the last 90 calendar days appropriate to the qualifying patient's presenting symptoms and the debilitating medical condition the physician diagnosed or confirmed;
- Have reviewed the qualifying patient's medical records, including medical records from other treating physicians from the previous 12 months, the qualifying patient's responses to conventional medications and medical therapies, and the qualifying patient's profile on the Arizona Board of Pharmacy Controlled Substances Prescription Monitoring Program database;
- Have explained the potential risks and benefits of the medical use of marijuana to the qualifying patient, or if applicable, the qualifying patient's custodial parent or legal guardian;
- Have reviewed evidence documenting that the patient is currently undergoing conventional treatment for PTSD, if treating a PTSD patient.
- If the physician has referred the qualifying patient to a dispensary, have disclosed to the qualifying patient, or if applicable, the qualifying patient's custodial parent or legal guardian, any personal or professional relationship I have with the dispensary;
- Address the potential dangers to fetuses caused by smoking or ingesting marijuana while pregnant or to infants while breastfeeding and inform the patient that the use of marijuana during pregnancy may result in a risk of being reported to the Department of Child Safety during pregnancy or at the birth of the child by persons who are required to report; and
- Attest that, in the physician's professional opinion, the qualifying patient is likely to receive therapeutic or palliative benefit from the qualifying patient's medical use of marijuana to treat or alleviate the qualifying patient's debilitating medical condition.

In addition, for a patient who is under the age of 18, another physician must:

- Have conducted a comprehensive review of the qualifying patient's medical records from other physicians treating the qualifying patient;
- If the physician has referred the qualifying patient to a dispensary, have disclosed to the qualifying patient, or if applicable, the qualifying patient's custodial parent or legal guardian, any personal or professional relationship I have with the dispensary; and
- Attest that, in the physician's professional opinion, the qualifying patient is likely to receive therapeutic or palliative benefit from the qualifying patient's medical use of marijuana to treat or alleviate the qualifying patient's debilitating medical condition.

Nevada

In Nevada, the medical marijuana program is administered by the Nevada Division of Public and Behavioral Health ("**DPBH**") of the Department of Health Services of the Department of Health and Human Services, under Nevada Revised Statute (NRS) 453A and Nevada Administrative Codes (NAC) 453A.

DPBH has established and maintains a medical marijuana program for the issuance of registry identification cards and letters of approval to applicants. A registry identification means a document issued

by DPBH or its designee that identifies: (a) a person who is exempt from state prosecution for engaging in the medical use of marijuana; or the designated primary caregiver, if any, of a person described in (a). A letter of approval is a document issued by DPBH to an applicant who is under 10 years of age which provides that the applicant is exempt from state prosecution for engaging in the medical use of marijuana.

The application for a registry identification card or a letter of approval will need to include a valid, written documentation from the person's attending physician stating that:

- (a) The person has been diagnosed with a chronic or debilitating medical condition;
- (b) The medical use of marijuana may mitigate the symptoms or effects of that condition; and
- (c) The attending physician has explained the possible risks and benefits of the medical use of marijuana.

Attending physician means a physician who:

- (i) Is licensed to practice either medicine issued by the Board of Medical Examiners; or licensed to practice osteopathic medicine issued by State Board of Osteopathic Medicine; and
- (ii) Has responsibility for the care and treatment of a person diagnosed with a chronic or debilitating medical condition.

Accordingly, in Nevada, any Doctor of Medicine (MD) or Doctor of Osteopathy (DO) who is currently licensed and in good standing in Nevada can recommend a patient for the medical marijuana program.

"Chronic or debilitating medical condition" means:

- (a) Acquired immune deficiency syndrome;
- (b) Cancer;
- (c) Glaucoma;
- (d) Post-traumatic stress disorder
- (e) A medical condition or treatment for a medical condition that produces, for a specific patient, one or more of the following:
 - (i) Cachexia;
 - (ii) Persistent muscle spasms, including, without limitation, spasms caused by multiple sclerosis;
 - (iii) Seizures, including, without limitation, seizures caused by epilepsy;
 - (iv) Severe nausea; or
 - (v) Severe pain; or

- (f) Any other medical condition or treatment for a medical condition that is:
 - (i) Classified as a chronic or debilitating medical condition by regulation of DPBH;
or
 - (ii) Approved as a chronic or debilitating medical condition pursuant to a petition submitted in accordance with NRS 453A.710.

Florida

In Florida, the medical marijuana program is administered by the Florida Health, Office of Medical Marijuana Use.

The Florida Legislature passed Senate Bill 1030, the Compassionate Medical Cannabis Act of 2014, during the 2014 legislative session to specifically allow for the medical usage of "low-THC cannabis." In 2016, the Florida Legislature passed House Bill 307, the Compassionate Medical Cannabis Act of 2016, to amend the Act to further allow for the medical usage of "medical cannabis." These Acts are now included in 2017 Florida Statutes, under title XXIX-Public Health General Provisions, 381.986 Medical Use of Marijuana.

Under the Florida statute, "Qualified physician" means a person who holds an active, unrestricted license as an allopathic physician under chapter 458 (M.D.) or as an osteopathic physician under chapter 459 (D.O.) and is in compliance with the physician education requirements of subsection (3) (additional course). Accordingly, a physician licensed by the Florida Board of Medicines (M.D./Allopathic Physician) or by the Florida Board of Osteopathic Medicine (D.O./Osteopathic Physician) can order low-THC cannabis and medical cannabis for their patients' use, provided they obtain the additional certification. The law requires that before ordering low-THC cannabis or medical cannabis for use by a patient, the ordering physician must successfully complete an 8-hour course offered by either the Florida Medical Association or the Florida Osteopathic Medical Association. The course encompasses the clinical indications for the appropriate use of low-THC and medical cannabis, the appropriate delivery mechanisms, the contraindications for such use, as well as the relevant state and federal laws governing the ordering, dispensing, and possessing of this substance. The physician must successfully pass an examination upon completion of the course. This course and examination must be taken once every two years (prior to renewal of the physician's license to practice medicine).

A qualified physician may not be employed by, or have any direct or indirect economic interest in, a medical marijuana treatment center or marijuana testing laboratory.

"Qualified patient" means a resident of this state who has been added to the medical marijuana use registry by a qualified physician to receive marijuana or a marijuana delivery device for a medical use and who has a qualified patient identification card.

QUALIFYING MEDICAL CONDITIONS.—A patient must be diagnosed with at least one of the following conditions to qualify to receive marijuana or a marijuana delivery device:

- (a) Cancer.
- (b) Epilepsy.
- (c) Glaucoma.

- (d) Positive status for human immunodeficiency virus.
- (e) Acquired immune deficiency syndrome.
- (f) Post-traumatic stress disorder.
- (g) Amyotrophic lateral sclerosis.
- (h) Crohn's disease.
- (i) Parkinson's disease.
- (j) Multiple sclerosis.
- (k) Medical conditions of the same kind or class as or comparable to those enumerated in paragraphs (a)-(j).
- (l) A terminal condition diagnosed by a physician other than the qualified physician issuing the physician certification.
- (m) Chronic nonmalignant pain.

A qualified physician may issue a physician certification only if the qualified physician:

- (a) Conducted a physical examination while physically present in the same room as the patient and a full assessment of the medical history of the patient.
- (b) Diagnosed the patient with at least one qualifying medical condition.
- (c) Determined that the medical use of marijuana would likely outweigh the potential health risks for the patient, and such determination must be documented in the patient's medical record. If a patient is younger than 18 years of age, a second physician must concur with this determination, and such concurrence must be documented in the patient's medical record.
- (d) Determined whether the patient is pregnant and documented such determination in the patient's medical record. A physician may not issue a physician certification, except for low-THC cannabis, to a patient who is pregnant.
- (e) Reviewed the patient's controlled drug prescription history in the prescription drug monitoring program database established pursuant to s. 893.055.
- (f) Reviews the medical marijuana use registry and confirmed that the patient does not have an active physician certification from another qualified physician.
- (g) Registers as the issuer of the physician certification for the named qualified patient on the medical marijuana use registry in an electronic manner determined by the department, and:
 - (i) Enters into the registry the contents of the physician certification, including the patient's qualifying condition and the dosage not to exceed the daily dose amount determined by the department, the amount and forms of marijuana authorized for

the patient, and any types of marijuana delivery devices needed by the patient for the medical use of marijuana.

- (ii) Updates the registry within 7 days after any change is made to the original physician certification to reflect such change.
- (h) Physician must receive a signed informed consent from the patient or the patient's parent or legal guardian, acknowledging the qualified physician has sufficiently explained its content.

AURA understands that each state has unique regulatory and communication requirements. As such, AURA monitors each state's legislative process to ensure compliance with any regulatory changes. Each of its AURA Clinic LLCs meets all applicable licensing and regulatory requirements at the state and municipal level. In addition, AURA has a policy council that meets weekly to address any potential regulatory changes on a proactive basis.

There are significant risks associated with the business of the Issuer, as described above and in *Section 17 – Risk Factors*. Readers are strongly encouraged to carefully read all of the risk factors contained in Section 17 – Risk Factors.

5 SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

(a) Selected Annual Financial Information – Lamêlée

The following table provides a brief summary of Lamêlée's financial operations for the each of the two most recently completed financial years. Refer to Schedule "D" for complete copies of Lamêlée's audited financial statements for the years ended September 30, 2016 and 2017.

Description	Year ended September 30, 2016	Year ended September 30, 2017
Revenue	Nil	Nil
Net income (loss)	(7,512,922)	(114,839)
Net loss per share (basic and diluted)	(1.79)	(0.03)
Total Assets	114,547	100,109

(b) Selected Annual Financial Information – AURA

The following table provides a brief summary of AURA's financial operations for year ended December 31, 2017 and the period from incorporation of November 8, 2016 to December 31, 2016. See Schedule "E" for a complete set of AURA's audited consolidated financial statements for the year ended December 31, 2017 and the period from incorporation of November 8, 2016 to December 31, 2016.

	Year Ended December 31, 2017	November 8, 2016 to December 31, 2016
	\$ (audited)	\$ (audited)
Revenues	-	-
Expenses (including other (gain)/losses)	1,155,337	209,143

	Year Ended December 31, 2017	November 8, 2016 to December 31, 2016
Net income (loss)	(1,155,337)	(209,143)
Loss per share	0.070	0.017
Cash flow from operating activities	(373,551)	(63,732)
Cash, end of year	499,475	482,711
Total assets	936,873	687,039

Revenue is earned and recognized immediately following a patient consultation by one of Aura's licensed medical doctors. The consultation and the card issuance are independent events, and in some cases, consultations are provided where a patient's primary goal is not to receive a card but simply understand treatment options and in other cases state qualifying conditions may not be met. Issuance of the card is completed through the applicable state agency.

5.2 Quarterly Information

(a) Selected Quarterly Financial Information – Lamêlée

The following table provides a brief summary of Lamêlée's financial operations for the three month period ended March 31, 2018. See Schedule "A" for a complete set of Lamêlée's unaudited interim financial statements for the six months ended March 31, 2018.

Three-Months ended March 31, 2018	
	\$ (Unaudited)
Revenues	-
Expenses (including other (gain)/losses)	80,738
Net income (loss)	(80,738)
Loss per share	(0.02)
Cash flow from operating activities	131
Cash, end of year	3,513
Total assets	100,171

Selected financial information for the previous quarters is as follows:

Description	Quarter ended December 31, 2017	Quarter ended September 30, 2017	Quarter ended June 30, 2017	Quarter ended March 31, 2017
Revenue	-	-	-	-
Net income (loss)	33,653	114,839	23,511	26,554
Net loss per share (basic and diluted)	(33,653)	(114,839)	(23,511)	(26,544)
Total Assets	(0.009)	(0.03)	(0.006)	(0.009)

(b) **Selected Quarterly Financial Information – AURA**

The following table provides a brief summary of AURA’s financial operations for the three month period ended March 31, 2018. See Schedule "A" for a complete set of AURA’s unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018.

Three-months ended March 31, 2018	
	\$ (audited)
Revenues	-
Expenses (including other (gain)/losses)	110,051
Net income (loss)	(110,051)
Loss per share	0.007
Cash flow from operating activities	(98,630)
Cash, end of period	388,986
Total assets	781,779

As AURA was incorporated in November 2016, no quarterly results prior to December 31, 2016 were available. Selected financial information for the previous quarters as follows:

Quarter ended	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016
	\$	\$	\$	\$	\$
Revenues	-	-	-	-	-
Expenses (including other (gain)/losses)	301,986	343,538	273,217	236,596	209,143
Net loss and comprehensive loss	(304,633)	(338,530)	(265,542)	(242,618)	(209,296)
Net loss per share	(0.02)	(0.020)	(0.016)	(0.014)	(0.017)

Revenue is earned and recognized immediately following a patient consultation by one of Aura's licensed medical doctors. The consultation and the card issuance are independent events, and in some cases, consultations are provided where a patient's primary goal is not to receive a card but simply understand treatment options and in other cases state qualifying conditions may not be met. Issuance of the card is completed through the applicable state agency.

5.3 Dividends

Neither the Corporation nor AURA have paid dividends in the past and have no present intention of paying dividends. Future dividends, if any, will be determined by the directors on the basis of earnings, financial requirements and other conditions existing at the time.

5.4 Foreign GAAP

The financial statements of Lamêlée and AURA are both prepared in accordance with IFRS.

5.5 Available Funds and Principal Purposes

AURA has historically relied upon equity financings and loans from directors to satisfy its capital requirements and the Resulting Issuer will continue to depend heavily upon equity capital to finance its activities.

(a) Estimated Funds Available

As of June 30, 2018, the estimated pro forma consolidated working capital of AURA and Lamêlée was as follows, after giving effect to the Transaction and the Financing:

	Lamêlée	AURA		Consolidated	
		Minimum Offering ⁽¹⁾	Maximum Offering ⁽²⁾	Minimum Offering	Maximum Offering
Pro Forma Working capital as at March 31, 2018	(\$145,164)	\$542,897	\$4,542,897	\$397,733	\$4,397,733

Notes:

1. Assuming completion of the Minimum Offering, net of finder's fee of 8% and AURA cost for the Transaction and the Financing estimated at \$200,000.
2. Assuming completion of the Maximum Offering, net of finder's fee of 8% and AURA cost for the Transaction and the Financing estimated at \$200,000.

(b) Principal Purposes of Funds

The Resulting Issuer expects to use the funds available to it upon the completion of the Transaction to further its business objectives set out in "Information Concerning the Resulting Issuer-Narrative Description of the Business". Specifically, management currently intends to use the estimated consolidated working capital as follows:

		Minimum Offering	Maximum Offering
67%	Clinic Expansion	\$260,000	\$2,240,000
11%	Strategic Partnerships	45,022	989,821
8%	Unallocated	41,834	356,234
7%	Marketing	30,877	499,368
4%	Product Development	10,000	178,116
3%	Technology	10,000	133,587
Total:		\$397,733	\$4,397,733

The above uses of available funds should be considered as estimates only. Depending on cash generated from its initial products, the Resulting Issuer may seek additional capital by way of debt or equity financing to finance its future business plans. Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Given the fact that the legal cannabis industry is emerging, it is difficult at this time to

definitively project revenue or the commensurate funds required to affect the planned undertakings of the Resulting Issuer. For these reasons, management considers it to be in the best interests of the Resulting Issuer and its Shareholders to permit management a reasonable degree of flexibility as to how the Resulting Issuer's funds are deployed among the above uses or for other purposes, as the need may arise.

6 MANAGEMENT'S DISCUSSION AND ANALYSIS

Lamêlée's annual MD&A for the most recent two fiscal years ended December 31, 2017 and 2016 and Lamêlée's interim MD&A for the six month interim period ended March 31, 2018, are attached to this Listing Statement as Schedule "A".

The MD&A for AURA for the year ended December 31, 2017 and the period from incorporation on November 8, 2016 to December 31, 2016, and AURA's interim MD&A for the three month interim period ended March 31, 2018, are attached to this Listing Statement as Schedule "B".

The "carve-out" combined joint venture MD&A of Sun Valley for the Aura Clinic LLCs for the year ended December 31, 2017 and the period from August 30, 2016 (date of formation) to December 31, 2016, and the interim "carve-out" combined joint venture MD&A for the three month interim period ended March 31, 2018, are attached to this Listing Statement as Schedule "C".

7 MARKET FOR SECURITIES

7.1 Listings

There is no market for securities of AURA.

The Lamêlée Shares were listed on the TSXV under the symbol "LIR". The trading of the Lamêlée Shares on the TSXV were halted on January 24, 2018 pending the announcement of the Transaction. The last trading price for the Lamêlée Shares on the TSXV was \$0.475. Lamêlée obtained shareholders' approval for delisting of the Lamêlée Shares from the TSXV at its shareholders' meeting held on April 2, 2018, and has submitted an application to the TSXV for a voluntary delisting.

Lamêlée has applied to list the Resulting Issuer Shares on the CSE. The CSE has conditionally approved the listing of the Resulting Issuer Shares. Listing is subject to the Lamêlée and AURA fulfilling all of the requirements of the CSE.

8 CONSOLIDATED CAPITALIZATION

(a) Pro Forma Consolidated Capitalization – Resulting Issuer

The following table sets out the particulars of the share capital of the Resulting Issuer, before and after giving effect to the Transaction and to the Financing, on a non-diluted basis.

Source of Resulting Issuer Shares	Outstanding as of date of this Listing Agreement	Number of Resulting Issuer Shares (Minimum Offering)	Number of Resulting Issuer Shares (Maximum Offering)	Percentage (Minimum Offering)	Percentage (Maximum Offering)
Lamêlée Shares	3,961,584	3,961,584	3,961,584	16.47%	12.30%
Lamêlée Finder Shares ⁽¹⁾	0	300,000	300,000	1.25%	0.93%
Aura Shares	16,630,000	16,630,000	16,630,000	69.15%	51.63%
Shares to FMI ⁽²⁾	0	300,000	300,000	1.25%	0.93%
Series A Debenture Conversion ⁽³⁾	\$ 300,000	816,326	816,326	3.39%	2.53%
Concurrent Financing	0	2,040,816	10,204,081	8.49%	31.68%
Total Common Shares		24,048,726	32,211,991	100.00%	100.00%

Notes:

- Lamêlée agreed to issue to Lamêlée Finder 300,000 Resulting Issuer Shares on Closing as payment of a finder's fee of \$147,763 with respect to the Transaction.
- AURA agreed to issue to FMI 300,000 AURA Shares immediately prior to Closing as payment of a finder's fee of \$147,763 with respect to the Transaction, which will be exchanged into 300,000 Resulting Issuer Shares on Closing.
- The conversion price for the Series A Debentures are reduced from \$0.60 to \$0.368 being 75% of the Financing Price in accordance with the terms of the Series A Debentures.

(b) Pro Forma Fully-Diluted Share Capital

The fully-diluted issued and outstanding share capital of the Resulting Issuer assuming completion of the Transaction and the Financing will be as follows:

Designation of Securities	Reserved as of date of this Listing Agreement	Number of Underlying Resulting Issuer Shares (Minimum Offering)	Number of Underlying Resulting Issuer Shares (Maximum Offering)	Percentage (Minimum Offering)	Percentage (Maximum Offering)
Common Shares	N/A	24,048,726	32,211,991	56.67%	52.90%
Lamêlée Broker Warrants	1,145,496	1,145,496	1,145,496	2.70%	1.88%
NHII Note Unit Shares	3,116,640	3,116,640	3,116,640	7.34%	5.12%
NHII Note Unit Warrants	1,558,320	1,558,320	1,558,320	3.67%	2.56%
December Warrants	3,275,000	3,275,000	3,275,000	7.72%	5.38%
December CO Unit Shares	500,000	500,000	500,000	1.18%	0.82%
December CO Unit Warrants	250,000	250,000	250,000	0.59%	0.41%
Series A Debenture Unit Warrants ⁽¹⁾	408,163	408,163	408,163	0.96%	0.67%
Series A Finder Warrants	20,000	20,000	20,000	0.05%	0.03%
Series B Debenture Shares ⁽²⁾	1,632,653	1,632,653	1,632,653	3.85%	2.68%
Series B Finder Warrants	80,000	80,000	80,000	0.19%	0.13%
KW ROFR ⁽³⁾	1,632,653	1,632,653	1,632,653	3.85%	2.68%
Stock Option Plan ⁽⁴⁾	1,600,000	2,404,873	3,221,199	5.67%	5.29%
Financing Warrants	-	2,040,816	10,204,081	4.81%	16.76%
Financing Finder Unit Shares	-	163,265	816,326	0.38%	1.34%
Financing Finder Unit Warrants	0	163,265	816,326	0.38%	1.34%

Designation of Securities	Reserved as of date of this Listing Agreement	Number of Underlying Resulting Issuer Shares (Minimum Offering)	Number of Underlying Resulting Issuer Shares (Maximum Offering)	Percentage (Minimum Offering)	Percentage (Maximum Offering)
Total Diluted Capital	15,218,925	42,439,870	60,888,848	100.00%	100.00%

Notes:

- (1) The conversion price for the Series A Debentures are reduced from \$0.60 to \$0.368 being 75% of the Financing Price in accordance with the terms of the Series A Debentures.
- (2) The conversion price for the Series B Debentures are reduced from \$0.60 to \$0.368 being 75% of the Financing Price in accordance with the terms of the Series B Debentures.
- (3) Assuming KW has exercised the KW ROFR in full to subscribe for an additional \$600,000 principal amount of Series B Debentures prior to Closing.
- (4) Including 1,600,000 Resulting Issuer Options issuable to replace the 1,600,000 AURA Options outstanding prior to Closing and remaining Resulting Issuer Options available for issuance under the Resulting Issuer Stock Option Plan.

9 OPTIONS TO PURCHASE SECURITIES

(a) Stock Option Plan – Lamêlée

The Lamêlée board adopted the Lamêlée Stock Option Plan on May 7, 2017 and the Lamêlée Stock Option Plan was last approved by Lamêlée shareholders on April 4, 2018. As of December 31, 2017, there were 92,500 options outstanding under the Lamêlée Stock Option Plan.

Stock options granted pursuant to the Lamêlée Stock Option Plan will not exceed a term of ten years and are granted at an option price and on other terms which the directors determine are necessary to achieve the goal of the Lamêlée Stock Option Plan and in accordance with regulatory policies. The option exercise price will not be less than the Discounted Market Price (as defined in the Lamêlée Stock Option Plan) of the Lamêlée Shares issuable on the exercise of such option.

The Lamêlée Stock Option Plan limits the granting of options and shares pursuant to options as follows:

- a. the aggregate number of Lamêlée Shares reserved for issuance under the Lamêlée Stock Option Plan may not exceed 10% of the issued and outstanding Lamêlée Shares from time to time;
- b. the aggregate number of options granted to directors, officers, employees, management company employees or consultants in any 12 month period must not exceed 5% of the outstanding Lamêlée Shares, unless Lamêlée has obtained by a majority votes cast by the Lamêlée shareholders eligible to vote at a shareholders' meeting, excluding votes attaching to Lamêlée Shares beneficially owned by insiders and their associates;
- c. the aggregate number of options granted to directors, officers, employees, management company employees or consultants conducting Investor Relations Activities (as defined in the Lamêlée Stock Option Plan) in any 12 month period must not exceed 2% of the outstanding Lamêlée Shares calculated at the date of the grant, without the prior consent of the applicable stock exchange;
- d. the aggregate number of options granted to any one consultant in any 12 month period cannot exceed 2% of the outstanding Lamêlée Shares, calculated at the time of grant, without the prior consent of the applicable stock exchange;

- e. the aggregate number of Lamêlée Shares reserved for issuance under options granted to insiders must not exceed 10% of the outstanding shares (in the event that the Lamêlée Stock Option Plan is amended to reserve for issuance of more than 10% of the outstanding Lamêlée Shares) unless Lamêlée has obtained by a majority of votes casted by the Lamêlée shareholders eligible to vote at a shareholders' meeting, excluding votes attaching to shares beneficially owned by insiders and their associates; and
- f. the number of optioned shares issued to insiders in any 12 month period must not exceed 10% of the outstanding Lamêlée Shares in the event that the Lamêlée Stock Option Plan is amended to reserve for issuance more than 10% of the outstanding Lamêlée Shares, unless Lamêlée has obtained by a majority of votes cast by the Lamêlée shareholders eligible to vote at a shareholders' meeting, excluding votes attaching to shares beneficially owned by insiders and their associates.

Vesting of options is at the discretion of the Lamêlée board.

As of the date of this Listing Statement, there are no options outstanding under the Lamêlée Stock Option Plan.

(b) Stock Option Plan – AURA

As of the date of this Listing Statement, there are 1,600,000 options outstanding under the stock option plan of AURA as outlined below. Upon Closing, such stock options will become Resulting Issuer Options and be governed by the terms of the Resulting Issuer Stock Option Plan and the existing AURA stock option plan will be cancelled.

Optionee	Number of Options	Option Exercise Price	Grant Date	Vesting Schedule	Option Expiry Date
Chris Carl	260,000	\$0.10	January 4, 2017	100% on grant	Earlier of January 4, 2022 or two years after Listing
David Posner	260,000	\$0.10			
Jim Frasier	220,000	\$0.10			
Paul McClory	220,000	\$0.10			
Robert Schwartz	220,000	\$0.10			
Non-Insider	160,000	\$0.10			
Non-Insider	160,000	\$0.10			
Branson Corporate Services Inc.	50,000	\$0.10			
Keith Li	50,000	\$0.10	March 11, 2018		
TOTAL	1,600,000				

(c) Stock Option Plan – Resulting Issuer

On Closing of the Transaction:

- a. the Lamêlée Stock Option Plan will be the Resulting Issuer's stock option plan;
- b. the 1,600,000 AURA Options outstanding immediately prior to Closing, will be exchanged for 1,600,000 of Resulting Issuer Options which will be subject to the Lamêlée Stock Option Plan.

The Resulting Issuer may grant additional options under the Lamêlée Stock Option Plan in 2018 following the completion of the Transaction to individuals appointed as directors/officers of the Resulting Issuer as the Board of Directors of the Resulting Issuer may determine.

As at the date of this Listing Statement, the following table describes the Resulting Issuer stock options expected to be outstanding on Closing.

Category of Option holder	Number of Resulting Issuer Options ⁽¹⁾	Excise Price ⁽²⁾	Expiry Date
(a) all executive officers and past executive officers of the Resulting Issuer as a group	310,000	\$0.10	Two years after Closing
(b) and all directors and past directors of the Resulting Issuer who are not also executive officers as a group	920,000	\$0.10	Two years after Closing
(c) all other employees and past employees of the Resulting Issuer as a group	-	N/A	N/A
(d) all consultants of the Resulting Issuer as a group	370,000	\$0.10	Two years after Closing

Notes:

1. These Resulting Issuer Options were granted pursuant to the terms of the Securities Exchange Agreement in exchange for previously granted AURA Options.
2. The exercise price was adjusted based on the Exchange Ratio, subject to a minimum of \$0.10 per share as set out in the Lamêlée Stock Option Plan.

The table below sets out the outstanding options under the Resulting Issuer Stock Option Plan under which Resulting Shares will be authorized for issuance on Closing. The only incentive award plan of the Resulting Issuer will be the Lamêlée Stock Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options on Closing	Weighted-average exercise price of outstanding options on Closing	Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a)) on Closing	
			Minimum Offering	Maximum Offering
	(a)	(b)	(c)	
Equity compensation plans approved by security holders	1,600,000	\$0.10	804,873	1,621,199
Equity compensation plans not approved by security holders	Nil	Nil	Nil	Nil
TOTAL	1,600,000	\$0.10	804,873	1,621,199

10 DESCRIPTION OF THE SECURITIES

10.1 Description of Lamêlée Securities

Lamêlée is authorized to issue an unlimited number of common shares without par value. All of the common shares are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up. No common shares have been issued subject to call or assessment. There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions applicable thereto; nor are there any sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring shareholders to contribute additional capital.

As of the date of this Listing Statement, there are 3,961,584 common shares issued and outstanding as fully paid and non-assessable.

10.2 Description of AURA Securities

(a) AURA Shares

AURA's authorized capital consists of an unlimited number of AURA Shares without par value and an unlimited number of preferred shares without par value. All of the AURA Shares are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers and participation in assets upon dissolution or winding up. No AURA Shares have been issued subject to call or assessment.

The holders of AURA Shares are entitled to receive dividends if, as and when declared by the directors of AURA out of the assets of AURA properly applicable to the payment of dividends in such amount and payable at such time as and at such place in Canada as the Board of Directors of AURA may from time to time determine.

In the event of liquidation, dissolution or winding up of AURA, whether voluntary or involuntary, or other distribution of assets or property of AURA amongst its shareholders for the purpose of winding up its affairs, shareholders shall be entitled to receive all property and assets of AURA properly distributable to the shareholders.

The holders of the AURA Shares shall be entitled to vote at all meetings of the shareholders of AURA and at all such meetings each such holder has one (1) vote for each AURA Share held.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

As at the date of this Listing Statement, there is a total of 16,630,000 AURA Shares issued and outstanding and zero preferred shares issued and outstanding.

(b) AURA Convertible Debt

AURA has the following outstanding convertible debt of AURA convertible into AURA Shares as of the date of this Listing Statement.

AURA Convertible Debt	Principal Amount	Conversion Price	Underlying AURA Shares	Maturity Date	Adjusted Exercise Price on Closing	Underlying Resulting Issuer Shares
NHII Note	\$155,832 ⁽¹⁾	\$0.05	3,116,640 ⁽²⁾	Nov. 14, 2018	\$0.05	3,116,640
Series A Debentures	\$300,000	\$0.368 ⁽³⁾	816,326	Apr. 20, 2019 or Listing	\$0.368	816,326
Series B Debentures	\$600,000 ⁽⁴⁾	\$0.368 ⁽⁵⁾	1,632,653	Dec. 22, 2019	\$0.368	1,632,653
Total	\$1,055,832		5,565,619			5,565,619

Notes:

1. Canadian dollar equivalent of US\$120,000 based on Bank of Canada 2017 average rate of 2017.
2. Not including 1,558,320 AURA shares issuable upon exercise of NHII Note Warrants.
3. Conversion price is the lower of \$0.60 and 75% of the Financing Price. As the Financing Price is \$0.49, the conversion price is therefore \$0.368.
4. Not including up to \$600,000 Series B Debentures that may be issued if the KW ROFR is exercised.
5. Conversion price is the lower of \$0.60, 75% of the Financing Price and the lowest financing price from December 22, 2017 to the conversion date, provided that if the Listing does not occur by August 31, 2018, the conversion price will be \$0.20 per AURA Share or 50% of the price of any financing between August 31, 2018 to the conversion date. As the Financing Price is \$0.49, the conversion price is therefore \$0.368 currently if Closing occurs before August 31, 2018. See description of Series Debentures below under "c".

Below is a summary of the principal terms of the AURA convertible debt securities:

a. NHII Note

The NHII Note was granted by AURA to NHII on November 14, 2016 in the principal amount of US\$120,000, due November 14, 2018. The NHII Note is convertible at the option of the holder on and after November 14, 2017 to November 14, 2018 into NHII Note Units at a conversion price of \$0.05 per NHII Note Unit, which could result in the issuance of up to 3,116,640 NHII Note Units (based on the Bank of Canada 2017 average U.S. dollar exchange rate of 1.2986).

b. Series A Debentures

On April 20, 2017, AURA completed a non-brokered private placement of Series A 12% unsecured convertible debentures for total gross proceeds of \$300,000 (the "**Series A Debentures**"). The Series A Debentures mature on April 20, 2019. The principal together with accrued and unpaid interest on the principal amount of the Series A Debentures is automatically converted into units of AURA (the "**Series A Debenture Units**") on the occurrence of the Listing at a price ("**Series A Conversion Price**") equal to the lower of: (i) \$0.60 per Series A Debenture Unit, and (ii) the price equal to 75% of the Financing Price. Each Series Debenture Unit is comprised of one AURA Share and one-half of one AURA Share purchase warrant (each whole warrant, a "**Series A Debenture Warrant**"), with each whole Series A Debenture Warrant exercisable until the date that is one year from the date of the Listing, into one AURA Share at an exercise price of \$1.00 per AURA Share. AURA paid a finder's fee of 8% in cash and issued 20,000 broker warrants (the "**Series A Finder Warrants**"). The Series A Finder Warrants are exercisable until the date that is the earlier of one year from the date of the Listing and April 20, 2019, into one AURA Share at an exercise price of \$1.00 per AURA Share.

On December 22, 2017, AURA and the holders of the Series A Debentures amended the terms of the Series A Debentures so that Series A Debentures are secured by a general security agreement granting a security interest in all of AURA's property and assets.

On Closing of the Transaction and assuming the conversion price of \$0.368, the Series A Debentures will be automatically converted into a total of 816,326 AURA Shares and 408,163 Series A Debenture Warrants, which will be exchanged by 816,326 Resulting Issuer Shares and Resulting Issuer warrants to purchase 408,163 Resulting Issuer Shares at \$1.00 per share.

c. Series B Debentures

On December 22, 2017, AURA completed a non-brokered private placement of an aggregate principal amount of \$600,000 of Series B 12% secured convertible debentures (the "**Series B Debentures**"). The Series B Debentures mature on December 22, 2019. The Series B Debentures can be converted into AURA Shares at any time prior to maturity at the option of the holder at a conversion price (the "**Series B Conversion Price**") that is the lower of (i) \$0.60 per AURA Share, (ii) the price equal to 75% of the liquidity event price (being the Financing Price); (iii) the lowest price that AURA Shares are issued from treasury during the period from the Series B Debenture issue date to the conversion date; or (iv) if a liquidity event (being the Transaction) has not occurred by June 30, 2018 or such later date agreed by the Series B Holders in writing (the "**First Liquidity Deadline**"), the price equal to the higher of (a) \$0.20, and (b) 50% of the lowest price that AURA Shares are issued from treasury during the period from the First Liquidity Deadline to the conversion date. In the event a Liquidity Event has not occurred by September 30, 2018 or such later date agreed by the Series B Debenture holders in writing (the "**Second Liquidity Deadline**"), the Series B Debentures will automatically accelerate to maturity. In the event a liquidity event (being the Transaction) has not occurred by the First Liquidity Deadline, AURA will have the right, but not the obligation, to redeem all outstanding Series B Debentures for a period of 30 days following the First Liquidity Deadline at a redemption price equal to the outstanding principal amount plus all unpaid interest accrued thereon (the "**First Deadline Redemption**"). AURA has the right to effect the First Deadline Redemption notwithstanding any conversion notice that may have been given by any Series B Debenture holder. The Series B Debentures are secured by a general security agreement granting a security interest in all of AURA's property and assets. The Series A Debentures and the Series B Debentures rank *pari passu* with respect to the security and collateral, and together are first priority security against AURA. On June 21, 2018, AURA and the holders of the Series B Debentures amended the terms of the Series B Debentures to extend the First Liquidity Deadline from June 30, 2018 to July 31, 2018 which was further extended on July 30, 2018 to August 31, 2018.

One of the Series B Debenture holders, KW Capital Partners Limited ("**KW**") has been granted a right of first refusal option (the "**KW ROFR Option**") by AURA exercisable in seven Business Days to purchase up to an additional \$600,000 principal amount of Series B Debentures, exercisable each time AURA proposes to conduct any additional private placement financing prior to and not concurrent or conditional upon a liquidity event such as the Transaction, until the earlier of (i) the Transaction closing; and (ii) the full exercise of the KW ROFR Option. The KW ROFR Option will terminate in its entirety if KW elects not to exercise the KW ROFR Option for a proposed financing, or will terminate with respect to all unexercised portion if KW exercises only a portion of the available amount of the KW ROFR Option when the amount of the proposed financing is greater than the KW ROFR Option amount exercised.

On closing of the Series B Debenture offering, AURA paid FMI a finder's fee of \$48,000 by issuing 80,000 AURA Shares at \$0.60 per share, and issued finder's warrants (the "**Series B Finder Warrants**") to purchase 80,000 AURA Shares, exercisable at any time until December 22, 2019 at a price of \$0.60 per share.

(c) **AURA Warrants**

AURA has the following outstanding warrants to purchase AURA Shares as of the date of this Listing Statement.

AURA Warrants	Underlying AURA Shares	Current Exercise Price	Expiry Date	Underlying Resulting Issuer Shares	Adjusted Exercise Price on Closing
NHII Note Unit Warrants	1,558,320	\$0.075	Nov. 14, 2021 or 2 years from Listing	3,163,828	\$ 0.04
Series A Debenture Unit Warrants	408,163	\$1.000	1 year from Listing	408,163	\$ 1.00
December Warrants	3,275,000	\$0.150	Dec. 9, 2021 or 2 years from Listing	3,275,000	\$0.150
December Compensation Options	500,000	\$0.100	Dec. 9, 2021 or 2 years from Listing	500,000	\$0.100
December CO Unit Warrants	250,000	\$0.150	Dec. 9, 2021 or 2 years from Listing	250,000	\$0.150
Series A Finder Warrants	20,000	\$1.000	April 20, 2019 or 1 year form Listing	20,000	\$1.000
Series B Finder Warrants	80,000	\$0.600	December 22, 2019	80,000	\$0.600
Total AURA Warrants	6,091,483			6,091,483	

(d) **AURA Stock Options**

As of the date of this Listing Statement, 1,600,000 options had been granted by AURA pursuant to the AURA Stock Option Plan and 1,408,677 options were still available to be granted under the AURA Stock Option Plan.

On Closing of the Transaction, all 1,600,000 AURA Options will be replaced by 1,600,000 Resulting Issuer Options to be governed under the Lamêlée Option Plan.

10.3 Description of Resulting Issuer Securities

(a) **Common Shares**

The Resulting Issuer will be authorized to issue an unlimited number of common shares. All of the Resulting Issuer Shares will be of the same class and, once issued, rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up. No Resulting Issuer Shares will be been issued subject to call or assessment.

There will be no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

(b) **Convertible Securities**

On closing of the Transaction, Lamêlée will issue to holders of AURA Convertible Securities convertible securities of the Resulting Issuer as replacement of the AURA Convertible Securities, *mutatis mutandis*, adjusted based on the Exchange Ratio.

Please see "Item 8-Consolidated Capitalization-Pro Forma Consolidated Capitalization of the Resulting Issuer" and item 10.2 –Description of AURA Securities" for more details.

10.4 Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE - Form 2A are applicable to the Resulting Issuer Shares.

10.7 Prior Sales

(a) Prior Sales of Lamêlée Shares

In 12 months preceding the date of this Listing Statement, Lamêlée did not sell or distribute any securities other than as disclosed in Item 3.1(a) above and pursuant to closing of the Transaction.

(b) Prior Sales of AURA Shares

Within the 12 months preceding the date of this Listing Statement, AURA has completed the following sales of AURA securities.

AURA Shares			
Date of Issuance	Number of Shares	Price	Description of Issuance
November 8, 2016	6,000,000	\$0.0001	Private Placement
November 14, 2016	4,000,000	\$0.0001	Bonus shares for NHII Note
December 9, 2016	6,550,000	\$0.10	Private Placement
December 22, 2017	80,000	\$0.60	Payment of Finder's Fee
Total	16,630,000		

AURA Warrants				
Warrant Types	Date of Issuance	Number of AURA Shares Underlying Warrants	Exercise Price per AURA Share	Description of Issuance
December Warrants	December 9, 2016	3,275,000	\$0.15 ⁽¹⁾	Private Placement
Series A Finder Warrants	April 20, 2017	20,000	\$1.00	Finder Compensation
Series B Finder Warrants	December 22, 2017	80,000	\$0.60	Finder Compensation
Total		3,375,000		

Note:

- Each December Warrant entitles the holder to purchase one additional AURA Share at a price of \$0.15 per share until the earlier of December 9, 2021, or 24 months after a going public transaction (being the Transaction).

Incentive Stock Options to Purchase AURA Shares			
Date of Issuance	Number of AURA Shares Underlying the Options	Exercise Price Per AURA Share	Description of Issuance
January 4, 2017	1,600,000	\$0.10	Grant of options
Total	1,600,000		

Convertible Debt				
Debt Types	Date of Issuance	Principal Amount of Debt (C\$)	Exercise Price Per AURA Share	Description of Issuance
NHII Note	November 14, 2016	\$155,832 ⁽¹⁾	\$0.05 ⁽²⁾	Private Placement
Series A Debentures	April 20, 2017	\$300,000	\$0.368 ⁽³⁾	Private Placement

Convertible Debt				
Debt Types	Date of Issuance	Principal Amount of Debt (C\$)	Exercise Price Per AURA Share	Description of Issuance
Series B Debentures	December 22, 2017	\$600,000 ⁽⁴⁾	\$0.368 ⁽⁵⁾	Private Placement
Total		\$1,055,832		

Notes:

1. Converted into Canadian dollars from US\$120,000 at the Bank of Canada 2017 annual average rate of 1.2986.
2. The NHII Note is convertible at the option of the holder into Note Units at a conversion price of \$0.05 per Note Unit, which could result in the issuance of up to 3,116,640 Note Units.
3. Assuming the Series A Conversion Price being \$0.368, which could result in the issuance of up to 816,326 Series A Debenture Unit Shares and 408,163 Series A Debenture Unit Warrants.
4. Not including up to \$600,000 additional Series B Debentures that may be issuable if the KW ROFR is exercised.
5. Assuming the Series B Conversion Pricing being \$0.368, which could result in the issuance of up to 1,630,653 Series B Debenture shares.

Compensation Options ⁽¹⁾				
Type	Date of Issuance	Compensation Options	Exercise Price Per Common Share	Description of Issuance
December Compensation Options	December 9, 2016	500,000	\$0.10	Finder compensation
Total		500,000		

Note:

(1) The Compensation Options are exercisable into December Units at an exercise price of \$0.10 per December Unit until the earlier of December 9, 2021 and two years after Listing.

Commitment to Issue Finder Shares				
Type	Date of Issuance	AURA Shares Issuable	Price Per AURA Share	Description of Issuance
Commitment to issue AURA Finder Shares	On Closing	300,000	\$0.49	Finder compensation
Total		300,000		

Note:

(1) The shares are to be issued to FMI on Closing, which will be exchanged into 300,000 Resulting Issuer Shares.

10.8 Stock Exchange Price

The following table sets forth the high and low market prices and volume of the Lamêlée Shares on the TSXV on a monthly or quarterly basis as indicated. The Lamêlée Shares have been cease traded by the TSXV pending the completion of the Transaction since January 24, 2018

Month	High (\$)	Low(\$)	Volume
March 2018	N/A	N/A	0
February 2018	N/A	N/A	0
January 2018	\$0.475	\$0.285	89,469
Q4 2017	\$0.20	\$0.16	45,700
Q3 2017	\$0.21	\$0.15	153,300
Q2 2017	\$0.34	\$0.16	180,600
Q1 2017	\$0.30	\$0.14	240,000
Q4 2016	\$0.50	\$0.10	934,600
Q3 2016	\$0.40	\$0.20	8,985,700

Month	High (\$)	Low(\$)	Volume
Q2 2016	\$0.40	\$0.20	3,768,600
Q1 2016	\$0.60	\$0.20	530,500
Q4 2015	\$0.60	\$0.20	530,500

11 ESCROWED SECURITIES

(a) Escrow of Principals' Securities

The table below sets out the number of Resulting Issuer Shares held by principals and certain other shareholders of the Resulting Issuer that are expected to be placed in escrow:

Designation of Class Held in Escrow	Number of Securities Held in Escrow ⁽¹⁾	Percentage of Class ⁽²⁾
Resulting Issuer Shares	6,210,707	15.34% ⁽³⁾
Convertible Debt	3,116,640	7.34%
Warrants	1,558,320	3.67%
Options to purchase Resulting Issuer Shares	1,230,000	2.90%

Notes:

- Any other securities of the Resulting Issuer, including securities issuable upon the conversion of the Resulting Issuer Options, warrants and convertible debentures, will also be subject to this escrow regime.
- On a fully-diluted basis, after giving effect to the Transaction and Minimum Offering, assuming the conversion of Series A Debentures and issuance of Lamêlée Finder Shares and AURA Finder Shares, but assuming no participation in the Financing.
- 27.07% on a non-diluted basis, after giving effect to the Transaction and Minimum Offering, assuming the conversion of Series A Debentures and issuance of Lamêlée Finder Shares and AURA Finder Shares, but assuming no participation in the Financing.

The Resulting Issuer is classified as an emerging issuer pursuant to NP 46-201, and as such the securities listed above will be released from escrow in stages over a 36 month period from the date of Closing of the Transaction, with 10% having been initially released and an additional 15% of such escrowed shares to be released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the Closing.

12 PRINCIPAL SHAREHOLDERS

12.1 Principal Shareholders

(a) Principal Shareholders of Lamêlée

As of the date of this Listing Statement, to the knowledge of the directors and officers of Lamêlée, no person beneficially owns or exercises control or direction over Lamêlée Shares carrying more than 10% of the votes attached to Lamêlée Shares except for the following:

Shareholder Name	Number of Lamêlée Shares Held ⁽¹⁾	Number of Resulting Issuer Shares	Prior to giving effect to the Concurrent Offering		Assuming Completion of the Minimum Offering	
			% of Class on undiluted basis	% of Class on fully diluted basis	% of Class on undiluted basis	% of Class on fully diluted basis
Stéphane Leblanc ⁽¹⁾	1,216,750	1,216,750	30.71	23.82	5.06	3.78

Note:

- Of these shares, 1,006,750 are held by 9248-7792 Quebec Inc. ("9248"), a holding company controlled by Mr. Leblanc, and 80,000 indirectly held by Ms. Patricia Lafontaine.

(b) Principal Shareholders of AURA

As of the date of this Listing Statement, to the knowledge of the directors and officers of AURA, no person beneficially owns or exercises control or direction over AURA Shares carrying more than 10% of the votes attached to AURA Shares

On a Non-Diluted Basis

Shareholder Name and Municipality of Resident	Number of AURA Shares Held ⁽¹⁾ - Non-Diluted	% of AURA Shares on Non-Diluted Basis Prior to giving effect to the Transaction and the Financing	Number of Resulting Issuer Shares to be Received Non-Diluted	% of Class on Non-Diluted basis	
				Assuming Completion of the Transaction and the Minimum Offering	Assuming Completion of the Transaction and the Maximum Offering
Chris Carl Toronto, ON	2,000,000	12.03%	2,000,000	8.32%	6.21%
Nutritional High International Inc. Toronto, ON	2,710,707	16.30%	2,710,707	11.27%	8.42%

Note:

- Not including AURA Shares issuable upon exercise of stock options, conversion of the NHII Note and exercise of the NHII Note Warrants, and assuming no purchase in the Financing.

On a Fully Diluted Basis

Shareholder Name and Municipality of Resident	Number of AURA Shares Held ⁽¹⁾ - Fully Diluted	% of AURA Shares on Fully Diluted Basis Prior to giving effect to the Transaction and the Financing	Number of Resulting Issuer Shares to be Received Non-Diluted	% of Class on Fully Diluted basis	
				Assuming Completion of the Transaction and the Minimum Offering	Assuming Completion of the Transaction and the Maximum Offering
Chris Carl Toronto, ON	2,260,000	7.55%	2,260,000	5.33%	3.71%
Nutritional High	7,385,667	24.68%	7,385,667	17.40%	12.13%

Shareholder Name and Municipality of Resident	Number of AURA Shares Held ⁽¹⁾ - Fully Diluted	% of AURA Shares on Fully Diluted Basis Prior to giving effect to the Transaction and the Financing	Number of Resulting Issuer Shares to be Received Non-Diluted	% of Class on Fully Diluted basis	
				Assuming Completion of the Transaction and the Minimum Offering	Assuming Completion of the Transaction and the Maximum Offering
International Inc. Toronto, ON					

Note:

1. Assuming no purchase in the Financing.

(c) Principal Shareholders of the Resulting Issuer

There will be no shareholders of the Resulting Issuer who will own or control or exercise direction over 10% or more of the outstanding Resulting Issuer Shares, assuming no purchase in the Financing, other than NHII as set out in (b) above.

12.2 Voting Trusts

To the knowledge of the Issuer, no voting trust exists with respect to any Resulting Issuer Shares.

13 DIRECTORS AND OFFICERS

13.1 Directors and Officers

(a) Directors and Officers of Lamêlée

The following table sets forth the name of all current directors and officers of Lamêlée, their municipalities of residence, their current positions with Lamêlée, their principal occupations during the past five years and the number and percentage of Lamêlée Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Listing Statement:

Name, Province/State, Country of Residence and Position(s) with Lamêlée	Principal Occupation Business or Employment for Last Five Years	Director/Officer of Lamêlée Since	Number of Lamêlée Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly ⁽¹⁾
Stéphane Leblanc ⁽²⁾ Trois-Rivières, Quebec Chairman, President and CEO	President and CEO of the Company, Chief Investment Officer and President and CEO from inception until December 2016, of Canadian Metals Inc. and President and CEO of Genius Property Ltd. from inception until September 2016.	September 14, 2016 to present	1,216,750 (30.71%)

Name, Province/State, Country of Residence and Position(s) with Lamêlée	Principal Occupation Business or Employment for Last Five Years	Director/Officer of Lamêlée Since	Number of Lamêlée Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly ⁽¹⁾
Hubert Vallée ⁽²⁾ Montreal, Québec Director	President and CEO of Canadian Metals Inc. from September 2016 to present, President and CEO of Lamêlée from February 2014 to September 2016, Vice President, Development of Century Iron Mines Company from March 2012 to December 2013, Vice-President, Expansion of Cliffs Natural Resources Inc. from April 2011 to February 2012, and Vice-President, Development of Consolidated Thompson Iron Mines Limited from September 2006 to April 2011.	February 18, 2014 to present	80,748 (2.04%)
Jean Depatie ⁽²⁾ Montreal, Québec Director	Retired Geologist	December 20, 2013 to present	96,000 (2.42%)
Maxime Lemieux Montreal, Québec Corporate Secretary and Director	Lawyer at McMillan LLP	July 13, 2016 to present	5,775 (0.15%)
Jimmy Gravel Director	Vice President of Development of Genius Properties Ltd. since April 6, 2017. Chief Executive Officer and Interim President of Genius Properties Ltd. from September 12, 2016 until April 6, 2017. Director of Genius Properties Ltd. from September 29, 2016 until June 22, 2017.	N/A	Nil ⁽⁵⁾

Notes:

- (1) The information as to principal occupation, business or employment and the number of Lamêlée Shares beneficially owned or over which control is exercised is not within the knowledge of management of Lamêlée and has been provided by the respective individuals as of the date of this Listing Statement.
- (2) Member of the Lamêlée Audit Committee.
- (3) Of these shares, 1,006,750 are held by 9248 and 80,000 indirectly held by Ms. Patricia Lafontaine.
- (4) Of these shares, 42,998 are held by 9257-1256 Quebec Inc., a holding company controlled by Mr. Vallée.
- (5) The Lamêlée Finder will receive 300,000 Lamêlée Shares on Closing. The Lamêlée Finder is controlled by Mr. Gravel.

(b) Directors and Officers of AURA

The following table sets forth the name of all current directors and officers of AURA, their municipalities of residence, their current positions with AURA, their principal occupations during the past five years and the number and percentage of AURA Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Listing Statement:

Name, Municipality of Residence, Position(s) with AURA	Principal Occupation or Employment	Director/Officer of AURA Since	Number of AURA Shares Held	Number of AURA Options Held	Percentage of AURA Shares Held Non-Diluted ⁽²⁾	Percentage of AURA Shares Held Fully-Diluted
Chris Carl Toronto, ON President, Chief Executive Officer and Director	Chief Executive Officer of AURA	November 8, 2016	2,000,000	260,000	12.03%	7.55%
Keith Li Toronto, ON Chief Financial Officer	Chief Financial Officer of AURA	December 11, 2017	-	50,000	0.00%	0.17%
David Posner Toronto, ON Director of Communications and Director	Director of Communications of AURA	November 8, 2016	1,500,000	260,000	9.02%	5.88%
Vernon (Jim) Frazier ^{(1)* (2)} Merritt Island, Florida Director	Chief Executive Officer of Nutritional High International Inc. (CSE: EAT)	December 20, 2016	-	220,000	0.00%	0.74%
Paul McClory ^{(1)(2)*} Churchill, UK Director	International businessman	December 20, 2016	-	220,000	0.00%	0.74%
Robert Schwartz ⁽¹⁾⁽²⁾ Toronto, ON Director	Chief Executive Officer of Wa-Lin Trading	December 20, 2016	-	220,000	0.00%	0.74%

Notes:

1. Member of the AURA Audit Committee
 2. Chairman of the AURA Compensation Committee
- * Denotes committee chair

(c) Directors and Officers of the Resulting Issuer

The following table sets forth the name of all proposed directors and officers of the Resulting Issuer, their municipalities of residence, their proposed positions with the Resulting Issuer, their principal occupations during the past five years and the number and percentage of the Resulting Issuer Shares to be beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Listing Statement:

Name, Municipality of Residence, Proposed Position(s) with Resulting Issuer	Number of Resulting Issuer Shares to be Held ⁽¹⁾	Number of Resulting Issuer Options to be Held	% of Issued and Outstanding Resulting Issuer Shares Non-Diluted ⁽²⁾		% of Issued and Outstanding Resulting Issuer Shares Fully Diluted ⁽²⁾	
			Minimum Offering	Maximum Offering	Minimum Offering	Maximum Offering
Chris Carl <i>Toronto, ON</i> President, Chief Executive Officer, Secretary and Director	2,000,000	260,000	2,260,000	8.32%	6.21%	5.33%
Keith Li <i>Toronto, ON</i> Chief Financial Officer	-	50,000	50,000	0.00%	0.00%	0.12%
David Posner <i>Toronto, ON</i> Chairman and Director	1,500,000	527,873	2,027,873	6.24%	4.66%	4.78%
Vernon (Jim) Frazier ^{(3)*(4)} <i>Merritt Island, Florida</i> Director	-	220,000	220,000	0.00%	0.00%	0.52%
Paul McClory ⁽⁴⁾ <i>Churchill, UK</i> Director	-	220,000	220,000	0.00%	0.00%	0.52%
Robert Schwartz ^{(3)*(4)*} <i>Toronto, ON</i> Director	-	220,000	220,000	0.00%	0.00%	0.52%
Jimmy Gravel ⁽³⁾ <i>Chester Basin, NS</i> Director	300,000	-	300,000	1.25%	0.93%	0.71%

Notes:

1. Assuming no Financing Units are purchased pursuant to the Financing.
 2. Assuming the conversion of the Series A Debentures and issuance of the AURA Finder Shares and Lamêlée Finder Shares.
 3. Proposed member of the Resulting Issuer Audit Committee.
 4. Proposed member of the Resulting Issuer Compensation, Corporate Governance and Nominating Committee.
 5. The Lamêlée Finder will receive 300,000 Lamêlée Shares on Closing. The Lamêlée Finder is controlled by Mr. Gravel.
- * Denotes committee chair.

As at the date of this Listing Statement and assuming no participation in the Financing, the directors and officers of the Resulting Issuer as a group are expected to beneficially own, directly or indirectly, an aggregate of 3,800,000 Resulting Issuer Shares, representing 15.80% (in case of the Minimum Offering) or 11.80% (in case of the Maximum Offering) of the issued and outstanding Resulting Issuer Shares on a non-diluted basis. As at the date of this Listing Statement and assuming no participation in the Financing, the directors and officers of the Resulting Issuer as a group are expected to beneficially own, directly or indirectly, an aggregate of 5,297,873 Resulting Issuer Shares, representing 15.80% (in case of the Minimum Offering) or 11.80% (in case of the Maximum Offering) of the issued and outstanding Resulting Issuer Shares on a fully diluted basis.

13.2 Directors and Officers

See 13.1.

13.3 Directors and Officers

See 13.1

13.4 Board Committees of the Resulting Issuer

The Resulting Issuer will established an Audit Committee, a Compensation and Nominating Committee and a Corporate Governance Committee. Other committees of the board of directors may be instituted as the Resulting Issuer deems necessary or advisable.

The Audit Committee of the Resulting Issuer will be responsible for the Resulting Issuer's financial reporting process and the quality of its financial reporting. The Audit Committee will be charged with the mandate of providing independent review and oversight of the Resulting Issuer's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Resulting Issuer's external auditors. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The Audit Committee will be comprised of Messrs. Vernon (Jim) Frazier, Robert Schwartz and Jimmy Gravel, all of whom are financially literate, and all of which will be independent directors. Mr. Frazier will service as chair of the Audit Committee.

The Compensation, Corporate Governance and Nominating Committee's responsibility will be to formulate and make recommendations to the directors of the Resulting Issuer in respect of compensation issues relating to directors and officers of the Resulting Issuer. The Compensation, Corporate Governance and Nominating Committee will be comprised of Messrs. Vernon (Jim) Frazier, Paul McClory and Robert Schwartz, with Mr. Schwartz acting as chair.

13.5 Directors and Officers

In the past five years, the proposed directors and officers of the Resulting Issuer have held officer or director positions with the following issuers other than Lamêlée and AURA:

Name	Name of Reporting Issuer	Name or Exchange or Market	Position	From	To
David Posner	The Tinley Beverage Company Inc.	CSE	Director	October 2015	February 2017
	Capricorn Business Acquisitions Inc.	NEX	Director	December 2016	Present
	Nutritional High International Inc.	CSE	Chairman	July 2014	Present
			President and Chief Executive Officer	July 2014	July 2016

Name	Name of Reporting Issuer	Name or Exchange or Market	Position	From	To
Robert Schwartz	Lineage Grow Company Ltd	CSE	Director	December 2016	Present
Vernon (Jim) Frazier	Nutritional High International Inc.	CSE	Chief Executive Officer	July 2016	Present
			Chief Operating Officer	April 2016	July 2016
Keith Li	Tele-FIND Technologies Corp.	TSXV	Chief Financial Officer	December 2017	Present
	Lineage Grow Company Ltd.	CSE	Chief Financial Officer	December 2017	Present
	Quinsam Capital Corporation	CSE	Chief Financial Officer	March 2018	Present
Jimmy Gravel	Genius Properties Ltd.	CSE	Vice President of Development	April 2017	Present
			Director	September 2016	June 2017
			Chief Executive Officer and Interim President	September 2016	April 2017

13.6 Corporate Cease Trade Orders or Bankruptcies

Other than disclosed below, no proposed director, officer or promoter of the Resulting Issuer has, within the last ten years, been a director, officer or promoter of any reporting issuer that, while such person was acting in that capacity, or within a period of one year thereafter, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person.

While a director of Luxell Technologies Inc., in December 2007, Chris Carl was subject to a management cease trade order for approximately 20 days as a result of the late filing of its audited annual financial statements. The management cease trader order was lifted after approximately 20 days and Mr. Carl resigned as a director in August 2008.

13.7 Penalties or Sanctions

No proposed director, officer, or promoter of the Resulting Issuer, or any shareholder anticipated to hold a sufficient amount of securities of the Resulting Issuer to materially affect control of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has

been subject to any other penalties or sanctions imposed by a court or regulator body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Penalties or Sanctions

See 13.7 above.

13.9 Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a shareholder anticipated to hold a sufficient amount of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

13.10 Conflicts of Interest

To the best knowledge of Lamêlée and AURA, and other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Resulting Issuer or a subsidiary of the Resulting Issuer and a proposed director, officer or promoter of the Resulting Issuer except that certain of the directors, officers and promoters of the Resulting Issuer serve as directors, officers and promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director, officer or promoter of the Resulting Issuer and their duties as a director, officer and promoter of such other companies. See *Section 17 – Risk Factors*.

The proposed directors, officers and promoters of the Resulting Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Resulting Issuer will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable law and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

David Posner, the Director of Communications of AURA, is the Chairman of the Board of NHII, Jim Frazier, a director of AURA is the Chief Executive Officer of NHII and Keith Li, the Chief Financial Officer of AURA is the Chief Financial Officer of NHII. Certain of the other directors and officers of AURA are also directors and officers of other companies.

13.11 Directors and Officers

The following are brief biographical descriptions of the proposed management and directors of the Resulting Issuer's management and directors.

(a) Officers

Chris Carl, President, Chief Executive Officer and Director (Age 55) – As Chief Executive Officer, Mr. Carl will be responsible for the overall direction and business development of the Resulting Issuer. Mr. Carl anticipates devoting 90% of his time to the affairs of the Resulting Issuer during the next year. Mr.

Carl will be expected to enter into a non-competition and a non-disclosure agreement with the Resulting Issuer.

Keith Li, Chief Financial Officer (Age 38) – Mr. Li is a contractor to AURA and will be a contract to the Resulting Issuer. Mr. Li will be responsible for the financial affairs of the Resulting Issuer. Mr. Li has over 10 years of experiences in both the public accounting and private sector, specializing in audit and assurance, corporate accounting, financial reporting and regulatory compliance services to companies in a number of industries. Between 2011 and 2016, Mr. Li was a senior auditor with UHY McGovern Hurley LLP. Prior to joining Lineage, Mr. Li held the position of Manager of External Reporting with Sears Canada Inc. from 2016 to 2017, overseeing the external reporting functions of the company. Mr. Li holds a Bachelor of Commerce Degree in Finance from McGill University, and has been a CPA, CA since 2012. It is anticipated that he will assist AURA on an as-needed basis during the next year. Mr. Li is an employee of Branson and serves as Chief Financial Officer of AURA, and will serve as Chief Financial Officer of the Resulting Issuer, as part of the consulting services provided by Branson to AURA under the Branson Agreement.

(b) **Non-Executive Directors**

David Posner, Director and Chairman of the Board (Age 44) – Mr. Posner was appointed the Director of Communications of AURA in 2016. Prior to which, he acted as Chief Executive Officer of NHII. (CSE: EAT) from May 2015 to July 2016. He remains the Chairman of the Board of NHII. Prior to joining NHII, he had a 20-year career running privately held real estate funds both commercial and residential based in Toronto, where he was involved both in negotiating acquisitions and long-term leases. Mr. Posner holds a Bachelor of Arts degree from York University.

Vernon (Jim) Frazier, Director (Age 51) - Mr. Frazier is the Chief Executive Officer of Nutritional High International Inc. (CSE: EAT). Prior to his appointment as CEO of NHII in July 2016, he acted as Chief Operating Officer of NHII in April 2016. Mr. Frazier is also the President of Grimaldi Candy Company, a private chocolate manufacturer and has been in the position since 2013. From 2010 to 2013, he was the Senior Vice President at Evans Food Group. Mr. Frazier has over 23 years of experience in the food industry and a proven track record of developing and implementing branded and private label programs. Mr. Frazier owns and operates a successful Florida-based candy and chocolate business which has been a well-known manufacturer of confectioneries for over 40 years. He holds an MBA from the Dale Carnegie School of Business at University of Cincinnati.

Robert Schwartz, Director (Age 40) - Mr. Schwartz is and has been the Chief Executive Officer of Wa-Lin Trading since 2002, an international aftermarket automotive parts manufacturer and distribution company. Mr. Schwartz's expertise lies in manufacturing, global distribution and corporate restructuring. He is currently a director of Lineage Grow Company Ltd., a reporting issuer in British Columbia and Alberta. Mr. Schwartz holds a Bachelor of Arts degree from York University.

Paul McClory, Director (Age 77) - Paul McClory is an international businessman who has spent the majority of his career developing new technologies to market take-off. He has worked with companies in Europe, North America and Africa. Currently he is involved in the development of a private UK company, a leader in the industrial uses of Ultrasonics, to produce the world's first "green" antimicrobial textiles for use in medical facilities.

Jimmy Gravel, Director (Age 41) – Mr. Gravel has been the Vice President of Development of Genius Properties Ltd. since April 6, 2017. He served as Chief Executive Officer and Interim President of Genius Properties Ltd. from September 12, 2016 until April 6, 2017. Also, Mr. Gravel was a director of Genius Properties Ltd. from September 29, 2016 until June 22, 2017.

14 CAPITALIZATION

14.1 Issued Capital

As at the date of this Listing Statement and after giving effect to the Transaction, but prior to giving effect to the Financing, the Resulting Issuer will have the following issued and outstanding securities according to the below table:

	Number of Securities (non-diluted)(1)			% of Issued (non-diluted)	Number of Securities (fully-diluted)(2)			% of Issued (fully- diluted)
	AURA	Lamelee	Resulting Issuer		AURA	Lamelee	Resulting Issuer	
Public Float								
Total outstanding (A)	17,746,326	4,261,584	22,007,910	100.00%	30,187,102	5,407,080	35,594,182	100.00%
Held by Related Persons or employees of the securities held) (B) Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other. ⁽³⁾	6,210,707	300,000	6,510,707	29.58%	12,115,667	300,000	12,415,667	34.88%
Total Public Float (A-B)	11,535,619	3,961,584	15,497,203	70.42%	18,071,435	5,107,080	23,178,515	65.12%
Freely-Tradeable Float								
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)(4)	5,589,636	300,000	5,889,636	26.76%	12,115,667	300,000	12,415,667	34.88%
Total Tradeable Float (A-C)	12,156,690	3,961,584	16,118,274	73.24%	18,071,435	5,107,080	23,178,515	65.12%

Notes:

1. Not including the Financing, but assuming the conversion of the Series A Debentures, the issuance of the AURA Finder Shares and the issuance of the Lamêlée Finder Shares.
2. Not including the Financing or Resulting Issuer Shares available for option grant under Lamêlée Option Plan, but assuming the conversion of the Series A Debentures, the issuance of the AURA Finder Shares and the issuance of the Lamêlée Finder Shares.
3. Includes NHII security holdings.
4. Including 90% of the Resulting Issuer Shares to be held in escrow held by AURA shareholders.

Public Securityholders (Registered)

The persons enumerated in (B) of the *Issued Capital* table above are not included in the following table.

Class of Security: Common Shares

REGISTERED-PUBLIC							
Size of Holding		Number of Holders			Number of Securities		
		AURA	Lamelee	Resulting Issuer	AURA	Lamelee	Resulting Issuer
1	99	-	1	1	-	2	2
100	499	-	-	-	-	-	-
500	999	-	-	-	-	-	-
1000	1999	-	-	-	-	-	-
2000	2999	-	-	-	-	-	-
3000	3999	-	-	-	-	-	-
4000	4999	-	-	-	-	-	-
5000	or more	20	7	27	11,067,056	3,961,582	15,028,638
Total:		20	8	28	11,067,056	3,961,584	15,028,640

Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial "public security holders" of the Resulting Issuer, being persons other than persons enumerated in section (B) of the issued capital chart who either: (i) hold securities in their own name as registered shareholders; or (ii) hold securities through an intermediary where the Resulting Issuer has been given written confirmation of shareholdings:

Class of Security: Common Shares

Size of Holding		Number of Holders			Number of Securities		
		AURA	Lamelee	Resulting Issuer	AURA	Lamelee	Resulting Issuer
1	99	-	380	380	-	9,399	9,399
100	499	-	74	74	-	16,986	16,986
500	999	-	36	36	-	22,970	22,970
1000	1999	-	43	43	-	58,839	58,839
2000	2999	-	29	29	-	69,218	69,218
3000	3999	-	8	8	-	27,604	27,604
4000	4999	-	10	10	-	45,592	45,592
5000	or more	20	86	106	11,067,056	3,500,323	14,567,379
Total:		20	666	686	11,067,056	3,750,931	14,817,987

The beneficial shareholding information for Lamêlée is based on the share range report provided by Broadridge Financial Solutions, Inc. which does not include all Lamêlée Shares held through CDS Clearing and Depository Services Inc.

Non-Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "non-public securityholders" of the Resulting Issuer, being persons enumerated in section (B) of the issued capital chart:

Class of Security: Common Shares

Size of Holding		Number of Holders			Number of Securities		
		AURA	Lamelee	Resulting Issuer	AURA	Lamelee	Resulting Issuer
1	99	0	0	0	0	0	0
100	499	0	0	0	0	0	0
500	999	0	0	0	0	0	0
1000	1999	0	0	0	0	0	0
2000	2999	0	0	0	0	0	0
3000	3999	0	0	0	0	0	0
4000	4999	0	0	0	0	0	0
5000	or more	4	1	5	6,210,707	300,000	6,510,707
Total:		4	1	5	6,210,707	300,000	6,510,707

14.2 Convertible Securities

The Resulting Issuer will have the convertible securities outstanding as set out in Item 8(c) "Consolidated Capitalization-Pro Forma Consolidated Capitalization-Resulting Issuer".

14.3 Other Securities reserved for Issuance

Other than the foregoing or disclosed elsewhere in this Listing Statement, there are no other securities of the Resulting Issuer reserved for issuance.

15 EXECUTIVE COMPENSATION

(a) **Lamêlée**

Compensation Discussion and Analysis

"Named executive officer" or "NEO" means:

- (a) a Chief Executive Officer ("CEO");
- (b) a Chief Financial Officer ("CFO");
- (c) the next most highly compensated executive officer, or the most highly compensated individual acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of Lamêlée, nor acting in a similar capacity, at the end of that financial year.

The NEO who is the subject of this Compensation Discussion and Analysis is Stéphane Leblanc, President and CEO of Lamêlée.

Compensation Program Objectives

The objectives of Lamêlée's executive compensation program are as follows:

- to attract, retain and motivate talented executives who create and sustain Lamêlée's continued success;
- to align the interests of Lamêlée's executives with the interests of Lamêlée's shareholders; and
- to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

Overall, the executive compensation program aims to design executive compensation packages that meet executive compensation packages for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics. Lamêlée is still a junior mining company mostly involved in exploration and will not be generating significant revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by Lamêlée to be appropriate in the evaluation of the performance of the NEO.

Purpose of the Compensation Program

Lamêlée's executive compensation program has been designed to reward executives for reinforcing Lamêlée's business objectives and values, and for their individual performances.

Elements of Compensation Program

The executive compensation program consists of a combination of base salary, performance bonus and stock option.

Purpose of Each Element of the Executive Compensation Program

The base salary of a NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

In addition to a fixed base salary, each NEO is eligible to receive a bonus meant to motivate the NEO and is determined on a case by case basis. Awards under this plan are made by way of cash payments only, which payment are made at the end of the financial year.

Stock options are generally awarded to NEOs on an annual basis. The granting of stock options upon hire aligns a NEO's rewards with an increase in shareholder value over the long term. The use of stock options encourages and rewards performance by aligning an increase in each NEO's compensation with increases in Lamêlée's performance and in the value of the shareholders' investments.

Determination of the Amount of Each Element of the Executive Compensation Program

Intervention of the Board of Directors

Compensation of each NEO of Lamêlée is reviewed annually by the Board.

Base Salary

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, performance, and the particular skills of the NEO. Base salary is not evaluated against a formal "peer group". The Board relies on the general experience of its members in setting base salary amounts.

Note:

1. Appointed September 16, 2016.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the NEOs of Lamêlée:

Name	Option-based Awards				Share-based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Stéphane Leblanc	Nil	Nil	Nil	Nil	Nil	Nil

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards to NEOs during the most recently completed financial year:

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)
Stéphane Leblanc	Nil	Nil

Pension Plan Benefits

Lamêlée does not have a defined benefits pension plan or a defined contribution pension plan.

Termination and Change of Control Benefits

During the most recently completed financial year there were no employment contracts, agreements, plans or arrangements for payments to a NEO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Lamêlée or a change in an NEO's responsibilities.

4. **Director Compensation**

Director Compensation Table

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Corporation (other than the NEOs) for the most recently completed financial year:

Director	Fees earned (\$)	Share-based Awards (\$)	Option-based Awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	Other Compensation (\$)	Total (\$)
Hubert Vallée	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jean Depatie	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Maxime Lemieux	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the directors of the Corporation (other than the NEOs):

Name	Option-based Awards				Share-based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of Shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Hubert Vallée	Nil	Nil	Nil	Nil	Nil	Nil
Jean Depatie	Nil	Nil	Nil	Nil	Nil	Nil
Maxime Lemieux	Nil	Nil	Nil	Nil	Nil	Nil

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

There were no option based awards vested or earned during financial year ended September 30, 2017 to any director who was not an NEO.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets out, as of the end of the most recently completed financial year, all required information with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (\$) (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	92,500	\$2.51	303,658
Equity compensation plans not approved by security holders	Nil	Nil	Nil

Stock Option Plan

The Corporation has no equity compensation plans other than the Stock Option Plan (as defined herein). The Stock Option Plan is an important part of the Corporation's long-term incentive strategy for its executive officers, permitting them to participate in any appreciation of the market value of the Lamêlée Shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to officers is dependent on each officer's level of responsibility, authority and importance to the Corporation and the degree to which such executive officer's long term contribution to the Corporation will be key to its long-term success. Previous grants of stock options are taken into account when considering new grants.

Directors and Officers Liability Insurance

The Corporation does not currently maintain Directors and Officers Liability Insurance and is still searching for new liability insurance for its directors and officers.

Indebtedness of Directors and Executive Officers

During the financial year ended September 30, 2017, and as at the date of this Listing Statement, none of the directors, executive officers, employees (or previous directors, executive officers or employees of the Corporation), each proposed nominee for election as a director of the Corporation (or any associate of a director, executive officer or proposed nominee) was or is indebted to the Corporation with respect to the purchase of securities of the Corporation and for any other reason pursuant to a loan.

(b) **AURA**

Compensation of Executive Officers

Securities legislation requires the disclosure of compensation received by each "Named Executive Officer" of AURA for the most recently completed financial year. "Named Executive Officer" is defined by the legislation to mean (i) each of the Chief Executive Officer and the Chief Financial Officer of AURA, (ii) AURA's next most highly compensated executive officers, other than the Chief Executive Officer and the Chief Financial Officer, who were serving as executive officer at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of AURA at the end of the most recently completed financial year end of AURA.

During AURA's most recently completed financial year ended December 31, 2017, AURA had three Named Executive Officers: Chris Carl, President and Chief Executive Officer, Keith Li, Chief Financial Officer, and Amy Stephenson, former Chief Financial Officer.

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V – Statement of Executive Compensation – Venture Issuers) sets forth all annual and long term compensation for services paid to or earned by each Named Executive Officer and directors of AURA for the two most recently completed financial years ended December 31, 2017 and 2016, excluding compensation securities.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Principal Position of Named Executive Officer	Year ended December 31	Salary, Consulting Fee, Retainer or Commission	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of Other Compensation (\$)	Total Compensation (\$)
Chris Carl President, CEO, Secretary and Director ⁽¹⁾	2017	135,180 ⁽²⁾	Nil	Nil	Nil	Nil	135,180
	2016	24,000 ⁽³⁾	Nil	Nil	Nil	Nil	24,000
Keith Li CFO ⁽⁴⁾	2017	Nil ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil
Amy Stephenson Former CFO ⁽⁴⁾	2017	Nil ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil
	2016	Nil ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil
David Posner Director of Communications and Director ⁽⁶⁾	2017	93,105 ⁽⁷⁾	Nil	Nil	Nil	Nil	93,105
	2016	24,000 ⁽⁸⁾	Nil	Nil	Nil	Nil	24,000
Vernon (Jim) Frazier Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Paul McClory Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Robert Schwartz Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Carl was appointed President and CEO of AURA on November 8, 2016, but has worked on developing AURA since June 1, 2016.
- (2) Of the amount expensed in 2017, \$87,000 was accrued but not paid.
- (3) Consulting fee paid to 1600793 Ontario Inc. which is a wholly owned corporation owned by Mr. Carl.
- (4) Keith Li was appointed as CFO on December 11, 2017 when Ms. Amy Stephenson resigned as CFO on December 11, 2017.
- (5) Both Mr. Li and Ms. Stephenson were paid by Branson through the Branson Agreement. See "*Executive Compensation – Termination and Change of Control Benefits and Management Contracts.*"
- (6) Mr. Posner was appointed Director of Communications of AURA on November 8, 2016, but has worked on developing AURA since June 1, 2016.
- (7) Of the amount expensed in 2017, \$81,000 was accrued but not paid.
- (8) Consulting fee paid to 679597 Ontario Ltd. which is a wholly-owned corporation of Mr. Posner.

Stock Options and Other Compensation Securities

No options were granted during the period from November 8, 2016 (date of incorporation) to December 31, 2016. During the financial year ended December 31, 2017, incentive stock options to purchase up to 1,230,000 AURA Shares were granted to officers and directors of AURA.

The following table sets out all compensation securities granted or issued to each Named Executive officer and director by AURA for services provided or to be provided, directly or indirectly, to the Company in the financial year ended December 31, 2017.

Compensation Securities							
Name and position	Type of compensati on security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant ⁽¹⁾	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant ⁽²⁾ (\$)	Closing price of security or underlying security at year end ⁽³⁾ (\$)	Expiry date
Chris Carl President, CEO, Secretary and Director	Stock Options	260,000	January 4, 2017	0.10	N/A	N/A	Earlier of January 4, 2022 or two years after Listing
David Posner Director of Communications and Director		260,000					
Vernon (Jim) Frazier Director		220,000					
Paul McClory Director		220,000					
Robert Schwartz Director		220,000					
Amy Stephenson⁽⁴⁾ Former CFO		50,000					March 11, 2018 ⁽⁵⁾
Keith Li CFO	N/A	Nil ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A

Notes:

1. All options vested on the grant date.
2. There was no market price of AURA Shares as they were not listed on any stock exchange or quoted on any market place as at January 4, 2017.
3. There was no market price of AURA Shares as they were not listed on any stock exchange or quoted on any market place as at December 31, 2017.
4. Ms. Stephenson resigned as CFO on December 11, 2017.
5. The options granted to Ms. Stephenson expired on March 11, 2018.
6. Mr. Li was granted 50,000 options on March 11, 2018 on the same terms as the options previously granted to Ms. Stephenson.

Exercise of Compensation Securities by AURA Directors and Officers

No directors or officers of AURA has exercised any compensation securities during the financial year ended December 31, 2017.

Oversight and Description of Director and Named Executive Officer Compensation

The objectives of AURA's executive compensation arrangements, AURA's executive compensation philosophy and the application of this philosophy to AURA's executive compensation arrangements as well as those relating to compensation of directors is set out below. It also provides an analysis of the compensation design, and the decisions that the Board made in fiscal 2017 and 2016 with respect to the Named Executive Officers. When determining the compensation arrangements for the Named Executive Officers, the AURA Compensation Committee considers the objectives of: (i) retaining an executive critical to the success of AURA and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and AURA's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. See the "Compensation Governance" below for more discussion on the AURA Compensation Committee.

Elements of Compensation of Named Executive Officers

The compensation paid to Named Executive Officers in any year consists of two primary components:

- (a) base salary; and
- (b) long-term incentives in the form of stock options granted under the Stock Option Plan.

The key features of these two primary components of compensation are discussed below:

1. Base Salary

Base salary recognizes the value of an individual to AURA based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which AURA competes for talent. Base salaries for the Named Executive Officers are reviewed annually. Any change in base salary of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to AURA (in particular, companies in the marijuana industry) and a review of the performance of AURA as a whole and the role such executive officer played in such corporate performance.

2. Stock Option Awards

AURA provides long-term incentives to Named Executive Officers in the form of stock options as part of its overall executive compensation strategy. The AURA Compensation Committee believes that stock option grants serve AURA's executive compensation philosophy in several ways: firstly, it helps attract, retain, and motivate talent; secondly, it aligns the interests of the Named Executive Officers with those of the shareholders by linking a specific portion of the officer's total pay opportunity to the share price; and finally, it provides long-term accountability for Named Executive Officers. As at December 31, 2017, there were 1,600,000 stock options outstanding. AURA adopted the Stock Option Plan during the fiscal year ended December 31, 2017. See "*Stock Option Plan and Stock Options*" below.

Benchmarking

The AURA Compensation Committee considers a variety of factors when designing and establishing, reviewing and making recommendations for executive compensation arrangements for all executive officers of AURA. The Board typically does not position executive pay to reflect a single percentile within the industry for each executive. Rather, in determining the compensation level for each executive, the AURA Compensation Committee looks at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, the compensation paid by the other companies in medicinal and recreational marijuana industry, and pay equity considerations.

Risks Associated with Compensation Policies and Practices

The oversight and administration of AURA's executive compensation program requires the Compensation Committee to consider risks associated with AURA's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the Compensation Committee.

AURA's executive compensation policies and practices are intended to align management incentives with the long-term interests of AURA and its shareholders. In each case, AURA seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation, (ii) balancing base salary and variable compensation elements and (iii) spreading compensation across short and long-term programs.

AURA Compensation Governance

The AURA Compensation Committee intends to conduct a yearly review of directors' compensation having regard to various reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to AURA. Director compensation is currently limited to the grant of stock options pursuant to the Stock Option Plan. It is anticipated that the Chief Executive Officer will review the compensation of officers of AURA for the prior year and in comparison to industry standards via information disclosed publicly and obtained through copies of surveys. The Board expects that the Chief Executive Officer will make recommendations on compensation to the Compensation Committee. The AURA Compensation Committee will review and make suggestions with respect to compensation proposals, and then makes a recommendation to the Board.

The AURA Compensation Committee is currently comprised of Paul McClory (Chair), Robert Schwartz and Jim Frazier, all of whom are independent.

The AURA Compensation Committee's responsibility is to formulate and make recommendations to the directors of AURA in respect of compensation issues relating to directors and officers of AURA. Without limiting the generality of the foregoing, the AURA Compensation Committee has the following duties:

- (a) to review the compensation philosophy and remuneration policy for officers of AURA and to recommend to the directors of AURA changes to improve AURA's ability to recruit, retain and motivate officers;
- (b) to review and recommend to the Board the retainer and fees, if any, to be paid to directors of AURA;

- (c) to review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those corporate goals and objectives, and determine (or make recommendations to the directors of AURA with respect to) the CEO's compensation level based on such evaluation;
- (d) to recommend to the directors of AURA with respect to non-CEO officer and director compensation including reviewing management's recommendations for proposed stock options and other incentive-compensation plans and equity-based plans, if any, for non-CEO officer and director compensation and make recommendations in respect thereof to the directors of AURA;
- (e) to administer the stock option plan approved by the directors of AURA in accordance with its terms including the recommendation to the directors of AURA of the grant of stock options in accordance with the terms thereof; and
- (f) to determine and recommend for the approval of the directors of AURA bonuses to be paid to officers and employees of AURA and to establish targets or criteria for the payment of such bonuses, if appropriate. Pursuant to the mandate and terms of reference of the AURA Compensation Committee, meetings of the Committee are to take place at least once per year and at such other times as the Chair of the Compensation Committee may determine.

Stock Option Plan and Stock Options

As of the date of this Listing Statement, AURA has 16,630,000 AURA Shares issued and outstanding. This means that a total of 1,663,000 AURA Options are currently available to be granted pursuant to the AURA Stock Option Plan. As of the date of this Listing Statement, 1,600,000 AURA Options had been granted pursuant to the AURA Stock Option Plan and 63,000 AURA Options were still available to be granted. See "*AURA Options to Purchase Securities*" below.

Stock Option Plan Terms

The AURA Stock Option Plan authorizes the Board to grant stock options to the officers, directors, employees and consultants of AURA on the following terms:

1. The number of shares subject to each option is determined by the Board provided that the AURA Stock Option Plan, together with all other previously established or proposed share compensation arrangements may not, during any 12 month period, result in:
 - (a) the number of shares reserved for issuance pursuant to stock options granted to any one person exceeding 5% of the issued shares of AURA;
 - (b) the issuance, within a one year period, to insiders of AURA of a number of shares exceeding 10%, or to one insider of a number exceeding 5%, or to a consultant of a number exceeding 2%; or to employees or consultants (as defined by the Exchange) who provides Investor Relations services of a number exceeding 2% (in the aggregate for all such employees or consultants) of the issued shares of AURA.
2. The aggregate number of shares which may be issued pursuant to options granted under the AURA Stock Option Plan, may not exceed 10% of the issued and outstanding shares of AURA as at the date of the grant.

3. The exercise price of an option may not be set at less than the discounted market price (as provided in any applicable stock exchange regulations) for the trading day immediately preceding the date of grant of the option.
4. The options may be exercisable for an exercise period determined by the Board in accordance with the rules and policies of the CSE.
5. The options are non-assignable, except in certain circumstances. The options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the AURA Stock Option Plan or within a period of not more than 90 days (30 days for providers of investor relations services) after ceasing to be an eligible optionee or, if the optionee dies, within one year from the date of the optionee's death.
6. On the occurrence of a takeover bid, issuer bid or going private transaction, the AURA Board will have the right to accelerate the date on which any option becomes exercisable.

Outstanding Option-Based Awards for Named Executive Officers and Directors

AURA granted 1,600,000 AURA Options on January 4, 2017 under the AURA Stock Option Plan exercisable at \$0.10 per share until two years after Listing. There were 1,600,000 AURA Options outstanding as at December 31, 2017.

Termination and Change of Control Benefits and Management Contracts

As at December 31, 2017, there were no written contracts or agreements that provide for payment to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of AURA or a change in a Named Executive Officer's responsibilities.

AURA has entered into the following consulting agreements with the following executive officers of AURA.

Carl Agreement

On September 1, 2016, AURA entered into a consulting agreement with 1600793 Ontario Inc. (the "**Carl Agreement**"), pursuant to which Chris Carl was engaged as Chief Executive Officer of AURA. Pursuant to the Carl Agreement, Mr. Carl is entitled to received \$144,000 in consulting fees annually, payable on a monthly basis, subject to certain restrictions and increases. The Carl Agreement includes covenants regarding confidential information and assignment of intellectual property to AURA. The Carl Agreement can be terminated by Mr. Carl or AURA, subject to certain restrictions. In the event of a change of control (as defined in the Carl Agreement) and the Carl Agreement is terminated as a result of such change of control, Mr. Carl is entitled to received two months' of the then current consulting fees. The parties have agreed that from September 1, 2017 until Closing, all payment and accruals under the Carl Agreement are suspended, except that Mr. Carl was paid \$25,000 on or about April 11, 2018 after the initial filing of a draft of this Listing Statement with the CSE. On Closing, the Carl Agreement will be terminated and replaced by a new agreement between 1600793 Ontario Inc. and the Resulting Issuer.

Posner Agreement

On September 1, 2016, AURA entered into a consulting agreement with 679597 Ontario Ltd. (the "**Posner Agreement**"), pursuant to which David Posner was engaged as Director of Communications of AURA.

Pursuant to the Posner Agreement, Mr. Posner is entitled to received \$144,000 in consulting fees annually, payable on a monthly basis, subject to certain restrictions and increases. The Posner Agreement includes covenants regarding confidential information and assignment of intellectual property to AURA. The Posner Agreement can be terminated by Mr. Posner or AURA, subject to certain restrictions. In the event of a change of control (as defined in the Posner Agreement) and the Posner Agreement is terminated as a result of such change of control, Mr. Posner is entitled to received two months' of the then current consulting fees. The Parties have agreed that from September 1, 2017 until Closing, all payment and accruals under the Posner Agreement are suspended. The Posner Agreement will be terminated on Closing and Mr. Posner will serve as the non-executive Chairman of the Resulting Issuer.

Branson Agreement

On December 9, 2016, Amy Stephenson was appointed the Chief Financial Officer of AURA, as the designated consultant to provide services of Chief Financial Officer through an agreement with Branson (the "**Branson Agreement**"). Pursuant to the Branson Agreement, Branson has agreed to provide a Chief Financial Officer, controllership and bookkeeping services, administrative services and general bank and back office services for a monthly fee of \$4,000 plus applicable taxes. Amy Stephenson was employed by Branson and was compensated by Branson. MS. Stephenson resigned as the Chief Financial Officer of AURA on December 11, 2017 and was replaced by Mr. Keith Li. Keith Li was employed by Branson and was compensated by Branson. The Branson Agreement provides for a confidentiality clause and a non-competition clause.

AURA Options to Purchase Securities

During the fiscal year ended December 31, 2017, AURA granted an aggregate of 1,600,000 stock options on January 4, 2017. On August 16, 2017, AURA adopted the AURA Stock Option Plan and the outstanding options were adopted under the terms of the AURA Stock Option Plan. The following table describes all of AURA Options that will be issued and outstanding upon completion of the Transaction, but does not include any Resulting Issuer Options to be granted immediately following the Transaction.

Category of Optionee	Number of AURA Options	Exercise Price of AURA Options	Number of Resulting Issuer Options	Exercise Price of Resulting Issuer Options	Expiry Date
Directors of AURA (excluding Officers) ⁽¹⁾	660,000	\$0.10	600,000	\$0.10	Earlier of 2 years from Listing or January 4, 2022
Officers of AURA ⁽²⁾	570,000	\$0.10	570,000	\$0.10	
Employee and Consultants of AURA	370,000	\$0.10	370,000	\$0.10	
TOTAL:	1,600,000		1,600,000		

Notes:

- (1) This group includes Robert Schwartz, Jim Frazier and Paul McClory.
 (2) This group includes Chris Carl, David Posner and Keith Li.

(c) **The Resulting Issuer**

The following compensation discussion and analysis outlines the proposed elements of the Resulting Issuer's executive compensation for the 12 month period following Closing after giving effect to the

Transaction. In this discussion and analysis, the terms "Named Executive Officers" or "NEOs" refers to the Resulting Issuer's three executive officers, regardless of their proposed amount of compensation and follows the guidelines in the Form 51-102F6 – *Statement of Executive Compensation* of the Canadian Securities Administrators. The terms Named Executive Officers and NEOs are used interchangeably. The following individuals are proposed to act as Named Executive Officers of the Resulting Issuer:

- Chris Carl, President and CEO; and
- Keith Li, CFO.

Base Salaries and Consulting Fees

The Resulting Issuer's executive officers are proposed to be compensated by way of a base salary, bonus opportunity and incentive stock options.

Pension Plan Benefits

The Resulting Issuer will not have any pension plans for its directors, officers or employees.

Deferred Compensation Plans

The Resulting Issuer will not have any deferred compensation plans for its directors, officers or employees.

Stock Options

The Resulting Issuer intends to use stock options in order to retain and incentivize the Resulting Issuer's executives and to recruit executives to the Resulting Issuer. The Resulting Issuer Stock Option Plan will be the Lam  lee Stock Option Plan. All AURA Stock Options outstanding on Closing will be replaced by the Resulting Issuer Options, adjusted based on the Exchange Ratio, and be governed under the Resulting Issuer Option Plan. The AURA Stock Option Plan will be terminated on Closing of Transaction. The Resulting Issuer Plan will provide for awards to be made to directors, employees and consultants. The Stock Option Plan will be administered by the Resulting Issuer Board. This incentive arrangement is designed to motivate executives to achieve longer-term sustainable business results, align their interests with those of the shareholders and to attract and retain executives.

An award of stock options under the Resulting Issuer Stock Option Plan may not be granted if the result would be that the resulting aggregate number of outstanding options would exceed 10% of the issued and outstanding Resulting Issuer Shares.

It is currently contemplated that directors of the Resulting Issuer will receive an aggregate of 1,600,000 options to purchase Resulting Issuer Shares on Closing as replacement for the 1,600,000 outstanding AURA Options.

Summary Compensation Table

The following table sets forth the proposed total annual and long-term equity and non-equity compensation for each NEO, along with any other compensation awarded to each NEO, for services rendered in all capacities to the Resulting Issuer for the 12 month period after giving effect to the Transaction. The Resulting Issuer will not have any pension plans, long-term non-equity incentive plans or deferred

compensation plans. In addition, the Resulting Issuer does not currently have any plans or arrangements in place that provide for share-based awards, other than its stock option plan.

Name and Principal Position	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Long-term incentive Plans			
Chris Carl <i>CEO and President</i>	Nil	Nil	To be determined	Nil	Nil	Nil	144,000 ⁽¹⁾	
Keith Li <i>CFO</i>	Nil	Nil	To be determined	Nil	Nil	Nil	60,000 ⁽²⁾	
David Poser <i>VP Communications</i>	Nil	Nil	To be determined	Nil	Nil	Nil	72,000 ⁽¹⁾	

Notes:

1. Consulting fees, which will only be paid in cash if the Resulting Issuer has more than \$300,000 cash and cash equivalent. At any time the amount of cash and cash equivalents held by the Resulting Issuer is less than \$300,000 salaries will be accrued but not paid.
2. Paid to Branson under the Branson Agreement.

In addition to the salary outlined above, the officers of the Resulting Issuer will be eligible for bonuses based on company performance and established annual targets. Such bonuses will be administered by the board of directors of the Resulting Issuer.

Director Compensation

The Resulting Issuer intends to compensate directors by way of grant of stock options under the Resulting Issuer Stock Option Plan, in addition to the replacement Resulting Issuer Options issued on Closing in exchange for the outstanding AURA Options held by Aura directors. Non-executive directors do not expect to receive other compensation from the Resulting Issuer during early states of the Resulting Issuer's operations, except reimbursement of their out-of-pocket expenses incurred when acting as directors.

Termination and Change of Control Benefits

Chris Carl will provide his services as President and CEO of the Resulting Issuer pursuant to an consulting agreement to be entered into between the Resulting Issuer and 1600793 Ontario Inc. on Closing (the "**Proposed Carl Agreement**"). Pursuant to the Proposed Carl Agreement, Mr. Carl will be entitled to received \$144,000 in consulting fees annually, payable on a monthly basis, subject to certain restrictions and increases. The Proposed Carl Agreement will include covenants regarding confidential information and assignment of intellectual property to the Resulting Issuer, as well as non-competition and non-solicitation obligations. The Proposed Carl Agreement can be terminated by Mr. Carl or the Resulting Issuer, subject to certain restrictions. In the event of a change of control (as defined in the Proposed Carl Agreement) and the Proposed Carl Agreement is terminated as a result of such change of control, Mr. Carl is entitled to received two months' of the then current consulting fees.

The following table contains the estimated incremental payments, payables and benefits that would arise assuming termination date as of the Closing Date:

Name	Event	Cash Payments (\$)	Value of Equity and Share-based Awards (\$)	Total (\$)
Chris Carl	Termination with cause & Change in control	Nil	Nil	Nil
	Termination without cause	24,000	Nil	24,000
	Change of control	24,000	Nil	24,000

It is anticipated that the Resulting Issuer will obtain customary liability insurance for the benefit of its directors and officers.

16 INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as set out below, no director or officer of the Issuer or person who acted in such capacity in the last financial year of the Resulting Issuer, or any other individual who at any time during the most recently completed financial year of the Resulting Issuer was a director of the Resulting Issuer or any associate of the Resulting Issuer, is indebted to the Resulting Issuer, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer.

17 RISK FACTORS

17.1 Description of Risk Factors

The following are certain risk factors relating to the business carried on by the Resulting Issuer which prospective investors should carefully consider before deciding whether to purchase Resulting Issuer Shares. The Resulting Issuer will face a number of challenges in the development of its business. Due to the nature of the Resulting Issuer's business and present stage of the business, the Resulting Issuer may be subject to significant risks. Readers should carefully consider all such risks, including those set out in the discussion below. The following is a description of the principal risk factors currently affecting AURA that will, in turn, affect the Resulting Issuer.

General Risk Factors

The Resulting Issuer will have a very limited operating history in an emerging area of business.

Because AURA has a limited operating history in emerging area of business, investors should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and

- risks relating to an evolving regulatory regime.

The Resulting Issuer's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

Risks inherent in the nature of the health clinic industry.

Changes in operating costs (including costs for maintenance, insurance), inability to obtain permits required to conduct the Resulting Issuer's business, change in health care laws and governmental regulations, and various factors may significantly impact the ability of the Resulting Issuer to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs and related charges must be made to operate the clinics in which the Resulting Issuer invests, regardless of whether the Resulting Issuer is generating income.

Liquidity risk and negative cash flow

Liquidity risk is the risk that the Resulting Issuer will not be able to meet its financial obligations as they come due. AURA has reported negative cash flow from operating activities for the year ended December 31, 2017 and AURA has historically reported negative cash flow from operating activities for prior fiscal years. As a result of the AURA's negative cash flow, the Resulting Issuer will continue to rely on the issuance of securities or other sources of financing to generate sufficient funds to fund its working capital requirements and for corporate expenditures. The Resulting Issuer may continue to have negative cash flow from operating activities until sufficient levels of production and sales are achieved. To the extent that the Resulting Issuer has negative cash flow from operating activities in future periods, the Resulting Issuer may need to use a portion of proceeds from any offering to fund such negative cash flow.

Non-compliance with Laws

Non-compliance with federal, provincial or state laws and regulations, or the expansion of current, or the enactment of new laws or regulations, could adversely affect the Resulting Issuer's business. The activities of the clinics in which the Resulting Issuer invests are subject to regulation by governmental authorities. Achievement of the Resulting Issuer'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 carrying on of business at the clinics in which the Resulting Issuer invests. The Resulting Issuer cannot predict the time required to secure all appropriate regulatory approvals for its business or the businesses in which the Resulting Issuer invests, 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 business, results of operations and financial condition of the Resulting Issuer.

The Resulting Issuer will operate its business and may invest in other businesses that are directly or indirectly engaged in the medical and adult-use marijuana industry in the United States where local state law permits such activities. However, the distribution, possession, and consumption of cannabis remain illegal under U.S. federal law. There is a growing movement in the United States supporting the legalization of cannabis for medical, as well as non-medical purposes. As of the date of this Listing Statement, the states of Arizona, Nevada and Florida have enacted legislation to legalize and regulate the sale and use of medical cannabis. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the Controlled Substance Act of 1970. While the U.S. federal government has stated its present policy not to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable U.S. State law, there can be no guarantee that it will not enforce such laws in the future. Further, there is no guaranty that U.S.

State laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Resulting Issuer's interests in businesses in such states would be materially and adversely affected. However, the federal government has not legalized marijuana for medical or adult-use. The federal government of the United States has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use use marijuana even if such sale and disbursement is sanctioned by state law. Further, there is no guaranty that at some future date, voters and/or the applicable legislative bodies will not repeal, overturn or limit any such legislation legalizing the sale, disbursement and consumption of medical or adult-use marijuana. It is also important to note that local and city ordinances may strictly limit and/or restrict disbursement of marijuana in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the marijuana industry. Federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Resulting Issuer, its business and its investments.

There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Resulting Issuer. The consequences of such enforcement would likely be materially detrimental to the Resulting Issuer, the businesses in which the Resulting Issuer invests and consequently the Resulting Issuer's business and could result in the forfeiture or seizure of all or substantially all of the Resulting Issuer's assets. Further, the Resulting Issuer's third party service providers could suspend or withdraw services as a result of non-compliance with federal, state or local laws and regulations regarding cannabis.

Qualified Physicians operating out of Resulting Issuer's Patient Assessment Clinics could potentially be disciplined by a U.S. State medical board if they issue excessive medical marijuana recommendations.

U.S. State medical boards could take disciplinary action against PAC Qualified Physicians for excessive medical marijuana recommendations. Of the three current U.S. States Resulting Issuer's PAC's conduct business, Florida, Nevada and Arizona, Florida and Nevada's laws expressly state that physician recommendation patterns will be tracked. Nevada law further states that such information may be used to impose disciplinary action on Qualified Physicians who certify medical-use marijuana at an "unreasonably high" rate. While Arizona's medical marijuana laws do not expressly indicate that it will track Qualified Physician recommendations, the Arizona Department of Health Services ("ADHS") has indicated that it will periodically review patient demographic information, which may be used to initiate a referral to the licensing board for disciplinary action. If any of the Qualified Physicians are deemed to be providing excessive medical marijuana recommendations, such Qualified Physicians could face disciplinary action, and including, revocation of the Qualified Physician's license. Any disciplinary action or license revocation of Qualified Physicians who work at a PAC in which the Resulting Issuer has invested could result in the PAC not having sufficient Qualified Physicians to address patient needs, and could adversely affect the Resulting Issuer, its business and its investments.

Qualified Physicians operating out of Resulting Issuer's Patient Assessment Clinics are prohibited from giving a prescription for medical marijuana to patients; rather they are only permitted to provide a recommendation that such patient has a Qualifying Condition and may benefit from medical marijuana.

The United States federal courts have upheld a ruling prohibiting United States federal investigations or prosecutions of Qualified Physicians based solely upon those Qualified Physicians' professional recommendations of medical marijuana to patients. As of the date of this Listing Statement, such prohibition is still in effect. Qualified Physicians solely providing professional recommendation of medical marijuana to patients within the boundaries of the behavior United States federal courts injunction are protected; however, for example, if a Qualified Physician gives patients information on how to obtain

medical marijuana or charges graduated fees based on the amount of marijuana recommended, the Qualified Physician could face disciplinary action for not following the injunction, and including, revocation of the Qualified Physician's license. Any disciplinary action or license revocation of Qualified Physicians who work at a PAC in which the Resulting Issuer's has invested could result in the PAC not having sufficient Qualified Physicians to address patient needs, and could adversely affect the Resulting Issuer's, its business and its investments.

Non-referrals

Physicians may not refer patients to the Resulting Issuer's clinics. In addition, as the market grows and general practitioners become more comfortable and knowledgeable about the medical marijuana industry and products available, they may choose to make recommendations with regards to Qualifying Conditions for their own patients rather than refer them to an outside clinic.

Regulatory Approvals and Permits

The Resulting Issuer may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions in which it operates. There can be no assurance that the Resulting Issuer's will be able to receive and/or maintain the necessary permits, licenses and approvals. The regulatory authority could also impose certain restrictions on the Resulting Issuer's ability to operate in the U.S. Any material delay or failure to receive these items, or onerous regulatory restrictions would delay and/or inhibit the Resulting Issuer's ability to conduct its business and would adversely affect the Resulting Issuer's business, financial condition and results of operations.

U.S. Federal Laws

The concepts of "medical marijuana and "retail marijuana" do not exist under U.S. federal law. The Federal Controlled Substances Act classifies "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in United States, and a lack of safety for the use of the drug under medical supervision. As such, marijuana-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of marijuana are illegal under U.S. federal law. Strict compliance with state laws with respect to marijuana will neither absolve AURA of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Resulting Issuer's. While the U.S. Department of Justice has instructed U.S. Attorneys to focus efforts on eight priorities, which does not include entities selling medical marijuana in compliance with U.S. State licensing regimes, this directive can change, and U.S. Attorneys have discretion to interpret the Cole Memo as they see fit. Moreover, U.S. Attorneys have significant discretion with respect to the activities they seek to prosecute, regardless of any directive from the Department of Justice. On January 4, 2018, the U.S. Attorney General, Jeff Sessions, issued a written memorandum (the "**Sessions Memo**") to all U.S. attorneys rescinding previous federal enforcement policies stating "prosecutors should follow the well-established principles that govern all federal prosecutions," which require "federal prosecutors deciding which cases to prosecute". It is unclear at this time whether the Sessions Memo indicates that the Trump administration will strongly enforce the federal laws applicable to cannabis or what types of activities will be targeted for enforcement. However, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to cannabis could cause significant financial damage to the Resulting Issuer.

There are risks associated with removal of U.S. Federal Budget Rider Protections

The U.S. Congress has passed appropriations bills (the "**Leahy Amendment**") each of the last four years to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating compliance with state and local laws.

The 2018 Consolidated Appropriations Act was passed by Congress on March 23, 2018 and included the re-authorization of the Leahy Amendment. It will continue in effect until September 30, 2018, the last day of fiscal year 2018. American courts have construed these appropriation bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include the Leahy Amendment in the 2019 budget resolution, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital Controlled Substances Act violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations and provide no protection against businesses operating in compliance with a state's recreational cannabis laws.

Regulation that may hinder the Resulting Issuer's Ability to Establish and Maintain Bank Accounts

The U.S. federal prohibitions on the sale of marijuana may result in the Resulting Issuer being restricted from accessing the U.S. banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. Additionally, similar risks are associated with large amounts of cash at these businesses. These businesses require heavy security with respect to holding and transport of cash, whether or not they have bank accounts.

Following the Cole Memo, the Financial Crimes Enforcement Network ("**FinCEN**"), the enforcement division of the U.S. Treasury issued a similar memorandum providing a roadmap for financial institutions seeking to comply with suspicious activity reporting requirements when providing financial services to state-licensed marijuana businesses. The guidance provided in the FinCEN memorandum may change depending on the incumbent U.S. government administration and is subject to revision or retraction in the future, which may restrict the Resulting Issuer's access to banking services.

In the event financial service providers do not accept accounts or transactions related to the marijuana industry, it is possible that the Resulting Issuer may seek alternative payment solutions, including but not limited to crypto currencies. There are risks inherent in crypto currencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in crypto currency the Resulting Issuer would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. The Resulting Issuer's inability to manage such risks may adversely affect the Resulting Issuer's operations and financial performance.

Uninsurable Risks

The medical marijuana business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Resulting Issuer. AURA does not currently have, and the Resulting Issuer does not expect to have on Closing, any insurance policies covering its properties or the operation of its business. The businesses in which the Resulting Issuer invests may hold certain insurance policies relevant to such businesses. There can be no assurance that all business risks can be insured, or if they are insured, such insurance has been obtained with sufficient coverage. Any

liabilities that may arise as a result any of the above noted risks may cause a material adverse effect on the financial condition of the Resulting Issuer.

Enforcement Risk

The sale and distribution of medical marijuana by licenced producers is legal in certain Canadian provinces. The sale and distribution of marijuana is legal under U.S. State law, in certain U.S. States subject to compliance with applicable state regulatory regimes. U.S. federal law currently classifies marijuana as a controlled substance and its manufacture, sale, distribution, and use is illegal under U.S. federal law. The U.S. Department of Justice has indicated in the Cole Memo it has deprioritized seeking prosecutions of those establishments in U.S. States where the sale and distribution of medical marijuana has been legalized, provided the regulations are complied with.

While the marijuana industry is legal in certain Canadian provinces and U.S. States, it is regulated differently. Consequently, certain activities may be permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian or provincial law for an entity to hold interests in affiliates that are engaged in regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. There is a risk; however, that the courts may take contrary view in the future.

Additionally, because all marijuana is illegal under U.S. federal law, the courts in the U.S. may take the position that parties to contracts involving marijuana, whether directly or indirectly, may not enforce such contracts because they concern an illegal product or activity.

Use of Proceeds

AURA currently intends to allocate the net proceeds received from the Financing as described under Item 5.5 "Available Funds and Principal Purposes". However, management will have discretion in the actual application of the net proceeds, and may elect to allocate net proceeds differently from that described Item 5.5 "Available Funds and Principal Purposes" if they believe it would be in the Resulting Issuer's best interests to do so. Shareholders may not agree with the manner in which management chooses to allocate and spend the net proceeds. The failure by management to apply these funds effectively could have a material adverse effect on the Resulting Issuer's business.

The Resulting Issuer may not be able to accurately predict its future capital needs and it may not be able to secure additional financing.

The Resulting Issuer may need to raise significant additional funds (other than through the Financing) in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Resulting Issuer cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all. Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, The Resulting Issuer may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive

pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

No Market for Securities

There is currently no market through which any of AURA's securities, including the AURA Shares, may be sold and there is no assurance that such securities of AURA will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Resulting Issuer Shares are listed on a stock exchange, holders of the AURA Shares may not be able to sell their AURA Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Resulting Issuer Shares will develop or be sustained after completion of the Financing. The Financing Price determined by negotiation between AURA and Lamêlée and was based upon several factors, and may bear no relationship to the price that will prevail in the public market. The holding of AURA Issuer Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. AURA Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

If a listing for the Resulting Issuer Shares is obtained, the market price of the Resulting Issuer Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer and its subsidiaries, general economic conditions, legislative or regulatory changes, and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Resulting Issuer Shares.

There can be no assurance that the Resulting Issuer's shareholders or purchasers of the Offered Shares will be able to resell their securities at prices equal to or greater than their cost.

The market price of the Resulting Issuer Shares could be subject to significant fluctuations in response to various factors, many of which will be beyond the Resulting Issuer's control. In addition, the stock markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that often have been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Resulting Issuer Shares. There can be no assurance that the holders or purchasers of Resulting Issuer Shares will be able to resell their shares at prices equal to or greater than their cost.

Taxes

U.S. Federal prohibitions on the sale of marijuana may result in the Resulting Issuer not being able to deduct certain costs from its revenue for U.S. Federal taxation purposes if the U.S. Internal Revenue Service ("**IRS**") determines that revenue sources of the Resulting Issuer are generated from activities which are not permitted under U.S. Federal law. U.S. federal prohibitions on the sale of marijuana may result in the Resulting Issuer not being able to deduct certain costs from its revenue for U.S. federal taxation purposes if the IRS determines that revenue sources of the Resulting Issuer are generated from activities which are not permitted under U.S. federal law. Section 280E of the Internal Revenue Code of 1986 prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items

is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

Illegal Drug Dealers Could Pose Threats

Currently, there are many drug dealers and cartels that cultivate, buy, sell and trade marijuana in the United States, Canada and worldwide. Many of these dealers and cartels are violent and dangerous, well financed and well organized. It is possible that these dealers and cartels could feel threatened by legalized marijuana businesses such as those with whom the Resulting Issuer or the companies in which the Resulting Issuer invests do business and could take action against or threaten the Resulting Issuer, its principals, employees and/or agents and this could negatively impact the Resulting Issuer and its business.

Reliance on Management

The success of the Resulting Issuer will be dependent on the performance of its Chief Executive Officer, Chris Carl, its Chairman, David Posner and Chief Financial Officer, Keith Li. The loss of the services of these persons would have a material adverse effect on the Resulting Issuer's business and prospects in the short term. There is no assurance the Resulting Issuer can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

Factors which may Prevent Realization of Growth Targets

The Resulting Issuer will be in the early development stage. There is a risk that the additional resources will be needed and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Resulting Issuer and the businesses in which the Resulting Issuer invests, as the case may be:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- contractor or operator errors; and
- inability to attract sufficient numbers of qualified workers or Patients.

Competition

The marijuana industry is highly competitive. The Resulting Issuer and the businesses in which the Resulting Issuer invests will compete with numerous other businesses in the medicinal and recreational industry, many of which possess greater financial and marketing resources and other resources than the Resulting Issuer or its investees. The marijuana business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect the Resulting Issuer's and its investees operations.

Due to the early stage of the industry in which the Resulting Issuer and its investees operates, the Resulting Issuer expects to face additional competition from new entrants. If the number of legal users of marijuana in its target jurisdictions increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations the Resulting Issuer.

Sun Valley offers franchises to purchasers of Franchised Sun Valley Clinics. The Sun Valley Option Agreement does not prohibit or limit Sun Valley's right to sell a franchise for a Franchised Sun Valley Clinic anywhere in the world, including in cities and neighbourhoods where an Owned Sun Valley Clinic already exists. Management has assessed the associated risks to the business of AURA and the Resulting Issuer and believes that such risks are minimal as Sun Valley retains a financial interest in an Owned Sun Valley Clinic, even after the Additional Option is exercised. However, if a Franchised Sun Valley Clinic is opened with a close proximity to an Owned Sun Valley Clinic, the financial results and performance of the Resulting Issuer may be materially adversely affected.

There is a Substantial Risk of Regulatory or Political Change.

The success of the business strategy of the Resulting Issuer depends on the legality of the marijuana industry. The political environment surrounding the marijuana industry in general can be volatile and the regulatory framework remains in flux. As of the date of this Listing Statement, the States of Arizona, Nevada and Florida have implemented laws and regulations to legalize and regulate the cultivation, sale, possession and use of medical marijuana; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Resulting Issuer's ability to successfully acquire and/or participate in the selected business opportunities. Furthermore, marijuana remains illegal under U.S. federal law, and the U.S. federal government could bring criminal and civil charges against the Resulting Issuer or its subsidiaries at any time.

The U.S. federal government can prosecute crimes related to the cultivation, distribution, possession and use of marijuana, as well as crimes arising out of the act of facilitating the cultivation, distribution, possession and use of marijuana.

Delays in enactment of new state or federal regulations could restrict the ability of the Resulting Issuer to reach strategic growth targets and lower return on investor capital.

The strategic growth strategy of the Resulting Issuer, is reliant upon certain U.S. federal and U.S. State regulations being enacted to facilitate the legalization of medical and adult-use marijuana. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of the Resulting Issuer, and thus, the effect on the return of investor capital, could be detrimental. The Resulting Issuer is unable to predict with certainty when and how the outcome of these complex, legal, regulatory, and legislative proceedings will affect its business and growth.

Banks often refuse to provide banking services to businesses involved in the marijuana industry due to the present state of the laws and regulations governing financial institutions in the United States.

The lack of banking and financial services presents unique and significant challenges to businesses in the marijuana industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of cheques and the inability to secure traditional forms of operational

financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services.

The U.S. Department of Justice ("DOJ") continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state, including in states that have legalized the applicable conduct. The DOJ's current enforcement priorities could change for any number of reasons, including a change in the opinions of the President of the United States or the United States Attorney General. A change in the DOJ's enforcement priorities could result in the DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted.

The inability of the Resulting Issuer to respond to the changing regulatory landscape could harm its business. The medical and adult-use marijuana industry is subject to significant regulatory change at both the state and federal level. If the Resulting Issuer and its subsidiaries are unable to respond appropriately to changing U.S. federal and U.S. State regulations, it may not be successful in capturing significant market share. There are particular risks associated with synthetic production and technological advances that compete with the organic marijuana use and products.

The pharmaceutical industry may attempt to dominate the marijuana industry, and in particular, legal marijuana, through the development and distribution of synthetic products which emulate the effects and treatment of organic marijuana. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the marijuana industry. This could adversely affect the ability of the Resulting Issuer and its subsidiaries to secure long-term profitability and success through the sustainable and profitable operation of the anticipated businesses and investment targets. There may be unknown additional regulatory fees and taxes that may be assessed in the future. The Resulting Issuer is aware that multiple states are considering special taxes or fees on businesses in the marijuana industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could change the net income and return on the Resulting Issuer's investments and/or participation in the selected business opportunities.

U.S. Money Laundering Laws

The Resulting Issuer's investments in the United States are subject to applicable anti-money laundering laws and regulations. The Resulting Issuer is subject to a variety of laws and regulations in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the *Currency and Foreign Transactions Reporting Act of 1970* (commonly known as the Bank Secrecy Act), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (USA PATRIOT Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States.

In February 2014, the Financial Crimes Enforcement Network ("FCEN") of the U.S. Treasury Department issued a memorandum providing instructions to banks seeking to provide services to cannabis-related businesses. The FCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance provided in the Cole Memo relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo, especially in light of the formal rescission of the Cole Memo. In the event that any of the Resulting Issuer's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the

ability of the Resulting Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Resulting Issuer has no current intention to declare or pay dividends on its Resulting Issuer Shares in the foreseeable future, in the event that a determination was made that its operations in the United States could reasonably be shown to constitute proceeds of crime, the Resulting Issuer may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Unfavourable Publicity or Consumer Perception

AURA believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of the Resulting Issuer's, or its investees', services can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's, or its investees', services and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for services, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Environmental and Employee Health and Safety Regulations

The Resulting Issuer's operations are subject to environmental and safety laws and regulations concerning, among other things, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Resulting Issuer will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our 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 Resulting Issuer'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 Resulting Issuer.

Litigation

The Resulting Issuer, or its investees, may become party to litigation from time to time in the ordinary course of business, including a medical malpractice claim, or a claim based in related legal theories of negligence or vicarious liability among others if a Qualified Physician at a Patient Assessment Clinic causes injury, which could adversely affect its business. Should any litigation in which the Resulting Issuer, or any of its investees, becomes involved be determined against the Resulting Issuer or such investee, such a decision could adversely affect the Resulting Issuer's, or its investees', ability to continue operating and the market price for the Resulting Issuer Shares and could use significant resources. Even if

the Resulting Issuer or an investee is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of the Resulting Issuer's or its investees' brand.

Difficult to Forecast

The Resulting Issuer must rely largely on its own market research to forecast the utilization of its or its investees' services as detailed forecasts are not generally obtainable from other sources at this early stage of the marijuana industry in Canada and the U.S. A failure in the demand for its or its investees' services to materialize as a result of competition, technological change, market acceptance or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Management of Growth

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

Risks Associated with Acquisitions

As part of the Resulting Issuer's overall business strategy, the Resulting Issuer may pursue select strategic acquisitions after the completion of the Listing, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Issuer's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Electronic Communication Security Risks

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Resulting Issuer's security measures could misappropriate proprietary information or cause interruptions in its operations. The Resulting Issuer may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Holding Company

The Resulting Issuer will be a holding company and essentially all of its assets are the capital stock of its material subsidiary, Green Global, and the holdings of Green Global in the AURA Clinic LLCs and any future Owned Sun Valley Clinics. As a result, investors in the Resulting Issuer are subject to the risks attributable to its subsidiaries. As a holding company, the Resulting Issuer will conduct substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Resulting Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Resulting Issuer. The ability of these entities to pay dividends and other distributions will depend on their operating

results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt, as applicable. In the event of a bankruptcy, liquidation or reorganization of any of the Resulting Issuer's material subsidiaries or an Owned Sun Valley Clinic, holders of any indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries or clinics before the Resulting Issuer.

Dividends

AURA has, and the Resulting Issuer will have, no earnings or dividend record, and does not anticipate paying any dividends on the Resulting Shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings.

Economic Dependence

The current specific business objectives of the AURA and the Resulting Issuer are dependent on the Sun Valley Option Agreement and the Resulting Issuer's relationship with Sun Valley and its affiliates. Any adverse change to or termination of (i) the Sun Valley Option Agreement, or (ii) the Resulting Issuer's relationship with Sun Valley and its affiliates, or (iii) if Sun Valley' business activities related or not related to the Sun Valley Option Agreement are scrutinized by regulatory authorities, could have a material adverse effect on the Resulting Issuer or its business.

Conflicts of Interest

The Resulting Issuer may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Resulting Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers and directors.

In addition, the Resulting Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or corporations with which the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by the interests of these persons could conflict with those of the Resulting Issuer. In addition, from time to time, these persons may be competing with the Resulting Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.

Currency Exchange Rates

Exchange rate fluctuations may adversely affect the Resulting Issuer's financial position and results. It is anticipated that a significant portion of the Resulting Issuer's business will be conducted in the United States using U.S. dollars. The Resulting Issuer's financial results will be reported in Canadian Dollars and costs will be incurred primarily in U.S. dollars. The depreciation of the Canadian Dollar against the U.S. Dollar could increase the actual capital and operating costs of the Resulting Issuer's U.S. operations and

materially adversely affect the results presented in the Resulting Issuer's financial statements. Currency exchange fluctuations may also materially adversely affect the Resulting Issuer's future cash flow from operations, its results of operations, financial condition and prospects.

Enforcement of Legal Rights

In the event of a dispute arising from the Resulting Issuer's foreign operations, the Resulting Issuer may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Resulting Issuer's assets are located outside of Canada, investors may have difficulty collecting from the Resulting Issuer any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities provisions. the Resulting Issuer may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

Volatile global financial and economic conditions may negatively affect the Resulting Issuer's operations.

Current global financial and economic conditions are extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Resulting Issuer's ability to obtain debt and equity financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Resulting Issuer's operations and financial condition could be adversely impacted.

17.2 Additional Security holder Risk

There is no risk that security holders of the Resulting Issuer may become liable to make an additional contribution beyond the price of the security.

17.3 Other Risks

Subject to the risk factors set out under Section 17.1 above, there are no other material risk factors that a reasonable investor would consider relevant to an investment in the Resulting Issuer Shares.

18 PROMOTERS

18.1 Promoter Consideration

Other than the directors and officers of the Resulting Issuer, there has been no person or company that may be considered a promoter of the Resulting Issuer within two years immediately preceding this Listing Statement.

18.2 Promoter Consideration

See above.

19 LEGAL PROCEEDINGS

19.1 Legal Proceedings

As of the date of this Listing Statement, there are no legal proceedings material to Lamêlée or AURA, or any of their subsidiaries, to which Lamêlée or AURA, or any of their subsidiaries, is a party or of which any of their respective property is the subject matter.

19.2 Regulatory Actions

As of the date of this Listing Statement, neither Lamêlée nor AURA, nor any of their subsidiaries, has been subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has any party entered into a settlement agreement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Resulting Issuer's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no material conflict of interest, either direct or indirect, is currently known to exist with respect to any proposed transaction, or any transaction consummated over the three years before the date of this Listing Statement, that has affected or will materially affect the Resulting Issuer.

Conflicts of interest may arise as a result of the directors and officers of the Resulting Issuer also holding positions as directors or officers of other companies. Some of those individuals have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer.

The proposed directors and officers of the Resulting Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Resulting Issuer will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the CBCA or the OBCA, as applicable, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

21 AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditors of the Resulting Issuer will be MNP LLP, 111 Richmond Street West, Suite 300, Toronto, ON M5H 2G4.

21.2 Transfer Agent and Registrar

The Transfer Agent and Registrar for the Resulting Issuer Shares is expected to be Capital Transfer Agency, 390 Bay Street, Suite 920, Toronto, ON M5H 2Y2 or such other transfer agent and registrar approved by AURA and Lamêlée.

22 MATERIAL CONTRACTS

22.1 Material Contracts of the Resulting Issuer

The Resulting Issuer has not entered into any material contracts within the two years before the date of this Listing Statement, other than contracts entered into in the ordinary course of business and documents entered into in connection with the Transaction (described in Section 3.1(a) above), except as follows:

1. the Securities Exchange Agreement;
2. Regulatory Escrow Agreement to be entered into between the Resulting Issuer and the Resulting Issuer's transfer agent and certain shareholders; and
3. engagement letter with respect to the proposed Financing.

AURA has not entered into any material contracts within the two years before the date of this Listing Statement, other than contracts entered into in the ordinary course of business and documents entered into in connection with the Transaction (described in Section 3.1(a) above), except as follows:

1. Sun Valley Option Agreement.

The material contracts described above may be inspected without further charge at the offices of Fogler, Rubinoff LLP, solicitors of the Resulting Issuer, located at Suite 3000, 77 King Street West, Toronto, Ontario, M5K 1G8 during ordinary business hours until the date of the completion of the Transaction and for a period of 30 days thereafter.

22.2 Special Agreements

The Resulting Issuer will not a party to any co-tenancy, shareholders' or limited partnership agreement, other than the Sun Valley Option Agreement, the Sun Valley Operating Agreements and the Sun Valley Management Agreements.

23 INTEREST OF EXPERTS

23.1 Interest of Experts – Lamêlée and AURA

The financial statements of Lamêlée included in this Listing statement have been audited by Brunet Roy Dubé, CPA LLP, as set forth in their audit reports. Brunet Roy Dubé, CPA LLP, are the independent auditors of Lamêlée and are independent within the meaning of the Code of Ethics of Chartered Professional Accountants of the Ordre des comptables professionnels agréés du Québec.

The financial statements of AURA included in this Listing Statement have been audited by MNP LLP, as set forth in their audit reports. MNP LLP are the independent auditors of AURA and are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

No person or company who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement has, or will have immediately following completion of the proposed Transaction, any direct or indirect interest in Lamêlée, AURA, or the Resulting Issuer.

24 OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about Lamêlée, AURA or the Resulting Issuer and their securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Lamêlée, AURA or the Resulting Issuer and their securities.

25 FINANCIAL STATEMENTS

(a) Financial Statements – Lamêlée

Schedule "D" contains the audited financial statements for Lamêlée for the years ended September 30, 2017 and 2016 and the notes thereto, and unaudited interim financial statements for the six months ended March 31, 2018 and the notes thereto.

(b) Financial Statements – AURA

Schedule "E" contains audited consolidated financial statements of AURA for the year ended December 31, 2017 and the period from incorporation of November 8, 2016 to December 31, 2016 and the notes thereto, and unaudited interim financial statements for the three months ended March 31, 2018 and the notes thereto.

(c) Sun Valley Carve-out Financial Statements for Aura Clinic LLCs

Schedule "F" contains audited combined joint venture financial statements of Sun Valley for the Aura Clinic LLCs for year ended December 31, 2017 and the period from August 30, 2016 (date of formation) to December 31, 2016 and the notes thereto, and unaudited interim combined joint venture financial statements for the three months ended March 31, 2018 and the notes thereto.

(d) Pro Forma Consolidated Financial Statements

Schedule "G" contains the unaudited pro forma consolidated statement of financial position of the Resulting Issuer as at March 31, 2018.

SCHEDULE "A"

MD&As OF LAMÊLÉE IRON ORE LTD.

Rapport de gestion /
Management's Discussion and Analysis

**LAMÊLÉE MINÉRAIS DE FER LTÉE
LAMÊLÉE IRON ORE LTD.**

**30 septembre 2017
September 30, 2017**

Le présent rapport de gestion est conforme au règlement 51-102A des Autorités canadiennes en valeurs mobilières relatif à l'information continue. Le rapport de gestion est un supplément aux états financiers annuels qu'il complète et doit être lu parallèlement à ceux-ci. Il présente le point de vue de la direction sur les activités courantes de la Société et sur ses résultats financiers courants et passés ainsi qu'un aperçu des activités à venir au cours des prochains mois.

1.1 DATE

Le présent rapport de gestion a été rédigé le 23 janvier 2018 par la direction et a trait à la situation financière et à l'interprétation des résultats d'exploitation de Lamêlée Minerais de Fer. (la "Société") pour les exercices financiers terminés les 30 septembre 2017 et 2016. Ces états financiers annuels audités ont été préparés conformément aux Normes internationales d'information financière («IFRS»). Le rapport de gestion doit être lu en conjonction avec les états financiers annuels audités de la Société pour les exercices terminés les 30 septembre 2017 et 2016.

1.2 DÉCLARATIONS PROSPECTIVES

Le présent rapport de gestion renferme des déclarations prospectives. Ces déclarations se rapportent à des événements futurs ou à la performance future de la Société et sont seulement des prévisions. Toute déclaration autre qu'une déclaration basée sur des faits historiques est une déclaration prospective. Les déclarations prospectives sont souvent, mais pas toujours, identifiées par l'emploi de mots tels que « pouvoir », « prévoir », « planifier », « anticiper », « croire », « estimer », « potentiel », « viser », « projeter », « espérer », ou leur forme négative ou des expressions semblables, de même que d'autres verbes au futur. De plus, le présent rapport de gestion peut contenir des déclarations prospectives attribuables à des tierces parties de l'industrie. Une confiance excessive ne doit pas être mise dans les déclarations prospectives étant donné qu'il n'y a aucune assurance que les projections, intentions ou attentes sur lesquelles elles sont basées vont se produire. Par sa nature, l'information prospective implique de nombreuses hypothèses, des risques et des incertitudes généraux ou spécifiques, connus ou non qui contribuent à la possibilité que les prédictions, prévisions, projections ou autres déclarations prospectives ne se produiront pas et pourraient faire en sorte qu'à l'avenir, les résultats réels ou les événements diffèrent de manière significative des résultats prévus dans les déclarations prospectives.

This management's discussion and analysis ("MD&A") follows rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure for reporting issuers. It is a complement and supplement to the annual financial statements and should be read in conjunction with those statements. It represents the view of management on current activities and past and current financial results of the Company, as well as an outlook of the activities of the coming months.

1.1 DATE

The following management's discussion and analysis "MD&A" of Lamêlée Iron Ore Ltd. (the "Company") was written on January 23, 2018, for the years ended September 30, 2017 and 2016. These annual audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with the Company's audited annual financial statements for the years ended September 30, 2017 and 2016.

1.2 FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis contains forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Management's Discussion and Analysis may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

1.2 DÉCLARATIONS PROSPECTIVES (suite)

Les facteurs importants qui pourraient causer de telles différences sont énumérés dans ce rapport de gestion, plus particulièrement dans la section intitulée « Risques et incertitudes ».

1.3 NATURE DES ACTIVITÉS ET CONTINUITÉ DE L'EXPLOITATION

Lamêlée Minerais de Fer Ltée est une société d'exploration. La compagnie détient les droits, titres et intérêts dans 36 claims miniers sur la propriété Meston Lake West, située à 50 km de Chibougamau au Québec. La Société n'a aucun revenu de production puisque toutes ses propriétés sont au stade de l'exploration.

Les états financiers ont été établis sur une base de continuité d'exploitation, laquelle prévoit que la Société sera en mesure de réaliser ses actifs et d'acquitter ses dettes dans le cours normal de ses activités.

Étant donné que la Société n'a pas encore trouvé une propriété qui contient des dépôts de minéraux économiquement exploitables, la Société n'a pas généré de revenus ni de flux de trésorerie de son exploitation jusqu'à maintenant. Au 30 septembre 2017, la Société a un fonds de roulement négatif de 11 037 \$ (négatif de 47 452 \$ au 30 septembre 2016) et un déficit de 11 101 209 \$ (10 976 221 \$ au 30 septembre 2016). Ces incertitudes significatives sont susceptibles de jeter un doute important relativement à la capacité de la Société de poursuivre ses activités.

La capacité de la Société de poursuivre ses activités dépend de l'obtention de nouveaux financements nécessaires à la poursuite de l'exploration de ses propriétés minières. Même si la Société a réussi à financer ses programmes d'exploration dans le passé, rien ne garantit qu'elle réussisse à obtenir d'autres financements dans l'avenir.

Les états financiers n'ont pas subi les ajustements qu'il serait nécessaire d'apporter aux valeurs comptables des actifs et des passifs, aux produits et aux charges présentés et au classement utilisé dans l'état de la situation financière si l'hypothèse de la continuité de l'exploitation ne convenait pas.

1.2 FORWARD LOOKING STATEMENTS (Continued)

Important factors that could cause such a difference are discussed in this Report, particularly in the section "Risks and uncertainties".

1.3 NATURE OF ACTIVITIES AND GOING CONCERN

Lamêlée Iron Ore Ltd. is a mineral exploration company. The Company holds the rights, titles and interests in 36 mining claims on the Meston Lake West Property, located 50 km of Chibougamau in Quebec. The Company has no income from production since all its properties are at the exploration stage.

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet found a property that contains economically recoverable mineral deposits, the Company has not yet generated income nor cash flows from its operations. As at September 30, 2017, the Company has a working capital deficiency of \$11,037 (deficiency of \$47,452 as at September 30, 2016) and has a deficit of \$11,101,209 (\$10,976,221 as at September 30, 2016). These material uncertainties may cast a significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue its operations as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no guarantee that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

1.4 SURVOL

Au 30 septembre 2017, la Société avait un fonds de roulement négatif de 11 037 \$.

Au 30 septembre 2017, la Société disposait de 1 068 \$ en liquidité, 5 133 \$ en autre débiteur et 2 608 \$ en taxes à la consommation à recevoir.

Le 21 avril 2017, la Société a conclu un placement privé en émettant 1 052 996 unités au prix de 0,15 \$ l'unité pour un produit total de 157 950 \$. Chaque unité est composée d'une action ordinaire et d'un bon de souscription. Chaque bon de souscription permet à son détenteur de souscrire à une action ordinaire au prix de 0,20 \$ l'action pour 36 mois.

Pour plus d'information, vous pouvez consulter sur SEDAR l'avis de convocation à l'assemblée générale annuelle et extraordinaire des actionnaires.

1.5 ACTIVITÉS D'EXPLORATION

Voici une analyse détaillée des dépenses d'exploration et d'évaluation pour l'exercice financier terminé le 30 septembre 2017.

	<u>2017</u>	<u>2016</u>	
	\$	\$	
Solde au début de l'exercice	-	2 161 751	Balance - Beginning of year
Additions de l'exercice			Additions for the year
Analyse	-	92 730	Assays
Consultant en ingénierie minière	-	40 000	Consultant in Mining Engineering
Étude portuaire	-	24 975	Harbor study
Entreposage	-	3 936	Storage
Assurance	-	3 784	Insurance
Géologie	-	3 575	Geology
Amortissement	-	97	Depreciation
	-	169 097	
	-	2 330 848	
Crédits d'impôts et de droits remboursables	-	(5 570)	Refundable tax credits and credit on duties
Perte sur cession	-	(2 325 278)	Loss on disposal
Solde à la fin de l'exercice	-	-	Balance - End of year

1.4 OVERVIEW

As at September 30, 2017, the Company had a working capital deficiency of \$11,037.

As at September 30, 2017, the Company had \$1,068 in cash, \$5,133 in other receivable and \$2,608 in sales taxes receivable.

On April 21, 2017, the Company closed a private placement by issuing 1,052,996 units at a price of \$0.15 per unit for total proceeds of \$157,950. Each unit is composed of one common share and one share purchase warrant. Each warrant entitles its holder to subscribe for one common share at a price of \$0.20 per share for 36 months.

For more information, please consult on SEDAR the Notice of the Annual General and Special Meeting of Shareholders.

1.5 EXPLORATION ACTIVITIES

The table below contains the detailed analysis of capitalized exploration and evaluation expenses for the year ended September 30, 2017.

1.6 RÉSUMÉ DES RÉSULTATS TRIMESTRIELS

Le tableau suivant représente certaines informations trimestrielles pour chacun des huit trimestres complétés.

1.6 SUMMARY OF QUARTER RESULTS

The following table sets forth selected quarterly financial information for each of the eight completed quarters.

<u>Trois mois terminés le</u>	<u>Résultat net et résultat global total pour la période / Net loss and total comprehensive loss for the period</u>	<u>Résultat par action / Loss per share</u>	<u>Three-month period ended</u>
	\$	\$	
30 septembre 2017	(10 462)	(0,003)	September 30, 2017
30 juin 2017	(23 511)	(0,006)	June 30, 2017
31 mars 2017	(26 554)	(0,009)	March 31, 2017
31 décembre 2016	(54 312)	(0,019)	December 31, 2016
30 septembre 2016	(163 693)	(0,05)	September 30, 2016
30 juin 2016	(7 251 355)	(1,57)	June 30, 2016
31 mars 2016	(70 731)	(0,016)	March 31, 2016
31 décembre 2015	(27 143)	(0,006)	December 31, 2015

1.7 RÉSULTAT NET ET RÉSULTAT GLOBAL

Le résultat net et résultat global total pour la période de trois mois terminée au 30 septembre 2017 au montant de 10 462 \$ est composé principalement des honoraires professionnels de 9 951 \$, des frais de déplacement de 3 534 \$, des frais de fiducie et d'enregistrement de 1 300 \$ et des informations aux actionnaires de (4 740 \$).

Pour l'exercice de douze mois terminé le 30 septembre 2017, la Société a enregistré un résultat net et résultat global total de (114 839 \$).

Le résultat net et résultat global total de l'exercice financier terminé au 30 septembre 2017 est composé principalement des honoraires professionnels de 82 133 \$, des informations aux actionnaires de 19 160 \$ et des frais de fiducie et d'enregistrement de 5 200 \$.

1.7 NET LOSS AND TOTAL COMPREHENSIVE LOSS

The net loss and total comprehensive loss for the three-month period ended September 30, 2017, of an amount of \$10,462 is comprised mainly of the professional fees of \$9,951, the travel expenses of \$3,534, the trustees and registration fees of \$1,300 and the shareholders' relations of (\$4,740).

For the year ended September 30, 2017, the Company recorded a net loss and total comprehensive loss of \$114,839.

The net loss and total comprehensive loss for the year ended September 30, 2017, is comprised mainly of the professional fees of \$82,133, the shareholders' relations of \$19,160 and the trustees and registration fees of \$5,200.

1.8 INFORMATION ANNUELLE CHOISIE

Résultat net et résultat global total / Net loss and total comprehensive loss	(114 839)	(7 512 922)
Résultat par action / Loss per share	(0,03)	(1,79)
Trésorerie / Cash	1 068	12 584
Actifs d'exploration et d'évaluation / Exploration and evaluation assets	90 000	90 000
Actif total / Total assets	100 109	114 547
Passif Total / Total liabilities	21 146	71 999
Capitaux propres / Equity	78 963	42 548

1.9 SITUATION FINANCIÈRE

FONDS DE ROULEMENT

Le fonds de roulement au 30 septembre 2017 était négatif de 11 037 \$.

ACTIF

Au 30 septembre 2017, le total de l'actif de la Société était de 100 109 \$ représenté essentiellement par 90 000 \$ en actifs d'exploration et d'évaluation et 5 133 \$ en autre débiteur.

PASSIF

En date du 30 septembre 2017, le total du passif de la Société était de 21 146 \$ représenté par les dettes fournisseurs et autres créditeurs au montant de 20 864 \$ et les dus à un administrateur au montant de 282 \$.

CAPITAUX PROPRES

En date du 30 septembre 2017, les capitaux propres totalisaient 78 963 \$ représenté par 6 034 332 \$ en capital-actions, nil \$ en bons de souscription, 5 145 840 \$ en surplus d'apport et (11 101 209 \$) en déficit.

1.8 SELECTED ANNUAL INFORMATION

	30 septembre / September 30 2017 \$	30 septembre / September 30 2016 \$
Résultat net et résultat global total / Net loss and total comprehensive loss	(114 839)	(7 512 922)
Résultat par action / Loss per share	(0,03)	(1,79)
Trésorerie / Cash	1 068	12 584
Actifs d'exploration et d'évaluation / Exploration and evaluation assets	90 000	90 000
Actif total / Total assets	100 109	114 547
Passif Total / Total liabilities	21 146	71 999
Capitaux propres / Equity	78 963	42 548

1.9 FINANCIAL SITUATION

WORKING CAPITAL

The working capital deficiency as at September 30, 2017 was \$11,037.

ASSETS

As of September 30, 2017, the Company had \$100,109 in total assets mainly represented by \$90,000 in exploration and evaluation assets and \$5,133 in other receivable.

LIABILITIES

As at September 30, 2017, the Company had \$21,146 in total liabilities represented by the trade and other payables of \$20,864 and the dues to an officer of \$282.

EQUITY

As at September 30, 2017, the equity was \$78,963 represented by \$6,034,332 in share capital, \$nil in warrants, \$5,145,840 in contributed surplus and (\$11,101,209) in deficit.

1.10 FLUX DE TRÉSORERIE

Au 30 septembre 2017, la Société disposait de 1 068 \$ en liquidité et 5 133 \$ en autre débiteur.

ACTIVITÉS OPÉRATIONNELLES

Pour l'exercice financier terminé au 30 septembre 2017, les flux de trésorerie liés aux activités opérationnelles ont nécessité des liquidités de 129 599 \$ comparativement à 43 360 \$ pour l'exercice financier terminé le 30 septembre 2016.

La différence est expliquée principalement par le résultat négatif avant impôt de 114 839 \$ et les dettes fournisseurs et autres créditeurs de 21 135 \$.

ACTIVITÉS DE FINANCEMENT

Pour l'exercice financier terminé au 30 septembre 2017, les flux de trésorerie liés aux activités de financement ont été de 118 083 \$ comparativement à 29 567 \$ pour l'exercice financier terminé le 30 septembre 2016.

La différence est expliquée principalement par l'émission d'unités et les dus à un administrateur.

ACTIVITÉS D'INVESTISSEMENT

Les flux de trésorerie liés aux activités d'investissement ont nécessité aucune liquidité pour l'exercice terminé le 30 septembre 2017.

1.11 TRANSACTIONS ENTRE PARTIES LIÉES

Les parties liées de la Société comprennent les principaux dirigeants et les sociétés des principaux dirigeants comme il est expliqué ci-dessous.

Sauf indication contraire, aucune des transactions ne comporte de caractéristique ni condition spéciale, et aucune garantie n'a été donnée ou reçue. Les soldes sont généralement réglés en trésorerie à l'exception des paiements fondés sur des actions.

1.10 CASH FLOW

As of September 30, 2017, the Company had \$1,068 in cash and \$5,133 in other receivable.

OPERATING ACTIVITIES

During the year ended September 30, 2017, cash flows used by operating activities was \$129,599 compared to an amount of \$43,360 for the year ended September 30, 2016.

The difference is mainly explained by the loss before income taxes for an amount of \$114,839 and trade and other payables for an amount of \$21,135.

FINANCING ACTIVITIES

During the year ended September 30, 2017, cash flows from financing activities was \$118,083 compared to an amount of \$29,567 for the year ended September 30, 2016.

The difference is mainly explained by the units issued and the dues to a director.

INVESTMENT ACTIVITIES

During the year ended September 30, 2017, no cash flows were used by investing activities.

1.11 RELATED PARTY TRANSACTIONS

The Company's related parties include its key officers and the companies controlled by the key officers such as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash except for share-based payments.

1.11 TRANSACTIONS ENTRE PARTIES LIÉES (suite)

Transactions avec les principaux dirigeants

Les principaux dirigeants de la Société sont les membres du conseil d'administration et le chef des finances. La rémunération des principaux dirigeants comprend les charges suivantes :

	<u>30 septembre 2017 / September 30, 2017</u>
	\$
Paielements fondés sur des actions (résultat net)	3 453
Honoraires de gestion	-
Honoraires professionnels	-
Honoraires professionnels	29 385

La Société a encouru nil \$ (6 762 \$ en 2016) à titre d'honoraires professionnels et de déboursés à un cabinet d'avocats dont une administratrice de la Société est une associée. Au 30 septembre 2017, un montant dû à ce cabinet d'avocats de nil \$ (nil \$ en 2016) est inclus dans les dettes fournisseurs et autres créditeurs.

La Société a encouru 29 385 \$ (6 518 \$ en 2016) à titre d'honoraires professionnels et de déboursés à un cabinet d'avocats dont un administrateur est employé. Au 30 septembre 2017, un montant dû à ce cabinet d'avocats de 5 953 \$ (7 465 \$ en 2016) est inclus dans les dettes fournisseurs et autres créditeurs.

**1.11 RELATED PARTY TRANSACTIONS
(Continued)**

Transactions with key management

The Company's key officers are the members of the Board of Directors and the Chief Financial Officer. Key officers remuneration includes the following expenses:

	<u>30 septembre 2016 / September 30, 2016</u>	
	\$	
	46 900	Share-based payments (Net loss)
	12 000	Management fees
	6 762	Professional fees
	6 518	Professional fees

The Company incurred \$nil (\$6,762 in 2016) as professional fees and disbursements to a law firm of which a director of the Company is a partner. As at September 30, 2017, an amount owing to this firm of \$nil (\$nil in 2016) was included in trade and other payables.

The Company incurred \$29,385 (\$6,518 in 2016) as professional fees and disbursements to a law firm of which a director of the Company is an employee. As at September 30, 2017, an amount owing to this firm of \$5,953 (\$7,465 in 2016) was included in trade and other payables.

1.12 NORMES, MODIFICATIONS ET INTERPRÉTATIONS DE NORMES PUBLIÉES QUI NE SONT PAS ENCORE EN VIGUEUR ET QUI N'ONT PAS ÉTÉ ADOPTÉES DE FAÇON ANTICIPÉE PAR LA SOCIÉTÉ

À la date d'autorisation de ces états financiers, de nouvelles normes et interprétations de normes existantes et de nouvelles modifications ont été publiées, mais ne sont pas encore en vigueur, et la Société ne les a pas adoptées de façon anticipée.

La direction prévoit que l'ensemble des prises de position sera adopté dans les méthodes comptables de la Société au cours de la première période débutant après la date d'entrée en vigueur de chaque prise de position. L'information sur les nouvelles normes et interprétations ainsi que les nouvelles modifications qui sont susceptibles d'être pertinents pour les états financiers de la Société, est fournie ci-dessous. Certaines autres nouvelles normes et interprétations ont été publiées, mais on ne s'attend pas à ce qu'elles aient une incidence importante sur les états financiers de la Société.

IFRS 2, Paiement fondé sur des actions

L'IFRS 2 *Paiement fondé sur des actions* a été révisée afin d'intégrer des modifications publiées par l'International Accounting Standards Board (IASB) en juin 2016. Les modifications visent à fournir des indications sur la comptabilisation : de l'effet des conditions d'acquisition des droits et des conditions accessoires à l'acquisition des droits sur l'évaluation des paiements fondés sur des actions qui sont réglés en trésorerie; des transactions dont le paiement est fondé sur des actions et qui comportent des modalités de règlement net pour satisfaire aux obligations relatives à la retenue d'impôt à la source; d'une modification des termes et conditions qui a pour effet qu'une transaction dont le paiement est fondé sur des actions et qui est réglée en trésorerie est reclassée comme étant réglée en instruments de capitaux propres. Les modifications s'appliquent pour les exercices ouverts à compter du 1er janvier 2018. Une application anticipée est permise.

1.12 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE COMPANY

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements not yet effective will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

IFRS 2 Share-based Payment

IFRS 2 *Share-based Payment* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1st, 2018. Earlier application is permitted.

1.12 NORMES, MODIFICATIONS ET INTERPRÉTATIONS DE NORMES PUBLIÉES QUI NE SONT PAS ENCORE EN VIGUEUR ET QUI N'ONT PAS ÉTÉ ADOPTÉES DE FAÇON ANTICIPÉE PAR LA SOCIÉTÉ (suite)***IAS 7, Tableau des flux de trésorerie***

L'IAS 7 *Tableau des flux de trésorerie* a été révisée afin d'intégrer les modifications publiées par l'International Accounting Standards Board (IASB) en janvier 2016. Les modifications visent à exiger que les entités fournissent des informations permettant aux utilisateurs des états financiers d'évaluer les variations des passifs issus des activités de financement. Les modifications s'appliquent aux exercices ouverts à compter du 1er janvier 2017. Une application anticipée est permise.

IFRS 9, Instruments financiers

L'International Accounting Standards Board (IASB) a remplacé intégralement l'IAS 39 Instruments financiers : comptabilisation et évaluation par l'IFRS 9. Le nouveau chapitre traite du classement et de l'évaluation des actifs et passifs financiers, d'un nouveau modèle de pertes de dépréciation attendues et d'une approche considérablement modifiée pour la comptabilité de couverture.

L'IFRS 9 a aussi donné lieu à des modifications à l'IFRS 7, Instruments financiers : Informations à fournir, afin d'ajouter des obligations d'information sur la stratégie de gestion des risques de l'entité et sur l'effet de la comptabilité de couverture sur ses états financiers.

Cette nouvelle norme s'applique aux périodes annuelles ouvertes à partir du 1er janvier 2018. Une application anticipée est permise.

IAS 12, Impôts sur le résultat

L'IAS 12 *Impôts sur le résultat* a été révisée afin d'intégrer les modifications publiées par l'IASB en janvier 2016. Les modifications visent à fournir des éclaircissements sur la comptabilisation des actifs d'impôt différé relatifs à des instruments d'emprunt évalués à la juste valeur. Les modifications s'appliquent aux exercices ouverts à compter du 1er janvier 2017. Une application anticipée est permise.

1.12 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE COMPANY (Continued)***IAS 7, Statement of Cash Flows***

IAS 7 *Statement of Cash Flows* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1st, 2017. Earlier application is permitted.

IFRS 9, Financial Instruments

The International Accounting Standards Board (IASB) has replaced IAS 39 Financial Instruments: Recognition and measurement in its entirety with IFRS 9. The new section deals with the classification and measurement of financial assets and liabilities, a new expected-loss impairment model and a substantially-reformed approach to hedge accounting.

IFRS 9 also resulted in consequential amendments to IFRS 7 Financial Instruments: Disclosures to include disclosures about an entity's risk management strategy and the effect of hedge accounting on the financial statements.

This new standard is effective for annual periods beginning on or after January 1st, 2018. Earlier application is permitted.

IAS 12, Income Taxes

IAS 12 *Income Taxes* has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1st, 2017. Earlier application is permitted.

1.12 NORMES, MODIFICATIONS ET INTERPRÉTATIONS DE NORMES PUBLIÉES QUI NE SONT PAS ENCORE EN VIGUEUR ET QUI N'ONT PAS ÉTÉ ADOPTÉES DE FAÇON ANTICIPÉE PAR LA SOCIÉTÉ (suite)***IFRS 16, Contrats de location***

Cette nouvelle norme, publiée par l'International Accounting Standards Board en janvier 2016, établit des principes concernant la comptabilisation, l'évaluation et la présentation des contrats de location, ainsi que les informations à fournir à leur sujet, des points de vue respectifs du preneur et du bailleur. Pour la comptabilité du preneur, il n'y aura désormais qu'un seul modèle, lequel exige la comptabilisation de tous les éléments d'actif et de passif découlant des contrats de location.

La nouvelle norme annule et remplace les dispositions d'IAS 17 Contrats de location, d'IFRIC 4 Déterminer si un accord contient un contrat de location, de SIC-15 Avantages dans les contrats de location simple et de SIC-27 Évaluation de la substance des transactions prenant la forme juridique d'un contrat de location.

Les principaux éléments de la nouvelle norme sont les suivants :

- L'entité identifie comme un contrat de location tout contrat qui confère le droit de contrôler l'utilisation d'un bien déterminé pour un certain temps moyennant une contrepartie.
- Le preneur comptabilise un élément d'actif au titre du droit d'utilisation du bien loué et un élément de passif au titre de l'obligation d'effectuer les paiements de loyers. Des exceptions sont prévues pour les contrats de location à court terme et les contrats de location dont le bien sous-jacent est de faible valeur.
- L'élément d'actif est initialement évalué au coût, puis amorti comme les immobilisations corporelles. L'élément de passif est initialement évalué à la valeur actualisée des paiements de loyers qui n'ont pas encore été versés.

1.12 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE COMPANY (Continued)***IFRS 16, Leases***

This new standard, issued by the International Accounting Standards Board in January 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.

1.12 NORMES, MODIFICATIONS ET INTERPRÉTATIONS DE NORMES PUBLIÉES QUI NE SONT PAS ENCORE EN VIGUEUR ET QUI N'ONT PAS ÉTÉ ADOPTÉES DE FAÇON ANTICIPÉE PAR LA SOCIÉTÉ (suite)***IFRS 16, Contrats de location (suite)***

Les principaux éléments de la nouvelle norme sont les suivants (suite) :

- Dans l'état du résultat net et des autres éléments du résultat global, le preneur présente la charge d'intérêts sur l'obligation locative séparément de la dotation aux amortissements pour l'élément d'actif au titre du droit d'utilisation.
- Le bailleur continue de classer ses contrats de location en contrats de location simple ou en contrats de location-financement et de les comptabiliser en conséquence.
- Le bailleur fournit des informations plus étoffées sur les risques auxquels il est exposé, en particulier le risque lié à la valeur résiduelle.

La nouvelle norme s'applique aux exercices ouverts à compter du 1er janvier 2019. Une application anticipée est permise pour les entités qui appliquent également IFRS 15, Produits des activités ordinaires tirés de contrats conclus avec des clients.

IFRIC 23, Incertitude relative aux traitements fiscaux

En juin 2017, l'IASB a publié l'IFRIC 23, Incertitude relative aux traitements fiscaux, élaborée par l'IFRS Interpretations Committee afin de clarifier la comptabilisation des incertitudes relatives aux impôts sur le résultat.

L'interprétation s'applique à la détermination du bénéfice imposable (de la perte fiscale), des valeurs fiscales, des pertes fiscales inutilisées, des crédits d'impôts inutilisés et des taux d'imposition lorsqu'il y a un doute quant aux traitements fiscaux à utiliser selon IAS 12. La nouvelle norme s'applique aux exercices ouverts à compter du 1er janvier 2019. Une application anticipée est permise.

1.12 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE COMPANY (Continued)***IFRS 16, Leases (Continued)***

The main features of the new standard are as follows (Continued):

- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual value risk.

The new standard is effective for annual periods beginning on or after January 1st, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

IFRIC 23, Uncertainty Over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23, Uncertainty over income tax treatments, prepared by the IFRS Interpretations Committee to clarify the accounting for uncertainties over income tax treatments.

The interpretation applies to the determination of taxable income (tax loss), tax values, unused tax losses, unused tax credits and tax rates when there is doubt as to income tax treatments to be used in accordance with IAS 12. The new standard is effective for annual periods beginning on or after January 1st, 2019. Earlier application is permitted.

1.13 PRINCIPALES MÉTHODES COMPTABLES

L'information est fournie dans la note 3 des états financiers annuels audités du 30 septembre 2017.

1.14 JUGEMENTS, ESTIMATIONS ET HYPOTHÈSES

Lorsqu'elle prépare les états financiers, la direction pose un certain nombre de jugements, d'estimations et d'hypothèses quant à la comptabilisation et à l'évaluation des actifs, des passifs, des produits et des charges.

Les résultats réels peuvent différer des jugements, des estimations et des hypothèses posés par la direction et ils seront rarement identiques aux résultats estimés.

Se référer à la note 4 des états financiers annuels audités pour une description détaillée de l'information sur les jugements, les estimations et les hypothèses significatifs qui ont la plus grande incidence sur la comptabilisation et l'évaluation des actifs, des passifs, des produits et des charges.

1.15 CONTRÔLE

Relativement aux ordonnances de dispense émises en novembre 2007 par chacune des autorités en valeurs mobilières à travers du Canada, le Chef de la direction et le Chef de la direction financière de la Société doivent produire une «Attestation de base relative à l'émetteur émergent» relativement à l'information financière présentée dans les documents annuels et intermédiaires y compris les Rapports de gestion.

En comparaison avec le certificat intitulé «Annexe 52-109A2 Attestation des documents annuels et intérimaires», l'«Attestation de base relative à l'émetteur émergent» comprend un «Avis au lecteur» qui déclare que le Chef de la direction et le Chef de la direction financière ne font aucune déclaration concernant l'établissement et le maintien de contrôles et procédures de communication de l'information (CPCI) et du contrôle interne à l'égard de l'information financière (CIIF), au sens du Règlement 52-109.

1.13 SUMMARY OF ACCOUNTING POLICIES

The information is provided in Note 3 of the September 30, 2017, audited annual financial statements.

1.14 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Please refer to Note 4 of the audited annual financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

1.15 CONTROL

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited quarterly financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under Multilateral Instrument ("MI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

1.16 RISQUES ET INCERTITUDES***Risques inhérents aux activités d'exploration minière***

Les activités de la Société consistent à acquérir et explorer des propriétés minières dans l'espoir de découvrir des gîtes de minerai économiques. Les propriétés de la Société sont présentement au stade de l'exploration et ne contiennent aucun gisement commercialisable connu. Par conséquent, il est peu probable que la Société réalisera des bénéfices à court ou moyen termes. Toute rentabilité future des activités de la Société est tributaire de la découverte d'un gisement de minerai économique. De plus, même si un gisement de minerai économique est découvert, rien ne garantit qu'il soit mis en production de manière commercialement rentable.

Réglementation et exigences environnementales

Les activités de la Société nécessitent l'obtention de permis auprès de diverses autorités gouvernementales et sont régies par des lois et des règlements sur l'exploration, la mise en valeur, l'exploitation, la production, les exportations, les impôts, les normes du travail et la sécurité au travail ainsi que sur l'environnement et autres questions.

Des coûts supplémentaires et des retards peuvent être occasionnés par la nécessité de se conformer aux lois et règlements. Si la Société ne pouvait obtenir ou renouveler les permis ou approbations, elle pourrait être forcée de réduire ou cesser ses activités d'exploration ou de mise en valeur.

Besoins en capitaux

L'exploration, la mise en valeur, le traitement et l'exploitation des propriétés de la Société exigeront un financement supplémentaire considérable. Les seules sources de fonds disponibles pour la Société sont l'émission de capital-actions additionnel et l'emprunt. Il n'existe aucune assurance que de tels financements seront disponibles à la Société ni qu'ils le seront selon des modalités favorables à la Société ou qu'ils seront suffisants pour répondre aux besoins de la Société, ce qui pourrait avoir une incidence négative sur les affaires de la Société et sur sa situation financière. L'impossibilité d'obtenir un financement suffisant peut entraîner un retard, voire le report indéterminé des travaux d'exploration, de mise en valeur ou de production sur l'une ou l'ensemble des propriétés de la Société, et même occasionner la perte de sa participation dans une propriété.

1.16 RISKS AND UNCERTAINTIES***Risks Inherent to Mining Exploration***

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration stage only and are without a known body of commercial mineral. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Regulation and Environmental Requirements

The activities of the Company require permits from various governmental authorities and are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, environmental protection and other matters.

Increased costs and delays may result of the need to comply with applicable laws and regulations. If the Company is unable to obtain or renew licenses, approvals and permits, it may be curtailed or prohibited from proceeding with exploration or development activities.

Capital Needs

The exploration, development, mining and processing of the Company's properties will require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest.

1.16 RISQUES ET INCERTITUDES (suite)

Risques non assurés

Les activités de la Société sont sujettes à certains risques et dangers, dont des conditions environnementales difficiles, des accidents industriels, des conflits de travail, des conditions géologiques inusitées ou inattendues, des glissements de terrain ou de talus, des éboulements et des phénomènes naturels tels que des conditions météorologiques défavorables, des inondations et des tremblements de terre. De tels événements pourraient occasionner des blessures ou décès, des dommages environnementaux ou autres aux propriétés ou installations de production de la Société ou aux propriétés d'autres Sociétés, des retards dans l'exploitation minière, des pertes monétaires, et de possibles responsabilités légales.

Prix des métaux

Le prix du marché des actions ordinaires de la Société, ses résultats financiers ainsi que ses activités d'exploration, de mise en valeur et d'exploitation minière ont déjà subi dans le passé et pourraient éventuellement subir, des répercussions négatives importantes en raison de la chute des prix des métaux communs ou précieux.

1.17 POLITIQUES ET PROCÉDÉS DE GESTION DU CAPITAL

Les objectifs de la Société en ce qui a trait à la gestion du capital sont d'assurer la capacité de la Société de poursuivre ses activités, augmenter la valeur des actifs de la Société et d'assurer un rendement aux propriétaires de la Société.

Ces objectifs seront atteints par l'établissement de projets d'exploration adéquats, la mise en valeur de ces projets et ultimement la mise en production ou la vente des propriétés et l'obtention de liquidités, avec des partenaires ou seul.

1.16 RISKS AND UNCERTAINTIES (Continued)

Uninsured Risks

The Company's business is subject to a number of risks and hazards, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Commodity Prices

The market price of the Company's common shares, its financial results and its exploration, development and mining activities have previously been, or may in the future be, significantly adversely affected by declines in the price of precious or base minerals.

1.17 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, to increase the value of the assets of the Company, and to provide a return to the Company's shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

1.17 POLITIQUES ET PROCÉDÉS DE GESTION DU CAPITAL (suite)

La Société gère son capital sur la base de la valeur comptable des capitaux propres.

La Société n'est soumise à aucune exigence en matière de capital imposée de l'extérieur, sauf lorsqu'il conclut un placement accréditif pour lequel le montant doit être utilisé à des fins d'exploration.

La Société finance ses activités d'exploration et d'évaluation principalement en recherchant des capitaux supplémentaires au moyen de placements privés.

Lorsque les conditions de financement ne sont pas optimales, la Société peut signer des conventions d'options ou autres ententes pour être en mesure de continuer ses activités d'exploration et d'évaluation ou peut ralentir ses activités jusqu'à ce que les conditions de financement s'améliorent.

1.18 AUTRES

- a) Des informations additionnelles sont disponibles sur SEDAR à www.sedar.com.
- b) Divulgateion au 23 janvier 2018 des données relatives aux titres en circulation.

Actions ordinaires : **3 961 584**
Bons de souscription : **1 052 996**
Options en circulation : **92 500**

1.19 CAPITAL-ACTIONS

Le 21 avril, 2017, la Société a conclu un placement privé en émettant 1 052 996 unités au prix de 0,15 \$ l'unité pour un produit total de 157 950 \$. Chaque unité est composée d'une action ordinaire et d'un bon de souscription. Chaque bon de souscription permet à son détenteur de souscrire à une action ordinaire au prix de 0,20 \$ l'action pour 36 mois.

1.17 CAPITAL MANAGEMENT POLICIES AND PROCEDURES (Continued)

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not subject to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital through private placements.

When financing conditions are not optimal, the company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

1.18 OTHER

- a) Additional information is available on SEDAR at www.sedar.com.
- b) Disclosure of Outstanding Securities as at January 23, 2018.

Common shares: **3,961,584**
Warrants: **1,052,996**
Outstanding options: **92,500**

1.19 SHARE-CAPITAL

On April 21, 2017, the Company closed a private placement by issuing 1,052,996 units at a price of \$0.15 per unit for total proceeds of \$157,950. Each unit is composed of one common share and one share purchase warrant. Each warrant entitles its holder to subscribe for one common share at a price of \$0.20 per share for 36 months.

1.20 PAIEMENTS FONDÉS SUR DES ACTIONS

1.20 SHARE-BASED PAYMENTS

Les options d'achat d'actions de la Société se détaillent comme suit pour les périodes de présentation de l'information financière considérées :

The Company's share options are as follows for the reporting periods presented:

	2017		2016		
	Nombre d'options / Number of options	Prix d'exercice moyen pondéré / Weighted average exercise price \$	Nombre d'options / Number of options	Prix d'exercice moyen pondéré / Weighted average exercise price \$	Administration
En circulation au début de la période	125 000	2,51	410 000	2,64	Outstanding, beginning of year
Expirées	-	-	(82 500)	2,74	Expired
Annulées	(32 500)	2,46	(202 500)	2,69	Cancelled
En circulation à la fin de la période	92 500	2,53	125 000	2,51	Outstanding, end of year
Exerçables à la fin de la période	86 667	2,64	104 167	2,74	Exercisable, end of year

Le tableau suivant résume les renseignements relatifs aux options d'achat d'actions au 30 septembre 2017.

The table below summarizes the information related to share options as at September 30, 2017:

	En circulation / Outstanding			Exerçables / Exercisable	
	Nombre d'options / Number of options	Prix d'exercice / Exercise price \$	Durée de vie restante (an) / Remaining life (years)	Nombre d'options / Number of options	Prix d'exercice / Exercise price \$
Administration / Administration	17 500	1,00	7,23	11 667	1,00
	12 500	2,80	6,39	12 500	2,80
	62 500	2,90	6,27	62 500	2,90
	92 500			86 667	

1.21 BONS DE SOUSCRIPTION

Les bons de souscription en circulation permettent à leurs détenteurs de souscrire à un nombre équivalent d'actions ordinaires comme suit :

1.21 WARRANTS

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	2017		2016		
	Nombre de bons de souscription /	Prix d'exercice moyen pondéré /	Nombre de bons de souscription /	Prix d'exercice moyen pondéré /	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price	
		\$		\$	
Solde au début	76 875	3,00	440 375	3,09	Balance at beginning
Octroyés	1 052 996	0,20	-	-	Granted
Expirés	<u>(76 875)</u>	3,00	<u>(363 500)</u>	3,11	Expired
Solde à la fin	<u>1 052 996</u>	0,20	<u>76 875</u>	3,00	Balance at end

Les bons de souscription en circulation se détaillent comme suit :

Outstanding warrants are as follows:

Date d'échéance	Prix d'exercice / Exercise price	2017	2016	Expiry date
		Nombre / Number	Nombre / Number	
	\$			
29 octobre 2016	3,00	-	76 875	October 29, 2016
21 avril 2020	0,20	1 052 996	-	April 21, 2020
		<u>1 052 996</u>	<u>76 875</u>	

1.22 LIMITATION DE RESPONSABILITÉ

Le rapport annuel, incluant le présent rapport de gestion, peut contenir des réclamations progressives, incluant des déclarations relatives aux performances anticipées d'affaires et de finances de la Société, ce qui veut dire qu'il y a certains risques et incertitudes, ce qui peut être la cause que les résultats actuels de la Société peuvent être différer de ceux envisagés par les déclarations progressistes. Les facteurs qui peuvent causer ou contribuer aux différences incluent, entre autres, les prix du marché, la disponibilité continue du capital et du financement et la situation de l'économie générale, du marché et du monde des affaires. Les investisseurs sont avertis que les déclarations ne garantissent pas la performance future et que les résultats actuels ou les développements peuvent différer de façon matérielle de ceux prévus par les déclarations progressistes. Les investisseurs sont aussi prévenus de considérer les autres risques et incertitudes émises dans les dépositions et classement requis.

1.23 RESPONSABILITÉ DE LA DIRECTION À L'ÉGARD DE L'INFORMATION FINANCIÈRE

Les états financiers et les autres informations financières contenues dans ce rapport de gestion sont la responsabilité de la Société et ont été revus et approuvés par le conseil d'administration le 23 janvier 2018.

1.22 DISCLAIMER

This annual report including this MD&A may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company, which involve risks and uncertainties, which may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also warned to consider the other risks and uncertainties discussed in the Company's required financial statements and filing.

1.23 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The financial statements and other financial information contained in this MD&A are the responsibility of the Company's management and have been reviewed and approved by the Board of Directors on January 23, 2018.

(s) Stéphane Leblanc, Président et chef de la direction / President and Chief Executive Officer

(s) Hubert Vallée, Chef des Finances / Chief Financial Officer

Montréal (Québec), le 23 janvier 2018 / January 23, 2018

Rapport de gestion /
Management's Discussion and Analysis

**LAMÊLÉE MINÉRAIS DE FER LTÉE
LAMÊLÉE IRON ORE LTD.**

**31 mars 2018
March 31, 2018**

Le présent rapport de gestion est conforme au règlement 51-102A des Autorités canadiennes en valeurs mobilières relatif à l'information continue. Le rapport de gestion est un supplément aux états financiers annuels qu'il complète et doit être lu parallèlement à ceux-ci. Il présente le point de vue de la direction sur les activités courantes de la Société et sur ses résultats financiers courants et passés ainsi qu'un aperçu des activités à venir au cours des prochains mois.

1.1 DATE

Le présent rapport de gestion a été rédigé le 30 mai 2018 par la direction et a trait à la situation financière et à l'interprétation des résultats d'exploitation de Lamêlée Minerais de Fer Ltée. (la "Société") pour le trimestre terminé le 31 mars 2018. Ces états financiers trimestriels ont été préparés conformément aux Normes internationales d'information financière (l'International Financial Reporting Standards ou «IFRS»), conformément à la norme IAS34, Information financière intermédiaire. Les états financiers trimestriels doivent être lus en conjonction avec les états financiers annuels audités de la Société pour l'exercice terminé le 30 septembre 2017, qui ont été préparés conformément aux IFRS publiées par l'IASB.

1.2 DÉCLARATIONS PROSPECTIVES

Le présent rapport de gestion renferme des déclarations prospectives. Ces déclarations se rapportent à des événements futurs ou à la performance future de la Société et sont seulement des prévisions. Toute déclaration autre qu'une déclaration basée sur des faits historiques est une déclaration prospective. Les déclarations prospectives sont souvent, mais pas toujours, identifiées par l'emploi de mots tels que « pouvoir », « prévoir », « planifier », « anticiper », « croire », « estimer », « potentiel », « viser », « projeter », « espérer », ou leur forme négative ou des expressions semblables, de même que d'autres verbes au futur. De plus, le présent rapport de gestion peut contenir des déclarations prospectives attribuables à des tierces parties de l'industrie. Une confiance excessive ne doit pas être mise dans les déclarations prospectives étant donné qu'il n'y a aucune assurance que les projections, intentions ou attentes sur lesquelles elles sont basées vont se produire. Par sa nature, l'information prospective implique de nombreuses hypothèses, des risques et des incertitudes généraux ou spécifiques, connus ou non qui contribuent à la possibilité que les prédictions, prévisions, projections ou autres déclarations prospectives ne se produiront pas et pourraient faire en sorte qu'à l'avenir, les résultats réels ou les événements diffèrent de manière significative des résultats prévus dans les déclarations prospectives.

This management's discussion and analysis ("MD&A") follows rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure for reporting issuers. It is a complement and supplement to the annual financial statements and should be read in conjunction with those statements. It represents the view of management on current activities and past and current financial results of the Company, as well as an outlook of the activities of the coming months.

1.1 DATE

The following management's discussion and analysis "MD&A" of Lamêlée Iron Ore Ltd. ((the "Company") was written on May 30, 2018, for the three-month period ended March 31, 2018. These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in accordance with IAS34 standard, Interim Financial Reporting. The unaudited interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended September 30, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

1.2 FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis contains forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Management's Discussion and Analysis may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

1.2 DÉCLARATIONS PROSPECTIVES (suite)

Les facteurs importants qui pourraient causer de telles différences sont énumérés dans ce rapport de gestion, plus particulièrement dans la section intitulée « Risques et incertitudes ».

1.3 NATURE DES ACTIVITÉS ET CONTINUITÉ DE L'EXPLOITATION

Lamêlée Minerais de Fer Ltée est une société d'exploration. La compagnie détient les droits, titres et intérêts dans 36 claims miniers sur la propriété Meston Lake West, située à 50 km de Chibougamau au Québec. La Société n'a aucun revenu de production puisque toutes ses propriétés sont au stade de l'exploration.

Les états financiers ont été établis sur une base de continuité d'exploitation, laquelle prévoit que la Société sera en mesure de réaliser ses actifs et d'acquitter ses dettes dans le cours normal de ses activités.

Étant donné que la Société n'a pas encore trouvé une propriété qui contient des dépôts de minéraux économiquement exploitables, la Société n'a pas généré de revenus ni de flux de trésorerie de son exploitation jusqu'à maintenant. Au 31 mars 2018, la Société a un déficit de 11 215 600 \$ (11 057 087 \$ au 31 mars 2017). Ces incertitudes significatives sont susceptibles de jeter un doute important relativement à la capacité de la Société de poursuivre ses activités.

La capacité de la Société de poursuivre ses activités dépend de l'obtention de nouveaux financements nécessaires à la poursuite de l'exploration de ses propriétés minières. Même si la Société a réussi à financer ses programmes d'exploration dans le passé, rien ne garantit qu'elle réussisse à obtenir d'autres financements dans l'avenir.

Les états financiers n'ont pas subi les ajustements qu'il serait nécessaire d'apporter aux valeurs comptables des actifs et des passifs, aux produits et aux charges présentés et au classement utilisé dans l'état de la situation financière si l'hypothèse de la continuité de l'exploitation ne convenait pas.

1.2 FORWARD LOOKING STATEMENTS (Continued)

Important factors that could cause such a difference are discussed in this Report, particularly in the section "Risks and uncertainties".

1.3 NATURE OF ACTIVITIES AND GOING CONCERN

Lamêlée Iron Ore Ltd. is a mineral exploration company. The Company holds the rights, titles and interests in 36 mining claims on the Meston Lake West Property, located 50 km of Chibougamau in Quebec. The Company has no income from production since all its properties are at the exploration stage.

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet found a property that contains economically recoverable mineral deposits, the Company has not yet generated income nor cash flows from its operations. As at March 31, 2017, the Company has a deficit of \$11,215,600 (\$11,057,087 as at March 31, 2017). These material uncertainties may cast a significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue its operations as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no guarantee that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

1.4 SURVOL

Au 31 mars 2018, la Société avait un fonds de roulement négatif de 125 164 \$.

Au 31 mars 2018, la Société disposait de 3 513 \$ en liquidité et 1 658 \$ en taxes à recevoir.

1.5 TRANSACTION EN COURS

Le 23 janvier 2018, la Société a conclu une lettre d'intention avec Aura Health Corp. (« Aura ») selon laquelle les parties vont compléter un regroupement d'entreprises au moyen d'une transaction qui constituera une prise de contrôle inversée de la société par Aura (la "Transaction"). Suite à la transaction, la Société demandera d'abord à être radiée de la Bourse de croissance TSX (la « TSXV »), puis à la clôture de la transaction (la « clôture »), toutes les actions ordinaires émises et en circulation d'Aura seront échangées contre des actions ordinaires de la Société (« les actions LIR »), ce qui permettra à Aura de devenir une filiale à 100 % de la Société ou de combiner sa structure corporative avec une filiale à 100 % de la Société. L'émetteur résultant qui existera à la clôture de la transaction passera de l'exploration minière à l'investissement dans des entreprises qui fournissent des services à l'industrie de la marijuana et deviendra inscrite à la Bourse nationale canadienne (le « CSE »). La structure finale de la transaction sera déterminée par les parties après avoir reçu des conseils en matière de fiscalité, de droit des sociétés et de droit des valeurs mobilières. La transaction est une transaction sans lien de dépendance.

1.4 OVERVIEW

As at March 31, 2018, the Company had a working capital deficiency of \$125,164.

As at March 31, 2018, the Company had \$3,513 in cash and \$1,658 in sales taxes receivable.

1.5 TRANSACTION IN PROCESS

On January 23, 2018, the Company entered into a letter of intent with Aura Health Corp. ("Aura") whereby the parties will complete a business combination by way of a transaction that will constitute a reverse takeover of the Company by Aura (the "Transaction"). Pursuant to the Transaction, the Company will first apply to delist from the TSX Venture Exchange (the "TSXV"), then on closing of the Transaction (the "Closing") all of the issued and outstanding common shares of Aura will be exchanged for common shares of the Company (the "LIR Shares"), which will result in Aura becoming a wholly-owned subsidiary of the Company or otherwise combining its corporate existence with a wholly-owned subsidiary of the Company. The resulting issuer that will exist upon completion of the Transaction will change its business from mining to investment in businesses that provide services to the Marijuana Industry and shall become listed on the Canadian Securities Exchange (the "CSE"). The final structure of the Transaction will be determined by the parties following receipt of tax, corporate and securities law advice. The Transaction is an arm's length transaction.

1.5 TRANSACTION EN COURS (suite)**Placement privé Aura**

Avant la clôture ou parallèlement à celle-ci, Aura effectuera un placement privé d'un minimum de 1 000 000 \$ et d'un maximum de 5 000 000 \$ à un prix cible de 1,00 \$ par action d'Aura (le « placement privé Aura »). Les conditions définitives du placement privé Aura, telles que les prix, la structure de financement, les commissions et les honoraires de l'agent, seront soumises à l'approbation finale d'Aura, du CSE et/ou des autres autorités de réglementation applicables.

Valeurs mobilières et options d'achat d'actions et bons de souscription de LIR

Suite à la Transaction, toutes les 16 550 000 actions d'Aura existantes seront acquises par LIR en contrepartie de LIR émettant environ 2,05 actions de LIR pour chaque (1) action Aura émise et en circulation immédiatement avant la clôture (le « Ratio d'Echange »), à une valeur réputée de 0,48757 \$ par action LIR, pour un total de 33 943 858 actions LIR. De plus, Aura a des titres convertibles permettant d'acheter un total de 12 085 667 actions Aura. Si l'un des titres convertibles existants d'Aura est converti ou exercé en actions Aura au plus tard à la date de clôture, ces actions seront acquises par LIR à la Clôture en émettant des Actions LIR supplémentaires au taux d'échange, et tous les titres convertibles d'Aura restants seront échangés, au taux d'échange, pour un nombre équivalent d'options LIR et de bons de souscription à la clôture selon les mêmes termes et conditions avec le prix d'exercice ou de conversion ajusté sur la base du ratio d'échange.

De plus, assujetti à l'approbation réglementaire et à la conformité aux lois sur les valeurs mobilières applicables, LIR versera une commission d'intermédiaire d'un montant total de 300 000 actions LIR d'une valeur réputée de 0,48757 \$ par action pour une valeur totale estimée de 146 271 \$ à un agent sans lien de dépendance à la clôture de la transaction.

1.5 TRANSACTION IN PROCESS (CONTINUED)**Aura Private Placement**

Prior to or concurrently with the Closing, Aura will complete a private placement of a minimum \$1,000,000 and a maximum of \$5,000,000 at a targeted price of \$1.00 per Aura security (the "Aura Private Placement"). Final terms of the Aura Private Placement such as pricing, financing structure, commission and finder's or agent's fees will be subject to final approval by Aura, the CSE and/or other applicable regulatory authorities.

Securities Exchange and LIR Stock Options and Warrants

Pursuant to the Transaction, all of the existing 16,550,000 Aura Shares will be acquired by LIR in consideration of LIR issuing approximately 2.05 LIR Shares for each one (1) Aura Share issued and outstanding immediately prior to Closing (the "Exchange Ratio"), at a deemed value of \$0.48757 per LIR Share, for a total of 33,943,858 LIR Shares. In addition, Aura has convertible securities to purchase a total of 12,085,667 Aura Shares. If any of the Aura's existing convertible securities are converted or exercised into Aura Shares on or before Closing, such Aura Shares will be acquired by LIR on Closing by issuing additional LIR Shares at the Exchange Ratio, and all remaining Aura Convertible Securities shall be exchanged, at the Exchange Ratio, for an equivalent number of LIR options and warrants on Closing on the same terms and conditions with the exercise/conversion price adjusted based on the Exchange Ratio.

Further, subject to regulatory approval and compliance with applicable securities law, LIR will pay a finder's fee in the aggregate amount of 300,000 LIR Shares, at a deemed value of \$0.48757 per share for an aggregate deemed value of \$146,271 to an arm's length finder on successful completion of the Transaction.

1.6 RÉSUMÉ DES RÉSULTATS TRIMESTRIELS

Le tableau suivant représente certaines informations trimestrielles pour chacun des huit trimestres complétés.

1.6 SUMMARY OF QUARTER RESULTS

The following table sets forth selected quarterly financial information for each of the eight completed quarters.

Trois mois terminés le	Résultat net et résultat global total pour la période / Net loss and total comprehensive loss for the period	Résultat par action / Loss per share	Three-month period ended
	\$	\$	
31 mars 2018	(80 738)	(0,02)	March 31, 2018
31 décembre 2017	(33 653)	(0,01)	December 31, 2017
30 septembre 2017	(10 462)	(0,003)	September 30, 2017
30 juin 2017	(23 511)	(0,006)	June 30, 2017
31 mars 2017	(26 554)	(0,01)	March 31, 2017
31 décembre 2016	(54 312)	(0,02)	December 31, 2016
30 septembre 2016	(163 693)	(0,05)	September 30, 2016
30 juin 2016	(7 251 355)	(1,57)	June 30, 2016

1.7 RÉSULTAT NET ET RÉSULTAT GLOBAL TOTAL

Le résultat net et résultat global total pour la période de trois mois terminée le 31 mars 2018 au montant de (80 738 \$) est composé principalement des frais de transactions au montant de 50 096 \$, des honoraires professionnels au montant de 15 032 \$ et des informations aux actionnaires de 12 187 \$.

Au cours de la période de trois mois terminée le 31 mars 2018, la Société a enregistré un résultat avant impôt de (80 738 \$) comparé à (26 554 \$) pour la même période l'année précédente. Cette différence s'explique principalement par la hausse des frais de transaction de 50 096 \$.

Au cours de la période de six mois terminée le 31 mars 2018, la Société a enregistré un résultat avant impôt de (114 391 \$) comparé à (80 866 \$) pour la même période l'année précédente. Cette différence s'explique principalement par la hausse des frais de transactions de 50 096 \$ compensée par la baisse des honoraires professionnels au montant de 17 914 \$.

1.7 NET LOSS AND TOTAL COMPREHENSIVE LOSS

The net loss and total comprehensive loss for the three-month period ended March 31, 2018 for an amount of \$80,738 is comprised mainly of transaction fees for an amount of \$50,096, professional fees for an amount of \$15,032 and shareholders' relations for an amount of \$12,187.

During the three-month period ended March 31, 2018, the Company recorded a loss before income taxes of \$80,738 compared to \$26,554 for the same period in 2017. The difference is mainly explained by the increase of the transaction fees for an amount of \$50,096.

During the six-month period ended March 31, 2018, the Company recorded a loss before income taxes of \$114,391 compared to \$80,866 for the same period in 2017. The difference is mainly explained by the increase of the transaction fees of \$50,096 offset by the decrease of professional fees for an amount of \$17,914.

1.8 INFORMATION ANNUELLE CHOISIE

	31 mars / March 31 2018	31 mars / March 31 2017
	\$	\$
Résultat net et résultat global total / Net loss and total comprehensive loss	(114 391)	(80 866)
Résultat par action / Loss per share	(0,03)	(0,03)
Trésorerie / Cash	3 513	10 058
Actifs d'exploration et d'évaluation / Exploration and evaluation assets	90 000	90 000
Actif total / Total assets	100 171	123 722
Passif Total / Total liabilities	135 335	153 962
Capitaux propres (négatifs) / Equity (deficiency)	(35 164)	(30 240)

1.8 SELECTED ANNUAL INFORMATION

	31 mars / March 31 2018	31 mars / March 31 2017
	\$	\$
Résultat net et résultat global total / Net loss and total comprehensive loss	(114 391)	(80 866)
Résultat par action / Loss per share	(0,03)	(0,03)
Trésorerie / Cash	3 513	10 058
Actifs d'exploration et d'évaluation / Exploration and evaluation assets	90 000	90 000
Actif total / Total assets	100 171	123 722
Passif Total / Total liabilities	135 335	153 962
Capitaux propres (négatifs) / Equity (deficiency)	(35 164)	(30 240)

1.9 SITUATION FINANCIÈRE**FONDS DE ROULEMENT**

Le fonds de roulement au 31 mars 2018 était négatif de 125 164 \$.

ACTIF

Au 31 mars 2018, le total de l'actif de la Société était de 100 171 \$ représenté essentiellement par 90 000 \$ en actifs d'exploration et d'évaluation.

PASSIF

En date du 31 mars 2018, le total du passif de la Société était de 135 335 \$ représenté par les dettes fournisseurs et autres créditeurs au montant de 135 053 \$ et les dus à un administrateur au montant de 282 \$.

CAPITAUX PROPRES

En date du 31 mars 2018, les capitaux propres (négatif) totalisaient 35 164 \$ représenté par 6 034 332 \$ en capital-actions, 5 146 104 \$ en surplus d'apport et (11 215 600 \$) en déficit.

1.9 FINANCIAL SITUATION**WORKING CAPITAL**

The working capital deficiency as at March 31, 2018 was \$125,164.

ASSETS

As of March 31, 2018, the Company had \$100,171 in total assets mainly represented by \$90,000 in exploration and evaluation assets.

LIABILITIES

As at March 31, 2018, the Company had \$135,335 in total liabilities represented by the trade and other payables of \$135,053 and the dues to an officer of \$282.

EQUITY

As at March 31, 2018, the equity (deficiency) was \$35,164 represented by \$6,034,332 in share capital, \$5,146,104 in contributed surplus and (\$11,215,600) in deficit.

1.10 FLUX DE TRÉSORERIE

Au 31 mars 2018, la Société disposait de 3 513 \$ en liquidité.

ACTIVITÉS OPÉRATIONNELLES

Pour la période de trois mois terminée le 31 mars 2018, le flux de trésorerie provenant des activités opérationnelles a totalisé un montant de (131 \$) comparativement à (33 672 \$) pour la période de trois mois terminée le 31 mars 2017, soit une augmentation de 33 541 \$.

Pour la période de six mois terminée le 31 mars 2018, le flux de trésorerie provenant des (affectés aux) activités opérationnelles a totalisé un montant de 2 445 \$ comparativement à (39 070 \$) pour la période de six mois terminée le 31 mars 2017, soit une augmentation de 41 515 \$.

Cette augmentation s'explique principalement par la hausse des dettes fournisseurs et autres créditeurs.

1.11 TRANSACTIONS ENTRE PARTIES LIÉES

Les parties liées de la Société comprennent les principaux dirigeants et les sociétés des principaux dirigeants ainsi que les administrateurs comme il est expliqué ci-dessous.

Sauf indication contraire, aucune des transactions ne comporte de caractéristique ni condition spéciales, et aucune garantie n'a été donnée ou reçue. Les soldes sont généralement réglés en trésorerie.

Transactions avec les principaux dirigeants

Les principaux dirigeants de la Société sont les membres du conseil d'administration et le chef des finances. La rémunération des principaux dirigeants comprend les charges suivantes :

	31 mars 2018 / March 31, 2018
	\$
Frais de transactions	9 000
Paiements fondés sur des actions	264

1.10 CASH FLOW

As of March 31, 2018, the Company had \$3,513 in cash.

OPERATING ACTIVITIES

During the three-month period ended March 31, 2018, cash flows used by operating activities was \$131 compared to an amount of \$33,672 for the three-month period ended March 31, 2017, which represents an increase of \$33,541.

During the six-month period ended March 31, 2018, cash flows from (used by) operating activities was \$2,445 compared to an amount of \$39,070 for the six-month period ended March 31, 2017, which represents an increase of \$41,515.

This increase is mainly explained by the increase of trade and other payables.

1.11 RELATED PARTY TRANSACTIONS

The Company's related parties include its key officers and the companies of the key officers as well as directors such as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management

The Company's key officers are the members of the Board of Directors and the Chief Financial Officer. Key officers remuneration includes the following expenses:

	31 mars 2017 / March 31, 2017	
	\$	
	-	Transaction fees
	2 828	Share-based payments

1.11 TRANSACTIONS ENTRE PARTIES LIÉES (suite)

La Société a encouru respectivement 4 245 \$ et 39 595 \$ (21 480 \$ et nil \$ en 2017) à titre d'honoraires professionnels et de frais de transactions à un cabinet d'avocats dont un administrateur est employé. Au 31 mars 2018, un montant dû à ce cabinet d'avocats de 6 949 \$ (28 134 \$ en 2017) est inclus dans les dettes fournisseurs et autres créditeurs.

1.12 CONTRÔLE

Relativement aux ordonnances de dispense émises en novembre 2007 par chacune des autorités en valeurs mobilières à travers du Canada, le Chef de la direction et le Chef de la direction financière de la Société doivent produire une «Attestation de base relative à l'émetteur émergent» relativement à l'information financière présentée dans les documents annuels et intermédiaires y compris les Rapports de gestion.

En comparaison avec le certificat intitulé «Annexe 52-109A2 Attestation des documents annuels et intérimaires», l'«Attestation de base relative à l'émetteur émergent» comprend un «Avis au lecteur» qui déclare que le Chef de la direction et le Chef de la direction financière ne font aucune déclaration concernant l'établissement et le maintien de contrôles et procédures de communication de l'information (CPCI) et du contrôle interne à l'égard de l'information financière (CIIF), au sens du Règlement 52-109.

1.13 RISQUES ET INCERTITUDES

Risques inhérents aux activités d'exploration minière

Les activités de la Société consistent à acquérir et explorer des propriétés minières dans l'espoir de découvrir des gîtes de minerai économiques. Les propriétés de la Société sont présentement au stade de l'exploration et ne contiennent aucun gisement commercialisable connu. Par conséquent, il est peu probable que la Société réalisera des bénéfices à court ou moyen termes. Toute rentabilité future des activités de la Société est tributaire de la découverte d'un gisement de minerai économique. De plus, même si un gisement de minerai économique est découvert, rien ne garantit qu'il soit mis en production de manière commercialement rentable.

1.11 RELATED PARTY TRANSACTIONS
(Continued)

The Company incurred respectively \$4,245 and \$39,595 (\$21,480 and \$nil in 2017) as professional fees and transaction fees to a law firm of which a director of the Company is an employee. As at March 31, 2018, an amount owing to this firm of \$6,949 (\$28,134 in 2017) is included in trade and other payables.

1.12 CONTROL

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited quarterly financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under Multilateral Instrument ("MI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

1.13 RISKS AND UNCERTAINTIES

Risks Inherent to Mining Exploration

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration stage only and are without a known body of commercial mineral. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined

1.13 RISQUES ET INCERTITUDES (suite)

Réglementation et exigences environnementales

Les activités de la Société nécessitent l'obtention de permis auprès de diverses autorités gouvernementales et sont régies par des lois et des règlements sur l'exploration, la mise en valeur, l'exploitation, la production, les exportations, les impôts, les normes du travail et la sécurité au travail ainsi que sur l'environnement et autres questions.

Des coûts supplémentaires et des retards peuvent être occasionnés par la nécessité de se conformer aux lois et règlements. Si la Société ne pouvait obtenir ou renouveler les permis ou approbations, elle pourrait être forcée de réduire ou cesser ses activités d'exploration ou de mise en valeur.

Besoins en capitaux

L'exploration, la mise en valeur, le traitement et l'exploitation des propriétés de la Société exigeront un financement supplémentaire considérable. Les seules sources de fonds disponibles pour la Société sont l'émission de capital-actions additionnel et l'emprunt. Il n'existe aucune assurance que de tels financements seront disponibles à la Société ni qu'ils le seront selon des modalités favorables à la Société ou qu'ils seront suffisants pour répondre aux besoins de la Société, ce qui pourrait avoir une incidence négative sur les affaires de la Société et sur sa situation financière. L'impossibilité d'obtenir un financement suffisant peut entraîner un retard, voire le report indéterminé des travaux d'exploration, de mise en valeur ou de production sur l'une ou l'ensemble des propriétés de la Société, et même occasionner la perte de sa participation dans une propriété.

Risques non assurés

Les activités de la Société sont sujettes à certains risques et dangers, dont des conditions environnementales difficiles, des accidents industriels, des conflits de travail, des conditions géologiques inusitées ou inattendues, des glissements de terrain ou de talus, des éboulements et des phénomènes naturels tels que des conditions météorologiques défavorables, des inondations et des tremblements de terre. De tels événements pourraient occasionner des blessures ou décès, des dommages environnementaux ou autres aux propriétés ou installations de production de la Société ou aux propriétés d'autres Sociétés, des retards dans l'exploitation minière, des pertes monétaires, et de possibles responsabilités légales.

1.13 RISKS AND UNCERTAINTIES (Continued)

Regulation and Environmental Requirements

The activities of the Company require permits from various governmental authorities and are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, environmental protection and other matters.

Increased costs and delays may result of the need to comply with applicable laws and regulations. If the Company is unable to obtain or renew licenses, approvals and permits, it may be curtailed or prohibited from proceeding with exploration or development activities.

Capital Needs

The exploration, development, mining and processing of the Company's properties will require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest.

Uninsured Risks

The Company's business is subject to a number of risks and hazards, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

1.13 RISQUES ET INCERTITUDES (suite)

Prix des métaux

Le prix du marché des actions ordinaires de la Société, ses résultats financiers ainsi que ses activités d'exploration, de mise en valeur et d'exploitation minière ont déjà subi dans le passé et pourraient éventuellement subir, des répercussions négatives importantes en raison de la chute des prix des métaux communs ou précieux.

1.14 AUTRES

- a) Des informations additionnelles sont disponibles sur SEDAR à www.sedar.com.
- b) Divulgence au 30 mai 2018 des données relatives aux titres en circulation.

Actions ordinaires : **3 961 584**
Bons de souscription : **1 052 996**
Options en circulation : **92 500**

1.15 PAIEMENTS FONDÉS SUR DES ACTIONS

Les options d'achat d'actions de la Société se détaillent comme suit pour les périodes de présentation de l'information financière considérées :

	31 mars/ March 31, 2018	
Administration	Nombre d'options / Number of options	Prix d'exercice moyen pondéré / Weighted average exercise price \$
En circulation au début de la période	92 500	2,53
Annulées	-	-
En circulation à la fin de la période	92 500	2,53
Exerçables à la fin de la période	92 500	2,53

1.13 RISKS AND UNCERTAINTIES (Continued)

Commodity Prices

The market price of the Company's common shares, its financial results and its exploration, development and mining activities have previously been, or may in the future be, significantly adversely affected by declines in the price of precious or base minerals.

1.14 OTHER

- a) Additional information is available on SEDAR at www.sedar.com.
- b) Disclosure of Outstanding Securities as at May 30, 2018.

Common shares: **3,961,584**
Warrants: **1,052,996**
Outstanding options: **92,500**

1.15 SHARE-BASED PAYMENTS

The Company's share options are as follows for the reporting periods presented:

	30 septembre/ September 30, 2017		Administration
	Nombre d'options / Number of options	Prix d'exercice moyen pondéré / Weighted average exercise price \$	
	125 000	2,51	Outstanding, beginning of year
	(32 500)	2,46	Cancelled
	92 500	2,53	Outstanding, end of year
	86 667	2,64	Exercisable, end of year

1.15 PAIEMENTS FONDÉS SUR DES ACTIONS
(suite)

Le tableau suivant résume les renseignements relatifs aux options d'achat d'actions au 31 mars 2018.

1.15 SHARE-BASED PAYMENTS (Continued)

The table below summarizes the information related to share options as at March 31, 2018:

	En circulation et exerçables/ Outstanding and exercisable		
	Nombre d'options / Number of options	Prix d'exercice / Exercise price	Durée de vie restante (an) / Remaining life (years)
		\$	
Administration / Administration	17 500	1,00	6,74
	12 500	2,80	5,88
	<u>62 500</u>	2,90	5,77
	<u>92 500</u>		

1.16 BONS DE SOUSCRIPTION

Les bons de souscription en circulation permettent à leurs détenteurs de souscrire à un nombre équivalent d'actions ordinaires comme suit :

	31 mars March 31, 2018		30 septembre September 30, 2017		
	Nombre de bons de souscription / Number of warrants	Prix d'exercice moyen pondéré / Weighted average exercise price	Nombre de bons de souscription / Number of warrants	Prix d'exercice moyen pondéré / Weighted average exercise price	
		\$		\$	
Solde au début	1 052 996	0,20	76 875	3,00	Balance at beginning
Octroyés	-	-	1 052 996	0,20	Granted
Expirés	-	-	(76 875)	3,00	Expired
Solde à la fin	<u>1 052 996</u>	0,20	<u>1 052 996</u>	0,20	Balance at end

1.16 WARRANTS

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

Les bons de souscription en circulation se détaillent comme suit :

Outstanding warrants are as follows:

		31 mars March 31, 2018	30 septembre September 30, 2017	
Date d'échéance	Prix d'exercice / Exercise price	Nombre / Number	Nombre / Number	Expiry date
	\$			
21 avril 2020	0,20	<u>1 052 996</u>	<u>1 052 996</u>	April 21, 2020

1.17 LIMITATION DE RESPONSABILITÉ

Le rapport annuel, incluant le présent rapport de gestion, peut contenir des réclamations progressives, incluant des déclarations relatives aux performances anticipées d'affaires et de finances de la Société, ce qui veut dire qu'il y a certains risques et incertitudes, ce qui peut être la cause que les résultats actuels de la Société peuvent être différer de ceux envisagés par les déclarations progressistes. Les facteurs qui peuvent causer ou contribuer aux différences incluent, entre autres, les prix du marché, la disponibilité continue du capital et du financement et la situation de l'économie générale, du marché et du monde des affaires. Les investisseurs sont avertis que les déclarations ne garantissent pas la performance future et que les résultats actuels ou les développements peuvent différer de façon matérielle de ceux prévus par les déclarations progressistes. Les investisseurs sont aussi prévenus de considérer les autres risques et incertitudes émises dans les dépositions et classement requis.

1.18 RESPONSABILITÉ DE LA PERSONNE QUALIFIÉE À L'ÉGARD DE L'INFORMATION SCIENTIFIQUE ET TECHNIQUE

L'information scientifique et technique contenue dans ce rapport de gestion a été approuvée par Hubert Vallée, ing., une personne qualifiée en vertu de la Norme canadienne 43-101.

1.17 DISCLAIMER

This annual report including this MD&A may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company, which involve risks and uncertainties, which may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also warned to consider the other risks and uncertainties discussed in the Company's required financial statements and filing.

1.18 RESPONSIBILITY OF THE QUALIFIED PERSON IN CONNECTION WITH SCIENTIFIC AND TECHNICAL INFORMATION

The scientific and technical information contained in this Management's Discussion and Analysis has been approved by Hubert Vallée, Eng., a Qualified Person under National Instrument 43-101.

(s) Stéphane Leblanc, Président et chef de la direction / President and Chief Executive Officer

(s) Hubert Vallée, Chef des Finances / Chief Financial Officer

Montréal (Québec), le 30 mai 2018 / May 30, 2018

SCHEDULE "B"

MD&As OF AURA HEALTH CORP.



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

AURA HEALTH CORP.
77 King Street West
Suite 2905, Toronto
Ontario M5K 1H1



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") concerns the financial conditions and results of Aura Health Corp. ("Aura" or the "Company") for the year ended December 31, 2017. This MD&A was written to comply with the requirements of National Instrument 52-102 – Continuous Disclosure Obligations. The information in this MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017 and for the period from November 9, 2016 (date of incorporation) to December 31, 2016. The Company's audited consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

This MD&A is dated May 31, 2018. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

DESCRIPTION OF BUSINESS

Aura was incorporated on November 8, 2016 by Articles of Incorporation under the laws of the Province of Ontario, Canada. The Company is engaged in the identification, acquisition and management of a portfolio of investments in Marijuana Service Businesses. "Marijuana Service Businesses" are businesses in the marijuana industry that are not involved in cultivating or processing marijuana products, but rather provide a service within a regulated jurisdiction.

To date, the Company has identified and acquired a portfolio of Patient Assessment Clinics ("PAC's") that employ doctors to assess patients to determine if they have any of the pre-qualifying conditions that would allow them to acquire a State Registry Card allowing them to purchase and consume marijuana in that State for medical purposes. Such investments currently take the form of acquisitions of minority equity interests, with the Company having the sole option to acquire majority equity interests.

The Company currently owns an Initial Membership Interest in four Certification Clinics under the name Sun Valley Certification Clinics Holdings, LLC ("Sun Valley"). In the fiscal year ending December 31, 2018, the Company expects to acquire an Initial Membership Interest in two additional Sun Valley Clinics (the "Clinic", or collectively, the "Clinics"), as well as continue to seek out and consider additional investments in Marijuana Service Businesses that meet its described investment criteria.

The Company was incorporated on November 8, 2016 and, therefore, has limited operating history. On November 8, 2016, the Company subscribed for 100 common shares, representing 100% of the issued and outstanding common shares of Green Global Properties Inc. ("Green Global"). Green Global was incorporated on September 7, 2016 and is a Delaware corporation through which the Company acquires, holds and manages its investments which are based in the United States (the "US").

GOING CONCERN

Aura and its subsidiary has been involved in the development and acquisition of marijuana health clinics in the US. The medical health clinics test prospective patients, and where such patients are found to have one of the qualifying medical conditions, the clinics issue medical-use certificates. The Company's ability to continue operations and fund its acquisitions is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

As at December 31, 2017, the Company had working capital of \$17,349 (December 31, 2016 – working capital of \$363,995), had not yet achieved profitable operations, had an accumulated deficit of \$1,364,480 (December 31, 2016 – deficit of \$209,143), and currently expects to incur further losses in the development of its business. There is no assurance that the investments made by the Company and any future investments will be successful and profitable, and as such, there is an uncertainty with respect to the Company's ability to continue as a going concern.

The Company is dependent upon obtaining financing for its on-going and planned investment activities and to meet its ongoing cost of corporate overhead and discharge its liabilities as they come due. The consolidated financial statements contained in this MD&A have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

OVERALL PERFORMANCE

Business Developments

On November 11, 2016, Aura through its wholly-owned subsidiary, Green Global, entered into a Purchase Option Agreement ("Option Agreement") with Sun Valley. Sun Valley is a private company based in Phoenix, Arizona, which operates four wholly-owned clinics in Arizona and is the largest clinic owner and operator in Arizona. Under the Option Agreement, the Company has the option to acquire a 30% interest for USD \$100,000 each in the next six Clinics that Sun Valley desires to open in the US. Provided that the Company already owns 30% of a Clinic, the Company has a further option within 18 months from the opening date of the Clinic to acquire an additional 21% of that Clinic for USD \$100,000 and increase its ownership of that Clinic to 51%.

Each Clinic is established as a separate Limited Liability Company. An operating agreement is generally put into place once the Company invests 30%. Under the operating agreement, the Company and Sun Valley will each appoint one Manager and the two Managers will appoint a third Manager. All major decisions and transactions that affect the Clinic will be authorized by the Managers. Therefore, joint control exists, and the relationship meets the definition of a joint arrangement.

On November 15, 2016, the Company through Green Global, completed the acquisition of a 30% interest for USD \$100,000 in a clinic in Las Vegas, Nevada from Sun Valley (the "Sun Valley Nevada Clinic"). The Sun Valley Nevada Clinic began operations on September 21, 2016.

On December 20, 2016, the Company paid a deposit of USD \$50,000 to acquire a 30% interest in a clinic in Mesa, Arizona (the "Sun Valley Mesa Clinic"), which began operations on April 24, 2017.

On March 7, 2017, the Company completed the acquisition of the 30% interest in the Sun Valley Mesa Clinic by paying the remaining USD \$50,000 of acquisition cost.

On March 14, 2017, the Company advanced an initial USD \$50,000 deposit for a 30% interest in a clinic in Tucson, Arizona (the "Sun Valley Tucson Clinic"), which began operations on May 22, 2017.

On April 18, 2017, the Company completed the acquisition of the 30% interest in the Sun Valley Tucson Clinic by paying the remaining USD \$50,000 of the acquisition cost.

On July 24, 2017, the Company advanced an initial USD \$50,000 deposit for a 30% interest in a clinic in Hollywood, Florida (the "Sun Valley Hollywood Clinic"), which began operations on August 11, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

On August 1, 2017, the Company and Sun Valley amended the previously signed operating agreements to permit the majority unit holder to elect two of three Managers in the Board of Managers of each Clinic.

On August 2, 2017, the Company advanced an additional USD \$50,000 and completed the acquisition of 30% interest in the Sun Valley Hollywood Clinic.

On November 27, 2017, the Company contributed a USD \$20,000 (CAD \$26,182) advance as additional capital to the Sun Valley Clinics.

On December 19, 2017, the Company contributed a USD \$15,000 (CAD \$19,934) advance as additional capital to the Sun Valley Clinics.

On December 28, 2017, the Company contributed another USD \$75,400 (CAD \$97,945) advance as additional capital to the Sun Valley Clinics.

As a result of the additional capital contributions made in November and December 2017, Green Global was issued 128.60 new units from each Clinic, in a manner consistent with the operating agreement, and in proportion to its respective membership.

On January 23, 2018, the Company entered into a letter of intent with Lamêlée Iron Ore Ltd. ("Lamêlée"), whereby the parties will complete a business combination by way of a reverse takeover of Lamêlée by the Company (the "Transaction"). Pursuant to the Transaction, Lamêlée will first apply to delist from the TSX Venture Exchange (the "TSXV"), then on closing of the Transaction, all of the issued and outstanding common shares of the Company will be exchanged for common shares of Lamêlée, which will result in the Company becoming a wholly-owned subsidiary of Lamêlée or otherwise combining its corporate existence with a wholly-owned subsidiary of Lamêlée. The resulting issuer that will exist upon completion of the Transaction will change its business from mining to investment in businesses that provide services to the marijuana industry and shall become listed on the Canadian Securities Exchange (the "CSE"). The Transaction is subject to regulatory approval.

Financing Developments

On November 8, 2016, the Company issued 6,000,000 common shares to its founders for \$60.

On November 14, 2016, the Company completed a non-brokered private placement of an unsecured convertible debenture for total gross proceeds of \$161,616 (USD \$120,000) with Nutritional High International Inc. ("NHII"). The debenture matures 24 months from the closing date with interest rate at 12% per annum, payable on maturity. The Company intends to list its shares on a suitable stock exchange in Canada (the "Exchange"). Subject to the approval of the selected Exchange as required, on or after November 14, 2017 and prior to the maturity date, the principle together with accrued and unpaid interest on the principle amount shall be convertible, at the option of the holder, into units of the Company (the "Units") at a price equal to \$0.05, which will result in the issuance of 3,232,320 Units. Each Unit is comprised of one (1) common share of the Company and one-half (1/2) of a common share purchase warrant of the Company (a "Warrant"), with each whole Warrant exercisable, until the earlier of (a) five years from the date of issuance or (b) two years from the date of listing of the common shares of the Company on any Exchange, into one (1) common share of the Company at an exercise price of \$0.075 per common share (the "Warrant Share") for a total of 1,616,160 Warrant Shares. In consideration of the financing, the Company issued 4,000,000 common shares to NHII. The net proceeds of the Offering will be used to for expansion of Aura's footprint in other US states and general working capital purposes.

On December 9, 2016, the Company completed a non-brokered private placement through issuance of 6,550,000 Units at a price of \$0.10 per Unit for total gross proceeds of \$655,000 (net proceeds of \$404,649).



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

Each Unit consists of one (1) common share of the Company and one-half (1/2) of a Warrant of the Company. Each Warrant is exercisable for a period of 60 months after the closing date, or 24 months after a going public transaction, at an exercise price of \$0.15 per common share.

On April 20, 2017, the Company closed a non-brokered private placement of an unsecured convertible debenture (the "Unsecured Debentures") for total proceeds of \$300,000. The Unsecured Debentures bear interest at a rate of 12% per annum and matures 24 months from the closing date. At the option of the holder, the Unsecured Debentures are convertible into units of the Company at a conversion price which shall be the lower of (i) \$0.60 per share and (ii) the price equal to 75% of the liquidity event price. Each Unit is comprised of one (1) common share of the Company and one-half (1/2) of a common share purchase warrant, exercisable until 12 months from a liquidity event. One whole warrant entitles the holder to purchase one additional common share of the Company at a purchase price of \$1.00.

On December 22, 2017, the Company closed a non-brokered private placement of a secured convertible debenture (the "Secured Debentures") for total proceeds of \$600,000. The Secured Debentures bear interest at a rate of 12% per annum and matures 24 months from the closing date. The Secured Debentures are convertible at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price which shall be the lower of (i) \$0.60 per share and (ii) the price equal to 75% of a liquidity event price. The Secured Debentures will rank subordinate to all existing and future senior secured and senior unsecured indebtedness of the Corporation including all trade creditors, and will rank pari passu to all existing and future subordinated unsecured indebtedness.

OUTLOOK AND PLANS

The Company is engaged in the identification, acquisition and management of a portfolio of investments in Marijuana Service Businesses. Such investments currently take the form of acquisitions of minority equity interests, with the option to acquire majority equity interests, in Marijuana Service Businesses.

"Marijuana Service Businesses" are businesses in the marijuana industry that are not involved in cultivating or processing marijuana products, but rather provide a service within a regulated jurisdiction. Since a Marijuana Service Business does not come in contact at any stage with physical marijuana, the Company has no legal restrictions about how it must conduct business. Management believes that this reduces the risk of ownership resulting from laws being changed by subsequent State or Federal administrations.

At present, the Company does not directly operate the day-to-day affairs of the Marijuana Service Businesses that form part of its portfolio. Rather, such businesses are operated and managed on a day-to-day basis by experienced owner-operators and service providers that have proven to have a successful operation and a popular brand.

The Company has a goal to operate multiple PAC's in States that have only approved medicinal use (where users are required to obtain a State Registry Card), and where there is expected to be a high participation rate among the population.

At present, the Company is planning to develop up to 12 PAC's in Florida with Sun Valley under the same or similar terms as the existing PAC's co-owned with Sun Valley.

The Company may expand in other US states, and other regions outside of North America with different operating partners. The Company is continually reviewing opportunities in businesses that are not PAC's but that do meet the definition of Marijuana Service Businesses. The criteria of partnering with owner-operators, having a successful and profitable existing location, and having a business that is highly scalable on a rapid basis continue to apply to these other investment considerations.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2017
CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, shares to be issued, equity component of convertible debentures, reserve for share-based payments and warrants, accumulated other comprehensive income and accumulated deficit. As at December 31, 2017, the Company's capital consisted of a deficit of \$568,109 (December 31, 2016 – equity of \$415,502).

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements, initial public offering and issuance of convertible debentures. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company is not subject to externally imposed capital requirements.

SELECTED FINANCIAL INFORMATION

Summarized selected financial information is as follows:

	For the year ended December 31, 2017	For period from incorporation (November 8, 2016) to December 31, 2016
	\$	\$
Revenues	-	-
Operating expenses	795,257	181,447
Equity loss from joint venture	243,723	19,915
Net loss	(1,155,337)	(209,143)
Loss per share	(0.070)	(0.017)
Cash flows used in operating activities	(373,551)	(63,732)
Cash flows provided by financial activities	863,737	747,848
Cash flows used in financing activities	(479,075)	(201,405)
Cash, end of year	499,475	482,711
Total assets	936,873	687,039

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2017
RESULTS OF OPERATIONS
Operating results for the year ended December 31, 2017

For the year ended December 31, 2017, Aura accounted for its investments of the Sun Valley Clinics, to date, using the Joint Venture Accounting method. The Company did not report any operating revenue during the year ended December 31, 2017. Aura's share of loss for the year ended December 31, 2017 from its Joint Venture investment was \$243,723 (2016 – loss of \$19,915).

For the year ended December 31, 2017, the Company incurred operating expenses of \$795,257, as compared to \$181,447 for the year ended December 31, 2016. The significant increase in operating expenses is primarily related to the increased scope of operations, which resulted in compensation of management and consulting fees (\$228,285 in 2017 vs \$108,879 in 2016), professional fees incurred in relation to accounting services, and legal expenses incurred from the Company's effort to secure a listing on the Canadian Securities Exchange (\$466,922 in 2017 vs \$51,706 in 2016).

During the year ended December 31, 2017, the Company granted 1,600,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.10 expiring two years after the Company completes a going transaction or five years from the date of grant, whichever is earlier. The options vested immediately on grant. The fair value of these options was estimated on the date of grant at \$80,000 (2016 – \$nil) using the Black-Scholes valuation model

For the year ended December 31, 2017, the Company also incurred finance cost of \$75,914 (2016 – \$6,781), comprised of interest and accretion expense, in relation to the convertible debentures.

Net loss for the year ended December 31, 2017 was \$1,155,337, as compared to \$209,143 for the year ended December 31, 2016.

SUMMARY OF QUARTERLY RESULTS

As the Company was incorporated in November 2016, no quarterly results prior to December 31, 2016 were available. Selected financial information for the previous quarters as follows:

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Period ended December 31, 2016
	\$	\$	\$	\$	\$
Revenues	-	-	-	-	-
Expenses (including other gain and expenses)	301,986	343,538	273,217	236,596	209,143
Net loss and comprehensive loss	(304,633)	(338,530)	(265,542)	(242,618)	(209,296)
Net loss per share	(0.020)	(0.020)	(0.016)	(0.014)	(0.017)

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2017, the Company had working capital of \$17,349 (December 31, 2016 – working capital of \$363,995) and cash of \$499,475 (December 31, 2016 – \$482,711) to settle accounts payable and accrued liabilities of \$533,400. Investment in joint ventures was \$386,124 (December 31, 2016 – \$114,355), an increase of \$271,769, as the Company acquired a 30% interest in three additional Clinics during the year ended December 31, 2017 and shared a 30% loss from the operation of the Clinics.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

Aura currently does not have any credit facilities with financial institutions other than the following:

1. Unsecured convertible debenture of \$161,616 (USD \$120,000) owed to a related party which bears interest at 12% per annum;
2. Unsecured convertible debentures totaling \$300,000; and
3. Secured convertible debentures totaling \$600,000.

The Company is not anticipating a profit from operations in 2018. Therefore, it will rely mainly on its ability to obtain debt and equity financing to repay its liabilities. The Company will continue to raise capital to repay its liabilities and develop its plans in the future. However, there is no assurance that equity financing will be available on terms and conditions acceptable to the Company or at all. Refer to "Risk and Uncertainties".

OTHER FINANCIAL MATTERS

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company has no off-balance sheet arrangements.

Proposed Transactions

Other than information disclosed in this MD&A, the Company has no proposed transactions.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to the valuation of deferred income tax amounts, and valuation of warrants, options and shares issued during private placements and measurement of derivative liability.

The most significant judgments relate to recognition of deferred tax assets and liabilities, assessment of functional currency, determination of derivative liability of convertible debt and determination if the investment is a joint arrangement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash in the consolidated statements of financial position comprises cash at Canadian chartered banks and funds held in trust with the Company's legal counsel which is available on demand.

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through profit or loss. As at December 31, 2017, the Company's cash is classified as FVTPL. Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost. The Company's other receivables are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. As at December 31, 2017, the Company has not classified any financial assets as available-for-sale or held-to-maturity.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities, convertible debentures and long-term debt are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss. As at December 31, 2017 and 2016, the Company had not classified any financial liabilities as FVTPL.

Fair value hierarchy

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2017, the Company did not have any financial instruments measured at fair value after initial recognition.

Impairment of financial assets

The Company assesses at each financial reporting date whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of options is determined using a Black–Scholes valuation model.

The fair value of equity-settled share-based compensation transactions are recognized as an expense with a corresponding increase in the reserve for share-based payments.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

For options that expire after vesting, the recorded value is transferred to deficit. Expired warrants are also transferred to deficit.

Compound instruments

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar non-convertible instrument. This amount is recorded as a liability, at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component of the total fair value of the compound instrument. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. Transaction costs related to the issuance of the convertible debentures are allocated to the liability and equity components in proportion to their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debentures using the effective interest method. Interest and accretion expense are recognized as a finance cost in the consolidated statements of loss and comprehensive loss.

In situations where the convertible debentures contain contractual terms that result in the potential adjustment in the conversion or exercise price, the conversion feature does not meet equity classification and is accounted for as an embedded derivative liability as the fair value is affected by changes in the fair value of the Company's common shares. The effect is that the debts component will be accounted for at amortized cost, with the embedded derivative liability being measured at fair value with changes in value being recorded in profit or loss.

Taxation

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

Current income tax

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred income tax

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Estimates

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Share capital

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve for warrants of the Company's equity.

Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

For the year ended December 31, 2017 and 2016, no potential shares are included in the computation as they are anti-dilutive.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the

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obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost for meeting its obligations under the contract.

As at December 31, 2017 and 2016, the Company had no material provisions.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the consolidated statements of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive loss for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the financial period end;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions);
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange.

When a foreign operation is disposed of, the relevant amount in the reserve for foreign exchange in other comprehensive income is transferred to profit or loss as part of the profit or loss on disposal.

On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which in substance, is considered to form part of the net investment in the foreign operation, are recognized in the reserve for foreign exchange.

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Joint arrangements

A joint arrangement represents an arrangement where two or more parties hold joint control. Joint control is deemed to exist under contractual agreement where decisions regarding relevant activities of the arrangement require the unanimous consent of those parties sharing control.

A joint venture is a joint arrangement and represents a company or other entity in which each venturer has an interest, holds joint control and holds rights to the net assets of the entity. Interests in joint ventures are accounted for using the equity method of accounting.

A joint operation is a joint arrangement and represents a company, partnership or other entity in which each venture has an interest, holds joint control and holds rights to the assets and obligations for the liabilities of the entity. Interests in joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue and expenses.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

New standards and interpretations

The Company had adopted the following new standards, effective January 1, 2017. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Company's consolidated financial statements:

- IAS 7 – Statement of Cash Flows (“IAS 7”) was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences.

Recent accounting pronouncements

The IASB and the IFRIC have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2018. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The Company does not expect the adoption of these standards to have a material impact on the consolidated financial statements.

- IFRS 9 – Financial Instruments (“IFRS 9”) was issued in final form in July 2014 by the IASB and will replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial

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risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

- IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) was issued by IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.
- IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases (“IAS 17”). Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset’s use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 is also applied.

OUTSTANDING SHARE DATA

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

Since inception on November 8, 2016 to December 31, 2017, the Company had issued:

- (i) 6,000,000 founder shares on November 8, 2016;
- (ii) 4,000,000 shares as fees for convertible debts on November 14, 2016;
- (iii) Convertible debentures, issued on November 14, 2016, which are convertible at the option of the holder into 3,232,320 units consisting of 3,232,320 common shares and 1,616,160 common share purchase warrants;
- (iv) 6,550,000 Units for \$655,000 in a private placement closed on December 9, 2016. Each Unit consists of one common share and one half of a common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.15 per share for 60 months after closing date, or 24 months after a going public transaction. Pursuant to the private placement, the Company also issued 500,000 broker warrants units. Each broker warrant units can be exercised into one common share and one half of a common share purchase warrants exercisable at \$0.10 for 5 years or 24 months after a going public transaction;
- (v) 1,600,000 stock options granted on January 4, 2017, to directors and consultants of the Company at an exercise price of \$0.10 per share and a term that expires at the earlier of 5 years after the date of issue, or 2 years after the date of the Company becoming listed on a Canadian Exchange, whichever is earlier;
- (vi) Unsecured convertible debentures, issued on April 20, 2017, which are convertible into 500,000 Units consisting of 500,000 common shares and 250,000 common share purchase warrants. The Company also issued 20,000 broker warrants; and

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- (vii) Secured convertible debentures, issued on December 22, 2017, which are convertible into 10,000,000 Units consisting of 10,000,000 common. The Company also issued 80,000 broker warrants.

As at December 31, 2017 and as of the date of this MD&A, the Company had 37,703,480 fully diluted shares consisting of 16,630,000 common shares issued and outstanding, convertible debentures that could be converted into 13,732,320 common shares and 1,866,160 warrants, 1,600,000 stock options and 3,875,000 warrants.

RELATED PARTY TRANSACTIONS

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

Total key management compensation paid to the Chief Executive Officer (the "CEO") and the Chief Operating Officer (the "COO") amounts to \$228,285 during the year ended December 31, 2017 (2016 – \$96,000). As at December 31, 2017, amounts of \$91,802 and \$88,020 (December 31, 2016 – \$nil and \$nil) owing to the CEO and the COO, respectively, were included in accounts payable and accrued liabilities. Also included in other receivables as at December 31, 2017 was \$4,798 (December 31, 2016 – \$nil) due from the CEO for an advance made in respect of expenses to be incurred on behalf of the Company.

During the year ended December 31, 2017, the Company also incurred professional fees of \$49,040 (2016 – \$15,000) from Branson Corporate Services Ltd. ("Branson"), a company that provides CFO and accounting services to the Company. As at December 31, 2017, \$13,587 (December 31, 2016 – \$63,000) owing to Branson was included in accounts payable and accrued liabilities, and \$6,356 was included in shares to be issued to settle with Branson.

During the year ended December 31, 2017, the Company granted 1,280,000 options to directors and officers of the Company to purchase common share of the Company at the exercise price of \$0.10 expiring two years after the Company completes a going public transaction or five years from the date of grant, whichever is earlier. The options vested immediately on grant, and total share-based compensation expense attributable to related parties in the year ended December 31, 2017 was \$59,000 (2016 – \$nil).

For the year ended December 31, 2017, the Company incurred interest expense of \$21,522 (2016 – \$2,510) to the holder of the convertible debentures. The Company issued to the convertible debenture holder, 4,000,000 common shares representing 40% of the shareholding in the Company at the time of issuance. On May 1, 2017, the holder of the convertible debenture transferred 1,000,000 common shares to the COO of the Company, and 289,293 common shares to a consulting company as a part of service fee.

COMMITMENTS

Management fees

Two founders of the Company have compensation contracts in the amount of \$12,000 per month commencing September 1, 2016. Subject to available financing, \$6,000 per month will be accrued in salary to be paid. Upon the successful completion of an investment into a fifth clinic, the compensation amount will be increased to \$18,000 per month, with \$9,000 per month to be accrued, all subject to available financing and the same accrual terms of prior periods. Effective September 1, 2017, the CEO and COO had agreed to defer any salary or consulting fees until a public listing be obtained by the Company. As at December 31, 2017, total accrued salary was \$168,000 (December 31, 2016 – \$48,000).

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FINANCIAL RISK FACTORS

The Company is exposed to credit risk and liquidity risk. The Company's primary risk management objective is to protect assets, earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the Company's risks and the related exposure are consistent with its business objectives and risk tolerance.

Fair value

The carrying amount of cash, other receivables, accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and other receivables. Cash is held with a reputable Canadian chartered bank. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company generates cash flow primarily from its financing activities. As at December 31, 2017, the Company had a cash balance of \$499,475 (December 31, 2016 – \$482,711) to settle current liabilities of \$533,400 (December 31, 2016 – \$141,554).

Interest rate risk

The Company has convertible debentures with interest rate fixed at 12% per annum, and management believes that interest rate risk is minimum.

Foreign currency risk

The Company is exposed to foreign exchange risk of US dollar. The Company's functional and presentation currency is the Canadian dollar and operations through its US subsidiary, Green Global, are conducted in US dollar.

SUBSEQUENT EVENTS

On January 23, 2018, the Company entered into a letter of intent with Lamêlée, whereby the parties will complete the Transaction by way of a reverse takeover of Lamêlée by the Company. Pursuant to the Transaction, Lamêlée will first apply to delist from the TSXV, then on closing of the Transaction, all of the issued and outstanding common shares of the Company will be exchanged for common shares of Lamêlée, which will result in the Company becoming a wholly-owned subsidiary of Lamêlée or otherwise combining its corporate existence with a wholly-owned subsidiary of Lamêlée. The resulting issuer that will exist upon completion of the Transaction will change its business from mining to investment in businesses that provide services to the marijuana industry and shall become listed on the CSE. The Transaction is subject to regulatory approval.

RISK FACTORS

There are numerous and various risks, known and unknown, that may prevent the Company from achieving its goals. It is believed that these factors could adversely affect the Company's business, financial condition or results of operation. The following is a summary of risks that could be applicable to the business of the Company:

Limited Operating History

The Company has a very limited history of operations, is in the early stage of development and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company has no history of earnings. Because the Company has a limited operating history in emerging area of business, investors should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If the Company does not successfully address these risks, its business may be significantly harmed.

Additional Financing

The Company may need to raise significant additional funds to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders.

Access to public and private capital and financing continues to be negatively impacted by many factors related to the global financial crisis and global recession. Such factors may impact the Company's ability to obtain debt and equity financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

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Regulation

The activities of the Company are subject to regulation by governmental authorities. 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 business, results of operations and financial condition of the Company.

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The Company is currently in compliance with all such laws. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

Local, state and federal laws and regulations governing marijuana for medicinal and recreational purposes are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.

US Federal Laws

The Company's business operations are dependent on state laws pertaining to the marijuana industry. Continued development of the marijuana industry is dependent upon continued legislative authorization of marijuana at the state level. Any number of factors could slow or halt progress in this area. Further, progress, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt use of marijuana, which would negatively impact our proposed business.

The concepts of "medical marijuana" and "retail marijuana" do not exist under US federal law. The Federal Controlled Substances Act classifies "marijuana" as a Schedule I drug. Under US federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the US, and a lack of safety for the use of the drug under medical supervision. As such, marijuana-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of marijuana are illegal under US federal law. Strict compliance with state laws with respect to marijuana will neither absolve the Company of liability under US federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company.

As of December 29, 2016, 28 US states, the District of Columbia and Guam allow their residents to use medical marijuana. Voters in the states of Colorado, Washington, Oregon, Alaska, California, Nevada, Massachusetts, and Maine have approved and have implemented or are implementing regulations to legalize cannabis for adult use. The state laws conflict with the Federal Controlled Substances Act, which makes marijuana use and possession illegal on a national level. The Obama administration has made numerous statements indicating that it is not an efficient use of resources to direct federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical marijuana. However, there is no guarantee that the new Trump administration will not change the

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government's stated policy regarding the low-priority enforcement of federal laws. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to the Company and its stockholders, including the potential exposure to criminal liability.

The constant evolution of laws and regulations affecting the marijuana industry could detrimentally affect our operations. Local, state and federal medical marijuana laws and regulations are broad in scope and subject to changing interpretations. These changes may require the Company to incur substantial costs associated with legal and compliance fees and ultimately require us to alter our business plan. Furthermore, violations of these laws, or alleged violations, could disrupt our business and result in a material adverse effect on the Company's operations. In addition, the Company cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to our business.

Local regulation could change and negatively impact on the Company's operations

Most US states that permit marijuana for adult use or medical use provide local municipalities with the authority to prevent the establishment of medical or adult use marijuana businesses in their jurisdictions. If local municipalities where the Company or its Licensed Operators have established facilities decides to prohibit marijuana businesses from operating, the Company or its Licensed Operators could be forced to relocate operations at great cost to the Company, and the Company or its Licensed Operators may have to cease operations in such state entirely if alternative facilities cannot be secured.

Regulation that may hinder the Company's ability to establish and maintain bank accounts

The US federal prohibitions on the sale of marijuana may result in Licensed Operators being restricted from accessing the US banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. While the Company does not anticipate dealing with banking restrictions directly relating to its business, banking restrictions could nevertheless be imposed due to the Company's banking institutions not accepting payments from Licensed Operators. Licensed Operators at times do not have deposit services and are at risk that any bank accounts they have could be closed at any time. Such risks increase costs to the Company and Licensed Operators. Additionally, similar risks are associated with large amounts of cash at these businesses. These businesses require heavy security with respect to holding and transport of cash, whether or not they have bank accounts.

In the event financial service providers do not accept accounts or transactions related to the marijuana industry, it is possible that Licensed Operators may seek alternative payment solutions, including but not limited to crypto currencies such as Bitcoin. There are risks inherent in crypto currencies, most notably its volatility and security issues.

If the industry was to move towards alternative payment solutions and accept payments in crypto currency the Company would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

Taxes

US federal prohibitions on the sale of marijuana may result in the Company not being able to deduct certain costs from its revenue for US federal taxation purposes if the Internal Revenue Service determines that revenue sources of the Company are generated from activities which are not permitted under US federal law.

Illegal drug dealer could pose threats

Currently, there are many drug dealers and cartels that cultivate, buy, sell and trade marijuana in the US, Canada and worldwide. Many of these dealers and cartels are violent and dangerous, well financed and well organized. It is possible that these dealers and cartels could feel threatened by legalized marijuana businesses such as those with whom the Company does business and could take action against or threaten the Company, its principals, employees and/or agents and this could negatively impact the Company and its business.

Reliance on management

The success of the Company is dependent on the performance of its senior management. The loss of services of these persons would have a material adverse effect on the Company's business and prospects in the short-term. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Risks associated with increasing competition

The marijuana industry is highly competitive. The Company will compete with numerous other businesses in the medicinal and adult use industry, many of which possess greater financial and marketing resources and other resources than the Company. The marijuana business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect the Company's operations.

The Company expects to face additional competition from new entrants. If the number of legal users of marijuana in its target jurisdiction increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products.

To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations the Company.

Factors which may prevent realization of growth targets

The Company is currently in the early development stage. There is a risk that the additional resources will be needed, and milestones will not be achieved on time, on budget, or at all, as they are can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Company:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;

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- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

Dependence on suppliers and skilled labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure program may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Company.

Operating risk and insurance coverage

The Company's insurance coverage is intended to address all material risks to which it is exposed and is adequate and customary in its current state of operations. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Uninsurable risks

The medical and retail marijuana business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not currently have any insurance policies covering its properties or the operation of its business and any liabilities that may arise as a result any of the above noted risks may cause a material adverse effect on the financial condition of the Company.

Limited market for securities

There can be no assurance that an active and liquid market for the Company's shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

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 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

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rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Negative publicity or consumer perception may affect the success of our business

The success of the marijuana industry may be significantly influenced by the public's perception of marijuana. Both the medical and recreational use of marijuana are controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to marijuana will be favourable. The marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical and recreational marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of marijuana, whether in Canada, the US or elsewhere, may have a material adverse effect on our operational results, consumer base and financial results. Among other things, such a shift in public opinion could cause State jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new State jurisdictions into which the Company could identify potential acquisition opportunities.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the marijuana industry in Canada and the US. A failure in the demand for its products to materialize because of competition, technological change, market acceptance or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Holding Company

As a holding company with no material assets other than the stock of the Company's minority ownership in joint operations and subsidiaries, nearly all of the Company's funds generated from these operations are generated by the Company's non-controlled subsidiaries. Accordingly, if the Company's operating subsidiaries are unable, due to regulatory restrictions or otherwise, to pay the Company's dividends and make other payments to the Company when needed, the Company may be unable to satisfy the Company's obligations when they arise.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Currency Exchange Rates

Exchange rate fluctuations may adversely affect the Company's financial position and results. It is anticipated that a significant portion of the Company's business will be conducted in the US using US dollars. The Company's financial results are reported in Canadian Dollars and costs are incurred primarily in US dollars. The depreciation of the Canadian Dollar against the US Dollar could materially adversely affect the results presented in the Company's consolidated financial statements.

Officers and Directors of the Company own significant shares and can exercise significant influence

The officers and directors of the Company and debenture holders as a group, own a substantial number of the outstanding common shares (on a fully diluted basis). As such, as shareholders, the officers and directors and creditors will be able to exert significant influence on matters requiring approval by shareholders, including the election of directors and the approval of any significant corporate transactions. The concentration of ownership may also have the effect of delaying, deterring or preventing a change in control and may make some transactions more difficult or impossible to complete without the support of these shareholders.

The Company shares control in joint venture projects, which limits its ability to manage third-party risks associated with these projects

Joint ventures often have shared control over the operation of our joint venture assets, such as the joint-venture arrangement with Illinois investor group, and do not control all the decisions of the joint ventures. Therefore, joint venture investments may involve risks such as the possibility that a co-venture in an investment might become bankrupt, be unable to meet its capital contribution obligations, have economic or business interests or goals that are inconsistent with our business interests or goals, or take actions that are contrary to our instructions or to applicable laws and regulations. In addition, the Company may be unable to take action without the approval of the joint venture partners, or the joint venture partners could take actions binding on the joint venture without the Company's consent. Consequently, actions by a co-venture or other third-party could expose the Company to claims for damages, financial penalties and reputational harm, any of which could have an adverse effect on our business and operations. In addition, the Company may agree to guarantee indebtedness incurred by a joint venture or co-venture or provide standard indemnifications to lenders for loss liability or damage occurring as a result of our actions or actions of the joint venture or other co-ventures. Such a guarantee or indemnity may be on a joint and several basis with a co-venture, in which case the Company may be liable in the event such co-venture defaults on its guarantee obligation. The non-performance of such obligations may cause losses to the Company in excess of the capital initially invested or committed under such obligations.

The preparation of the Company's financial statements requires management to have access to information regarding the results of operations, financial position and cash flows of our joint ventures. Any deficiencies in our joint ventures' internal controls over financial reporting may affect our ability to report our financial results accurately or prevent or detect fraud. Such deficiencies also could result in restatements of, or other adjustments to, our previously reported or announced operating results, which could diminish investor confidence and reduce the market price for our shares. Additionally, if our joint ventures are unable to provide this information for any meaningful period or fail to meet expected deadlines, we may be unable to satisfy our financial reporting obligations or timely file our periodic reports.

Although our joint ventures may generate positive cash flow, in some cases they may be unable to distribute that cash to the joint venture partners. Additionally, in some cases our joint venture partners control distributions and may choose to leave capital in the joint venture rather than distribute it. Because our ability to generate liquidity from our joint ventures depends in part on their ability to distribute capital to us, our failure to receive distributions from our joint venture partners could reduce our return on these investments. The joint venture might require a need for additional capital infusions which might create an obligation on the Company to make additional contributions, failing to do which may result in reduction of the Company's interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the year ended December 31, 2017, there were no changes in the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's President and CEO and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at December 31, 2017, covered by this MD&A, management of the Company, with the participation of the President and CEO and the CFO, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and CEO and the CFO have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the President and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. 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. Examples of such statements include, without limitation: the intention to complete the listing; the description of the Company that assumes completion of the listing of its Common Shares; the intention to grow the business and operations of the Company; anticipated timing for the ability of the Company to agree to terms of royalty agreements with Licensed Operators; expected growth in the number of users of Medical Marijuana in Canada; the risk of foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained herein are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether because of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management is responsible for all information contained in this report. These audited consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited consolidated financial statements for the year ended December 31, 2017 in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate, and assets are safeguarded.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved these audited consolidated financial statements on the recommendation of the Audit Committee.

May 31, 2018

Chris Carl
Chief Executive Officer

Keith Li
Chief Financial Officer



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

AURA HEALTH CORP.
77 King Street West
Suite 2905, Toronto
Ontario M5K 1H1



MANAGEMENT'S DISCUSSION AND ANALYSIS For the three months ended March 31, 2018

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") concerns the financial conditions and results of Aura Health Corp. ("Aura" or the "Company") for the three months ended March 31, 2018 ("Q1 2018"). This MD&A was written to comply with the requirements of National Instrument 52-102 – Continuous Disclosure Obligations. The information in this MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the three months ended March 31, 2018, as well as the audited consolidated financial statements for the year ended December 31, 2017 and for the period from November 9, 2016 (date of incorporation) to December 31, 2016. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

This MD&A is dated July 31, 2018. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

DESCRIPTION OF BUSINESS

Aura was incorporated on November 8, 2016 by Articles of Incorporation under the laws of the Province of Ontario, Canada. The Company is engaged in the identification, acquisition and management of a portfolio of investments in Marijuana Service Businesses. "Marijuana Service Businesses" are businesses in the marijuana industry that are not involved in cultivating or processing marijuana products, but rather provide a service within a regulated jurisdiction.

To date, the Company has identified and acquired a portfolio of Patient Assessment Clinics ("PACs") that employ doctors to assess patients to determine if they have any of the pre-qualifying conditions that would allow them to acquire a State Registry Card allowing them to purchase and consume marijuana in that State for medical purposes. Such investments currently take the form of acquisitions of minority equity interests, with the Company having the sole option to acquire majority equity interests.

The Company currently owns an Initial Membership Interest in four Certification Clinics under the name Sun Valley Certification Clinics Holdings, LLC ("Sun Valley"). In the fiscal year ending December 31, 2018, the Company expects to acquire an Initial Membership Interest in two additional Sun Valley Clinics (the "Clinic", or collectively, the "Clinics"), as well as continue to seek out and consider additional investments in Marijuana Service Businesses that meet its described investment criteria.

The Company was incorporated on November 8, 2016 and, therefore, has limited operating history. On November 8, 2016, the Company subscribed for 100 common shares, representing 100% of the issued and outstanding common shares of Green Global Properties Inc. ("Green Global"). Green Global was incorporated on September 7, 2016 and is a Delaware corporation through which the Company acquires, holds and manages its investments which are based in the United States (the "US").

GOING CONCERN

Aura and its subsidiary has been involved in the development and acquisition of marijuana health clinics in the US. The medical health clinics test prospective patients, and where such patients are found to have one of the qualifying medical conditions, the clinics issue medical-use certificates. The Company's ability to continue operations and fund its acquisitions is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

As at March 31, 2018, the Company had a working capital deficiency of \$181,939 (December 31, 2017 – working capital of \$17,349), had not yet achieved profitable operations, had an accumulated deficit of \$1,474,531 (December 31, 2017 – deficit of \$1,364,480), and currently expects to incur further losses in the development of its business. There is no assurance that the investments made by the Company and any future investments will be successful and profitable, and as such, there is an uncertainty with respect to the Company's ability to continue as a going concern.

The Company is dependent upon obtaining financing for its on-going and planned investment activities and to meet its ongoing cost of corporate overhead and discharge its liabilities as they come due. The unaudited condensed interim consolidated financial statements contained in this MD&A have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

OVERALL PERFORMANCE

Business Developments

On January 23, 2018, the Company entered into a letter of intent ("LOI") with Lamêlée Iron Ore Ltd. ("Lamêlée"), to complete a business combination by way of a reverse takeover of Lamêlée by the Company (the "Transaction"). Pursuant to the Transaction, Lamêlée will first apply to delist from the TSX Venture Exchange (the "TSXV"), then on closing of the Transaction, all of the issued and outstanding common shares of the Company will be exchanged for common shares of Lamêlée, which will result in the Company becoming a wholly-owned subsidiary of Lamêlée or otherwise combining its corporate existence with a wholly-owned subsidiary of Lamêlée. The resulting issuer will apply to change its business from mining to a marijuana service provider and to become listed on the Canadian Securities Exchange (the "CSE"). The Transaction is subject to regulatory approval.

On May 31, 2018, the Company and Lamêlée entered into a Securities Exchange Agreement (the "Agreement") to give effect to the Transaction, which was amended on June 21, 2018. Pursuant to the amended Agreement, Aura Shareholders will exchange their Aura shares for Lamêlée shares such that, following completion of the Transaction, Aura Shareholders (including the purchasers of the Financing Units) will hold approximately 82.28% of the Resulting Issuer shares assuming Minimum Offering, or 86.77% assuming Maximum Offering, in each case on a non-diluted basis. The Transaction will result in Aura becoming the reverse takeover acquiror of Lamêlée.

In accordance with the Agreement, each Aura Shareholder will be entitled to receive Resulting Issuer shares for each Aura share held by such Aura Shareholder (the "Exchange Ratio"). In addition, the Aura convertible securities shall be exchanged for Lamêlée replacement convertible securities, adjusted based on the Exchange Ratio (see "Subsequent Events" for details).

Financing Developments

During the three months ended March 31, 2018, the Company did not engage in any financing activities.

OUTLOOK AND PLANS

The Company is engaged in the identification, acquisition and management of a portfolio of investments in Marijuana Service Businesses. Such investments currently take the form of acquisitions of minority equity interests, with the option to acquire majority equity interests, in Marijuana Service Businesses.



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

"Marijuana Service Businesses" are businesses in the marijuana industry that are not involved in cultivating or processing marijuana products, but rather provide a service within a regulated jurisdiction. Since a Marijuana Service Business does not come in contact at any stage with physical marijuana, the Company has no legal restrictions about how it must conduct business. Management believes that this reduces the risk of ownership resulting from laws being changed by subsequent State or Federal administrations.

At present, the Company does not directly operate the day-to-day affairs of the Marijuana Service Businesses that form part of its portfolio. Rather, such businesses are operated and managed on a day-to-day basis by experienced owner-operators and service providers that have proven to have a successful operation and a popular brand.

The Company has a goal to operate multiple PACs in States that have only approved medicinal use (where users are required to obtain a State Registry Card), and where there is expected to be a high participation rate among the population.

At present, the Company is planning to develop up to 12 PACs in Florida with Sun Valley under the same or similar terms as the existing PACs co-owned with Sun Valley.

The Company may expand in other US states, and other regions outside of North America with different operating partners. The Company is continually reviewing opportunities in businesses that are not PACs but that do meet the definition of Marijuana Service Businesses. The criteria of partnering with owner-operators, having a successful and profitable existing location, and having a business that is highly scalable on a rapid basis continue to apply to these other investment considerations.

REGULATORY OVERVIEW

Refer to the Listing Statement for the discussion of regulatory overview.

SELECTED FINANCIAL INFORMATION

Summarized selected financial information is as follows:

	As at and for the three months ended March 31, 2018	As at and for the year ended December 31, 2017	For period from incorporation (November 8, 2016) to December 31, 2016
	\$	\$	\$
Operating expenses	(22,968)	(795,257)	(181,447)
Equity loss from joint venture	(57,179)	(243,723)	(19,915)
Net loss	(110,051)	(1,155,337)	(209,143)
Loss per share	(0.01)	(0.07)	(0.02)
Cash flows used in operating activities	(98,630)	(373,551)	(63,732)
Cash flows provided by financing activities	-	863,737	747,848
Cash flows used in investing activities	-	(479,075)	(201,405)
Cash, end of period/year	388,986	499,475	482,711
Total assets	781,779	936,873	687,039



MANAGEMENT'S DISCUSSION AND ANALYSIS For the three months ended March 31, 2018

RESULTS OF OPERATIONS

Operating results for the three months ended March 31, 2018

During the three months ended March 31, 2018, Aura accounted for its investments of the Sun Valley Clinics, to date, using the Joint Venture Accounting method. The Company did not report any operating revenue during the three months ended March 31, 2018 and the year ended December 31, 2017. Aura's share of loss for the three months ended March 31, 2018 from its Joint Venture investment was \$57,179 (2017 – loss of \$5,064).

During the three months ended March 31, 2018, the Company incurred operating expenses of \$22,968, as compared to \$227,867 for the three months ended March 31, 2017 ("Q1 2017"). The decrease in operating expenses is primarily related to the decision taken by the Company's Chief Executive Officer (the "CEO") and the Chief Operating Officer (the "COO") in Q3 2017 to defer any salary or consulting fees until a public listing be obtained by the Company. Operating expenses also decreased in Q1 2018, as no stock options were granted during the current quarter, as compared to 1,600,000 stock options being granted to directors, officers and consultants of the Company in Q1 2017. The options vested immediately on grant. The fair value of these options was estimated on the date of grant at \$80,000 using the Black-Scholes valuation model.

During the three months ended March 31, 2018, the Company also incurred finance cost of \$49,180 (2017 – \$5,138), comprised of interest and accretion expense, in relation to the convertible debentures.

Net loss for Q1 2018 was \$110,051, as compared to \$236,596 for the three months ended March 31, 2017.

SUMMARY OF QUARTERLY RESULTS

As the Company was incorporated in November 2016, no quarterly results prior to December 31, 2016 were available. Selected financial information for the previous quarters as follows:

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
	\$	\$	\$	\$	\$
Revenues	-	-	-	-	-
Expenses (including other gain and expenses)	110,051	301,986	343,538	273,217	236,596
Net loss and comprehensive loss	(121,910)	(304,633)	(338,530)	(265,542)	(242,618)
Net loss per share	(0.01)	(0.02)	(0.02)	(0.02)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2018, the Company had a working capital deficiency of \$181,939 (December 31, 2017 – working capital of \$17,349) and cash of \$388,986 (December 31, 2017 – \$499,475) to settle accounts payable and accrued liabilities of \$450,070 (December 31, 2017 – \$533,400). Investment in joint ventures was \$338,571 (December 31, 2017 – \$386,124). As the Company holds a 30% interest in the four Clinics, the decrease represents its share of a 30% loss from the operation of the Clinics for the three months ended March 31, 2018.

Aura currently does not have any credit facilities with financial institutions other than the following:

1. Unsecured convertible debenture of \$155,832 (USD \$120,000) owed to a related party which bears interest at 12% per annum;
2. Unsecured convertible debentures totaling \$300,000; and

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

3. Secured convertible debentures totaling \$600,000.

The Company is not anticipating a profit from operations in 2018. Therefore, it will rely mainly on its ability to obtain debt and equity financing to repay its liabilities. The Company will continue to raise capital to repay its liabilities and develop its plans in the future. However, there is no assurance that equity financing will be available on terms and conditions acceptable to the Company or at all. Refer to "Risk and Uncertainties".

INVESTMENT IN JOINT VENTURES

Sun Valley Certification Clinics Holdings, LLC

On November 11, 2016, the Company through Green Global, entered into a Purchase Option Agreement with Sun Valley Certification Clinics Holdings, LLC ("Sun Valley"), a private company based in Phoenix, Arizona, whereby Green Global has the option to acquire a 30% interest in each of the next ten clinics ("Clinic" or "Clinics") that Sun Valley opens in the US for USD \$100,000 each. Provided that the Company already owns 30% of a Clinic, the Company has at its discretion a further option within 18 months from the opening date of the Clinic to acquire an additional 21% of that Clinic for USD \$100,000 and increase its ownership to 51%.

Each Clinic is established as a separate Limited Liability Company. An operating agreement is generally put into place once the Company invests 30%. Under the operating agreement, the Company and Sun Valley will each appoint one Manager and the two Managers will appoint a third Manager. All major decisions and transactions that affect the Clinic will be authorized by the Managers. Therefore, joint control exists and the relationship meets the definition of a joint arrangement.

On November 15, 2016, the Company advanced USD \$100,000 (CAD \$134,270) to exercise its options to acquire a 30% ownership interest in a clinic in Las Vegas, Nevada (the "Sun Valley Nevada Clinic"). The Sun Valley Nevada Clinic began operations on September 21, 2016.

On December 20, 2016, the Company made a USD \$50,000 (CAD \$67,135) deposit for the acquisition of a 30% interest in a second clinic, which opened in Mesa, Arizona (the "Sun Valley Mesa Clinic") in 2017. On March 7, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD \$50,000 (CAD \$67,980). An operating agreement on the above described terms has been put into place. The Sun Valley Mesa Clinic began operations on April 24, 2017.

On March 14, 2017, the Company made a USD \$50,000 (CAD \$69,220) deposit towards the acquisition of a 30% interest in a third clinic, which opened in Tucson, Arizona (the "Sun Valley Tucson Clinic"). On April 18, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD \$50,000 (CAD \$68,760). An operating agreement on the above described terms has been put into place. The Sun Valley Tucson Clinic began operations on May 22, 2017.

On July 24, 2017, the Company made a USD \$50,000 (CAD \$64,465) deposit towards the acquisition of a 30% interest in a third clinic, which opened in Hollywood, Florida (the "Sun Valley Hollywood Clinic"). On August 2, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD \$50,000 (CAD \$64,650). An operating agreement on the above described terms has been put into place. The Sun Valley Hollywood Clinic began operations on August 11, 2017.

On November 27, 2017, the Company contributed a USD \$20,000 (CAD \$26,182) advance as additional capital to the Sun Valley Clinics.

On December 19, 2017, the Company contributed a USD \$15,000 (CAD \$19,934) advance as additional capital to the Sun Valley Clinics.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2018

On December 28, 2017, the Company contributed another USD \$75,400 (CAD \$97,945) advance as additional capital to the Sun Valley Clinics.

As a result of the additional capital contributions made in November and December 2017, Green Global was issued 128.60 new units from each Clinic, in a manner consistent with the operating agreement, and in proportion to its respective membership.

The investment in the Sun Valley Nevada Clinic is accounted for as of the effective date of ownership on September 1, 2016. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Nevada Clinic has been accounted for as a joint venture. The Company's portion of the loss from the Sun Valley Nevada Clinic for the three months ended March 31, 2018 was \$6,429 (USD \$5,084) (2017 –\$5,064 (USD \$3,805)).

The investment in the Sun Valley Mesa Clinic is accounted for as of the effective date of ownership on January 4, 2017. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Mesa Clinic has been accounted for as a joint venture. The Company's portion of the loss from the Sun Valley Mesa Clinic for the three months ended March 31, 2018 was \$14,535 (USD \$11,493) (2017 – \$nil).

The investment in the Sun Valley Tucson Clinic is accounted for as of the effective date of ownership on April 18, 2017. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Tucson Clinic has been accounted for as a joint venture. The Company's portion of the loss from the Sun Valley Tucson Clinic for the three months ended March 31, 2018 was \$11,119 (USD \$8,792) (2017 – \$nil).

The investment in the Sun Valley Hollywood Clinic is accounted for as of the effective date of ownership on August 2, 2017. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Hollywood Clinic has been accounted for as a joint venture. The Company's portion of the loss from the Sun Valley Hollywood Clinic for the three months ended March 31, 2018 was \$25,096 (USD \$19,843) (2017 – \$nil).

The following table summarizes the financial information of the four Clinics:

Statements of Financial Position

<i>As at March 31, 2018</i>	Sun Valley Nevada Clinic	Sun Valley Mesa Clinic	Sun Valley Tucson Clinic	Sun Valley Hollywood Clinic
	USD \$	USD \$	USD \$	USD \$
Cash	3,556	2,873	8,194	501
Fixed assets	17,632	74,340	31,236	2,214
Other assets	2,500	4,595	3,000	10,111
Total assets	23,688	81,808	42,430	12,826
Current liabilities	37,920	79,101	34,913	52,172
Other liabilities	138	8,843	9,763	2,465
Members' equity	174,104	222,797	197,543	172,679
Deficit	(188,474)	(228,933)	(199,789)	(214,490)
Total liabilities & members' equity	23,688	81,808	42,430	12,826



MANAGEMENT'S DISCUSSION AND ANALYSIS For the three months ended March 31, 2018

Statements of Loss and Comprehensive Loss

<i>Three months ended March 31, 2018</i>	Sun Valley Nevada Clinic	Sun Valley Mesa	Sun Valley Tucson	Sun Valley Hollywood Clinic
	USD \$	USD \$	USD \$	USD \$
Revenue	55,483	50,595	62,615	13,090
Total expenses	(72,429)	(88,905)	(91,920)	(79,234)
Net loss & comprehensive loss for the period	(16,946)	(38,310)	(29,305)	(66,144)

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, shares to be issued, equity component of convertible debentures, reserve for share-based payments and warrants, accumulated other comprehensive income and accumulated deficit. As at March 31, 2018, the Company's capital consisted of a deficit of \$764,459 (December 31, 2017 – deficit of \$642,549).

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements, initial public offering and issuance of convertible debentures. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company is not subject to externally imposed capital requirements.

OTHER FINANCIAL MATTERS

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's unaudited condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

The areas involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the financial statements were the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2017.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

New Standards and Interpretations

The Company had adopted the following new standards, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Company's unaudited condensed interim consolidated financial statements:

- IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in July 2014 and replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions.
- IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) replaces IAS 18 – Revenue, IAS 11 – Construction Contracts, and some revenue-related interpretations. 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.

Recent Accounting Pronouncements

The IASB and the IFRIC have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2018. Updates that are not applicable or are not consequential to the Company have been excluded. The Company does not expect the adoption of these standards to have a material impact on the consolidated financial statements.

- IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases (“IAS 17”). With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

OUTSTANDING SHARE DATA

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

Since inception on November 8, 2016 to March 31, 2018, the Company had issued:

- (i) 6,000,000 founder shares on November 8, 2016;
- (ii) 4,000,000 shares as fees for convertible debts on November 14, 2016;
- (iii) Convertible debentures, issued on November 14, 2016, which are convertible at the option of the holder into 3,116,640 units consisting of 3,116,640 common shares and 1,558,320 common share purchase warrants;
- (iv) 6,550,000 units for \$655,000 in a private placement closed on December 9, 2016. Each unit consists of one common share and one half of a common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.15 per share for 60 months after closing date, or 24 months after a going public transaction. Pursuant to the private placement, the Company also issued 500,000 broker warrants units. Each broker warrant units can be exercised into one common share and one half of a common share purchase warrants exercisable at \$0.10 for 5 years or 24 months after a going public transaction;.
- (v) 1,600,000 stock options granted on January 4, 2017, to directors and consultants of the Company at an exercise price of \$0.10 per share and a term that expires at the earlier of 5 years after the date of issue, or 2 years after the date of the Company becoming listed on a Canadian Exchange, whichever is earlier;
- (vi) Unsecured convertible debentures, issued on April 20, 2017, which are convertible into 500,000 Units consisting of 500,000 common shares and 250,000 common share purchase warrants. The Company also issued 20,000 broker warrants; and
- (vii) Secured convertible debentures, issued on December 22, 2017, which are convertible into 600,000 units consisting of 600,000 common shares. The Company also issued 80,000 broker warrants.

As at March 31, 2018 and as of the date if this MD&A, the Company had 31,819,755 fully diluted shares consisting of 16,630,000 common shares issued and outstanding, convertible debentures that could be converted into 9,714,755 common shares and 1,600,000 stock options and 3,875,000 warrants.

RELATED PARTY TRANSACTIONS

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

During the three months ended March 31, 2018, no management compensation was paid to the CEO and the COO (2017 – \$72,000). As at March 31, 2018, amounts of \$91,802 and \$88,020 (December 31, 2017 – \$91,802 and \$88,020) owing to the CEO and the COO, respectively, were included in accounts payable and accrued liabilities. Also included in other receivables as at March 31, 2018 was \$4,798 (December 31, 2017 – \$4,798) due from the CEO for an advance made in respect of expenses to be incurred on behalf of the Company.

During the three months ended March 31, 2018, the Company incurred professional fees of \$12,000 (2017 – \$12,000) from Branson Corporate Services Inc. ("Branson"), which provides CFO services to the Company, as well as other accounting and administrative services. As at March 31, 2018, \$9,040 (December 31, 2017 – \$13,587) owing to Branson was included in accounts payable and accrued liabilities, and \$6,356 (December 31, 2017 – \$6,356) was included in shares to be issued to settle with Branson.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

During the three months ended March 31, 2017, the Company granted 1,280,000 options to directors and officers of the Company to purchase common shares of the Company at the exercise price of \$0.10 expiring two years after the Company completes a going public transaction or five years from the date of grant, whichever is earlier. The options vested immediately on grant. Total share-based compensation expense attributable to related parties for the three months ended March 31, 2017 was \$59,000.

COMMITMENTS

Management fees

Two founders of the Company have compensation contracts effective September 1, 2016, in the amount of \$12,000 per month, with \$6,000 per month to be paid immediately and \$6,000 per month to be paid subject to available financing. Upon the successful completion of an investment into a fifth clinic, the compensation amount will be increased to \$18,000 per month, with \$9,000 per month to be paid immediately and \$9,000 per month to be paid subject to available financing. Effective September 1, 2017, the CEO and COO agreed to defer the accrual of any salary or consulting fees until a public listing is obtained by the Company. As at March 31, 2018, total accrued salary was \$168,000 (December 31, 2017 – \$168,000).

FINANCIAL RISK FACTORS

The Company is exposed to credit risk and liquidity risk. The Company's primary risk management objective is to protect assets, earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the Company's risks and the related exposure are consistent with its business objectives and risk tolerance.

Fair value

The carrying amount of cash, other receivables, accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and other receivables. Cash is held with a reputable Canadian chartered bank. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company generates cash flow primarily from its financing activities. As at March 31, 2018, the Company had a cash balance of \$388,986 (December 31, 2017 – \$499,475) to settle current liabilities of \$625,147 (December 31, 2017 – \$533,400).

Interest rate risk

The Company has convertible debentures with interest rate fixed at 12% per annum, and management believes that interest rate risk is minimum.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

Foreign currency risk

The Company is exposed to foreign exchange risk of US dollar. The Company's functional and presentation currency is the Canadian dollar and operations through its US subsidiary, Green Global, are conducted in US dollar.

SUBSEQUENT EVENTS

On May 31, 2018, the Company and Lamêlée entered into a Securities Exchange Agreement to give effect to the Transaction, which was amended on June 21, 2018. Pursuant to the amended Agreement, Aura Shareholders will exchange their Aura shares for Lamêlée shares such that, following completion of the Transaction, Aura Shareholders (including the purchasers of the Financing Units) will hold approximately 82.28% of the Resulting Issuer shares assuming Minimum Offering, or 86.77% assuming Maximum Offering, in each case on a non-diluted basis. The Transaction will result in Aura becoming the reverse takeover acquiror of Lamêlée.

In accordance with the amended Agreement, each Aura Shareholder will be entitled to receive one Resulting Issuer share for each Aura share held by such Aura Shareholder. In addition, the Aura convertible securities shall be exchanged for Lamêlée replacement convertible securities, adjusted based on the Exchange Ratio.

In connection with the Transaction, the Company will use best efforts to complete a non-brokered private placement financing (the "Financing") immediately prior to the completion of the Transaction. The Financing will be a minimum of \$1,000,000 in Financing Units (the "Minimum Offering") and a maximum of \$5,000,000 in Financing Units (the "Maximum Offering") at \$0.49 per Financing Unit. Each Financing Unit will be comprised of one Aura share and one purchase warrant (a "Financing Warrant"), with each Financing Warrant entitling the holder to purchase one Aura share at \$0.75 per share for a period of two years following closing. On completion of the Transaction, the Aura shares resulting from the Financing Units sold in the Financing will be exchanged based on the Exchange Ratio, into 2,040,816 Resulting Issuer shares in case of Minimum Offering and 10,204,081 Resulting Issuer shares in case of Maximum Offering. The Financing Warrants will be exchanged and replaced based on the Exchange Ratio into a minimum of 2,040,816 Resulting Issuer warrants in case of the Minimum Offering and a maximum of 10,204,081 Resulting Issuer warrants in case of the Maximum Offering, with each Resulting Issuer warrants entitling the holder to purchase one Resulting Issuer Share at \$0.75 per share for a period of two years following closing.

RISK FACTORS

There are numerous and various risks, known and unknown, that may prevent the Company from achieving its goals. It is believed that these factors could adversely affect the Company's business, financial condition or results of operation. Refer to the Listing Statement for a summary of risks applicable to the business of the Company.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the three months ended March 31, 2018 and the year ended December 31, 2017, there were no changes in the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's President and CEO and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at March 31, 2018, covered by this MD&A, management of the Company, with the participation of the President and CEO and the CFO, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and CEO and the CFO have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the President and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. 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. Examples of such statements include, without limitation: the intention to complete the listing; the description of the Company that assumes completion of the listing of its Common Shares; the intention to grow the business and operations of the Company; anticipated timing for the ability of the Company to agree to terms of royalty agreements with Licensed Operators; expected growth in the number of users of Medical Marijuana in Canada; the risk of foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained herein are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether because of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

SCHEDULE "C"

CARVE-OUT MD&As OF AURA CLINIC LLCs

SUN VALLEY CLINICS

Management's Discussion and Analysis of the "Carve-Out" of Combined Joint Venture Financial Statements

For the Year ended December 31, 2017 and

For the Period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

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For the year ended December 31, 2017 and
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INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") concerns the combined financial results of Sun Valley Clinics ("Sun Valley" or the "Clinics") for the year ended December 31, 2017 and for the period from August 30, 2016 (date of formation) to December 31, 2016. This MD&A was written to comply with the requirements of National Instrument 52-102 – Continuous Disclosure Obligations. The information in this MD&A should be read in conjunction with the Clinics' combined joint venture financial statements for the year ended December 31, 2017 and for the period from August 30, 2016 (date of formation) to December 31, 2016. The Clinics' combined joint venture financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

This MD&A is dated May 31, 2018. All monetary amounts, unless otherwise indicated, are expressed in United States dollars. In the opinion of the members, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

DESCRIPTION OF BUSINESS

Sun Valley consists of Sun Valley Alternative Health Centers NV L.L.C. ("Sun Valley Nevada Clinic"), Sun Valley Alternative Health Centers Mesa L.L.C. ("Sun Valley Mesa Clinic"), Sun Valley Alternative Health Centers NV Tucson L.L.C. ("Sun Valley Tucson Clinic") and Sun Valley Alternative Health Centers Hollywood, L.L.C. ("Sun Valley Hollywood Clinic"). The Clinics provide cannabis certification and medical care to patients in the United States ("US") and operate the four Medical Marijuana Patient Testing clinics in the States of Nevada, Arizona and Florida. The Clinics are established as separate Limited Liability Companies ("LLC"), which are governed by their Operating Agreements and are managed by their owners ("Members"). Profit and loss allocations and cash distributions of each LLC are in accordance with their ownership percentages.

On November 11, 2016, Sun Valley Certification Clinics Holdings, LLC ("Sun Valley Holdings") entered into a Purchase Option Agreement with Green Global Properties Inc. ("Green Global"), a wholly-owned subsidiary of Aura Health Corp. ("Aura"), whereby Green Global has the option to acquire a 30% interest in each of the next ten clinics that Sun Valley Holdings opens in the US for \$100,000 per clinic. Provided that Green Global already owns 30% of a clinic, it has a further option within 18 months from the opening date of each clinic to acquire an additional 21% of that clinic for \$100,000 and increase its ownership to 51%. The Purchase Option Agreement between Sun Valley Holdings and Green Global on the Clinics is considered to be a joint venture.

GOING CONCERN

The Clinics' ability to continue operations and fund its acquisitions is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

As at December 31, 2017, the Clinics had a working capital deficiency of \$44,435 (December 31, 2016 – working capital of \$17,292), had not yet achieved profitable operations and had accumulated losses of \$680,981 (December 31, 2016 – \$55,059). There is no assurance that the Clinics can obtain additional financing and if the Clinics' operations will be profitable, and as such, there is an uncertainty with respect to the Clinics' ability to continue as a going concern.

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The Clinics are dependent upon the achievement of profitable operations or the obtaining of additional financing to support operations and to discharge their liabilities as they come due. The combined joint venture financial statements have been prepared on the basis that the Clinics will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Clinics were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The Clinics' objective when managing capital is to obtain adequate levels of funding to support their business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of their business. The Clinics raise capital from their Members, as necessary, to meet their needs and take advantage of perceived opportunities and, therefore, do not have a numeric target for their capital structure. There can be no assurance that the Clinics will be able to continue raising equity capital in this manner.

RESULTS OF OPERATIONS

Results of Operations

Revenue from patient examination and the issuance of medical-use certificates is recognized when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Clinics;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received, net of discounts and sales taxes.

Overall revenue for the year ended December 31, 2017 was \$378,148, as compared to \$31,280 for the period from August 30, 2016 (date of formation) to December 31, 2016. The increase in revenue was due to the opening of the Sun Valley Mesa Clinic in April 2017, the Sun Valley Tucson Clinic in May 2017 and the Sun Valley Hollywood Clinic in August 2017, respectively.

Total expenses for the year ended December 31, 2017 were \$1,004,070, as compared to \$86,339 for the period from August 30, 2016 (date of formation) to December 31, 2016. The significant increase in operating expenses was in revenue was primarily due to higher payroll and salaries from employment of new staff (\$573,690 in 2017 as compared to \$43,195 in 2016), higher general and administrative expenses incurred from the normal course of operations (\$133,326 in 2017 as compared to \$24,465 in 2016), higher rent and utilities cost from added new locations during the year (\$113,570 in 2017 as compared to \$5,129 in 2016), and from increased advertising spending in promoting the new Clinics (\$77,933 in 2017 as compared to \$4,117 in 2016),

The net and comprehensive loss for the year ended December 31, 2017 was \$625,922, as compared to \$55,059 for the period from August 30, 2016 (date of formation) to December 31, 2016.

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SELECTED FINANCIAL INFORMATION

	Three months ended December 31, 2017	Three months ended December 31, 2016	Year ended December 31, 2017	Period from August 30, 2016 (date of formation) to December 31, 2016
	\$	\$	\$	\$
Revenue	128,908	29,385	378,148	31,280
Expenses				
Salaries, wages and benefits	189,492	37,122	573,690	43,195
Office expenses	34,059	13,201	133,326	24,465
Rent and utilities	38,757	5,055	113,570	5,129
Advertising expenses	21,678	2,217	77,933	4,117
Management fees	20,179	6,667	60,000	6,667
Depreciation	7,029	697	23,551	697
Professional fees	4,494	1,195	13,700	1,450
Bank fees and interest expense	3,116	619	8,300	619
Total Expenses	318,804	66,773	1,004,070	86,339
Net loss and comprehensive	(189,896)	(37,388)	(625,922)	(55,059)

LIQUIDITY AND CAPITAL RESOURCES

The Clinics manage their capital structure and make adjustments to them, based on the funds available to the Clinics, in order to support the development of their planned business activities. The Board of Managers does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Clinics will spend their existing working capital and raise additional funds as needed. Management reviews their capital management approach on an ongoing basis and believes that this approach, given the relative size of the Clinics, are reasonable. The Clinics are not subject to externally imposed capital requirements.

Cash held by the Clinics' operations as at December 31, 2017 was \$26,044, as compared to \$26,711 as at December 31, 2016.

The Clinics consider their capital to be members' equity, which is comprised of members' units issued and accumulated deficit, which as at December 31, 2017, was \$86,140 (December 31, 2016 – \$44,941).

The Clinics' objective when managing capital is to obtain adequate levels of funding to support their business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of their business. The Clinics raise capital from their Members, as necessary, to meet their needs and take advantage of perceived opportunities and, therefore, do not have a numeric target for their capital structure. There can be no assurance that the Clinics will be able to continue raising equity capital in this manner.

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The Clinics' objective when managing capital is to obtain adequate levels of funding to support their business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of their business. The Clinics raise capital from their Members, as necessary, to meet their needs and take advantage of perceived opportunities and, therefore, do not have a numeric target for their capital structure. There can be no assurance that the Clinics will be able to continue raising equity capital in this manner.

OTHER FINANCIAL MATTERS

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Sun Valley Clinics had no off-balance sheet arrangements.

Proposed Transactions

Other than information disclosed in this MD&A, the Sun Valley Clinics had no proposed transactions.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these combined joint venture financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the combined joint venture financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. The most significant judgments and estimates include, but are not limited to, assets' carrying values and impairment charges and assessment of functional currency.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through profit or loss. As at December 31, 2017, the Clinics' cash is classified as FVTPL.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost. The Clinics' due from related party and deposits are classified as loans and receivables. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. As at December 31, 2017, the Clinics had not classified any financial assets as available-for-sale or held-to-maturity.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the assets.

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Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Clinics' accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statements of loss. As at December 31, 2017 and 2016, the Clinics had not classified any financial liabilities as FVTPL.

Fair value hierarchy

The Clinics classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2017, the Clinics did not have any financial instruments measured at fair value after initial recognition.

Property and equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis as follows:

- Computer equipment: 5 years
- Furniture and fixtures: 7 years
- Leaseholds improvements: 15 years (Sun Valley Nevada Clinic) and lease term of 39 years; 5 years (Sun Valley Mesa Clinic) and lease term of 3 years; and 5.5 years (Sun Valley Tucson Clinic) and lease term of 3 years, whichever is shorter.

An asset's residual value, useful life and depreciation method are reviewed at each reporting date and adjusted if appropriate. When parts of an item of equipment have different useful lives, the components are accounted for as separate items of equipment.

Impairment of financial assets

The Clinics assess at each financial reporting date whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present

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value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Revenue recognition

Revenue from patient examination and the issuance of medical-use certificates is recognized when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Clinics;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received, net of discounts and sales taxes.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Provisions

Provisions are recognized when the Clinics have a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provisions due to passage of time is recognized as interest expense.

As at December 31, 2017 and 2016, the Clinics had no material provisions.

Income taxes

The Clinics file as a partnership for federal income tax purpose and thus are not considered taxable entities for federal income tax purposes. The results of its operations are included in the federal tax returns of the Partners. Accordingly, federal income taxes are not reflected in the combined joint venture financial statements.

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ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

New standards and interpretations

The Clinics had adopted the following new standards, effective January 1, 2017. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Clinics' combined joint venture financial statements:

- IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences.

Recent accounting pronouncements

The IASB and the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2018. Many are not applicable or do not have a significant impact to the Clinics and have been excluded from the list below. The Clinics had not early adopted and are currently assessing the impact of adopting these standards or amendments will have on the combined joint venture financial statements and related note disclosures.

- IFRS 9 – Financial Instruments ("IFRS 9") was issued in final form in July 2014 by the IASB and will replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Clinics do not expect the adoption of this standard to have a material impact on the combined joint venture financial statements.
- IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") was issued by IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Clinics do not expect the adoption of this standard to have a material impact on the combined joint venture financial statements.
- IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases ("IAS 17"). Under IAS 17, lessees were required to make a distinction between a finance lease and an

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operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 is also applied. The Company is currently assessing the impact, if any, of this standard on the combined joint venture financial statements.

OUTSTANDING SHARE DATA

Based on the Operating Agreement between Green Global and Sun Valley Holdings, the Clinics have total authorized members' units of 2,040.90 each or total of 8,163.60 as at December 31, 2017 (December 31, 2016 – 1,428.60 each). As at December 31, 2017, the Clinics had a total of 5,714.40 members' units (December 31, 2016 – 1,000 units) issued and outstanding.

The following outlines the members' units that are issued and outstanding for all clinics:

	2017		2016	
	# *	\$	#	\$
Balance, beginning of year/period	1,000	100,000	1,000	100,000
New units issued from the initial completion of 30% interest – Green Global	900	300,000	-	-
New units issued – Green Global	514	110,094	-	-
New units issued – Sun Valley	3,300	257,027	-	-
Balance, end of year/period	5,714	767,121	1,000	100,000

*Rounded to the nearest number.

On November 17, 2016, Green Global completed the acquisition of its 30% interest in the Sun Valley Nevada Clinic for \$100,000 under the terms of the option agreement.

On December 20, 2016, Green Global paid a deposit of \$50,000 to acquire a 15% interest in the Sun Valley Mesa Clinic. On March 7, 2017, Green Global completed its acquisition of a 30% interest under the terms of the option agreement by making a payment of \$50,000.

On March 14, 2017, Green Global advanced an initial \$50,000 deposit for a 15% interest in the Sun Valley Tucson Clinic. On April 18, 2017, Green Global completed the acquisition of a 30% interest in the Sun Valley Tucson Clinic under the terms of the option agreement by making a payment of \$50,000.

On July 24, 2017, Green Global advanced an initial \$50,000 deposit for a 15% interest in the Sun Valley Hollywood Clinic. On August 2, 2017, the Green Global advanced an additional \$50,000 and completed its acquisition of a 30% interest in the Sun Valley Hollywood Clinic under the terms of the option agreement.

On December 28, 2017, each clinic authorized the issuance of 612.30 new units, as consideration of the capital contributed by Green Global and Sun Valley Holdings for total proceeds of \$110,094 and \$257,027,

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respectively, in a manner consistent with the Operating Agreement between Green Global and Sun Valley Holdings.

RELATED PARTY TRANSACTIONS

Key management includes the Clinics' Board of Managers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

Total key management compensation paid to the Board of Managers amounts to \$nil for the year ended December 31, 2017 (2016 – \$nil).

The Clinics entered into management agreements with Sun Valley Alternative Health Centers L.L.C. The Clinics and Sun Valley Alternative Health Centers L.L.C. are parties under common control. The Clinics will pay Sun Valley Alternative Health Centers L.L.C. a monthly management fee, in exchange for services provided to the Clinics, equal to \$2,000 per clinic for a total of \$8,000 per month. For the year ended December 31, 2017, the management fee expensed to Sun Valley Alternative Health Centers L.L.C. was \$60,000 (2016 – \$6,667). As at December 31, 2017, the amount due to Sun Valley Alternative Health Centers L.L.C., including the management fee of \$66,667 (December 31, 2016 – \$6,667), was \$109,559 (December 31, 2016 – \$9,419).

On December 30, 2016, Green Global paid a non-refundable deposit of \$50,000 for the acquisition of a 15% interest in the Sun Valley Mesa Clinic under the terms of the option agreement.

On March 7, 2017, Green Global completed the acquisition of its 30% interest in the Sun Valley Mesa Clinic by paying the remaining \$50,000 of acquisition cost under the terms of the option agreement.

The Clinics have a receivable from Sun Valley Holdings for a total amount of \$49,333 as at December 31, 2017 (December 31, 2016 – \$nil), representing funds that Green Global advanced under the terms of the option agreement for the issuance of the new units on December 28, 2017. These funds were subsequently transferred to the Clinics as of February 2018.

COMMITMENTS AND CONTINGENCIES

Stock Options

There are no Stock Options outstanding for the Sun Valley Clinics.

Commitments

The Clinics entered into lease agreements for the premises that the Clinics currently operate for the following terms:

Location	Year opened	Term	Option to renew
Nevada	2016	3 years and 1 month	None
Mesa	2017	5 years	5 years
Tucson	2017	5 years and 5 months	5 years
Florida	2017	5 years	5 years

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As at December 31, 2017, the future minimum lease payments under the non-cancellable operating leases are payable as follows:

2018	\$	28,408
2019		29,403
2020		30,432
2021		31,497
2022		18,743
Thereafter		-
	\$	138,483

Contingency

On August 25, 2017, the City of Fort Lauderdale (the "City") initiated a code enforcement case, Case No. CE17082150 (the "Case") against 3267 Davie Boulevard (the "Property") based upon an unspecified complaint. The Property is leased by Sun Valley Hollywood Clinic. On November 8, 2017, the City conducted an initial inspection of the Property and advised the onsite manager of Sun Valley Hollywood Clinic that a Business Tax Receipt ("BTR") is required before any business can operate. A BTR is a tax and is not regulatory in nature. City records also indicate that the Property did not have sign permits as required.

On December 6, 2017, Sun Valley Hollywood Clinic sent a letter of response to the Code Enforcement Division regarding the Case. As at December 31, 2017, the City considered the Case open and was pursuing it; however, at that time the City had not issued a formal Notice of Violation which could result in per diem fines.

As at December 31, 2017, the City indicated it believed it had claims against the Sun Valley Hollywood Clinic for violation of Code §§15-39 (operating without a BTR), 47-22.3 (window signs exceeding code limitations), 47-22.9 (unpermitted signs), and 47-18.46 (operation of a medical cannabis dispensing facility). Based upon Management's analysis of Code provisions and representations made by Sun Valley Hollywood Clinic, although no assurance can be given, Management believes that it has viable defenses to any claim for violation of Code §47-18.46.

Subsequent to year-end, Sun Valley Hollywood Clinic obtained its business license, and is currently working on the sign permits and submitted application for new permits that are currently under review by the City. If the new permits are approved, the Case against Sun Valley Hollywood Clinic will be closed.

FINANCIAL RISK FACTORS

The Sun Valley Clinics are exposed to credit risk and liquidity risk. The Clinics' primary risk management objective is to protect assets, earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the Sun Valley Clinics' risks and the related exposure are consistent with its business objectives and risk tolerance.

Fair value

The carrying amount of cash, due from/to related parties, accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

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Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Clinics' credit risks are primarily attributable to cash and deposits. Cash is held with reputable financial institutions in the US. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Clinics will not have sufficient cash resources to meet its financial obligations as they come due. The Clinics currently generate cash flow primarily from financing activities. As at December 31, 2017, the Clinics had combined current assets of \$75,377 (December 31, 2016 – \$26,711) to settle combined current liabilities of \$119,812 (December 31, 2016 – \$9,419). The current liabilities are due within one year of the reporting date.

Foreign currency risk

Sun Valley Clinics operate in US Dollars and have no foreign operations or reporting subsidiaries.

RISK FACTORS

There are numerous and various risks, known and unknown, that may prevent the Sun Valley Clinics from achieving its goals. It is believed that these are the factors that could adversely affect the Sun Valley Clinics' business, financial condition or results of operation. The following is a summary of certain risks that could be applicable to the business of the Sun Valley Clinics:

Limited Operating History

Sun Valley Clinics has a very limited history of operations, is in the early stage of development and must be considered a start-up. As such, the Clinics are subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Sun Valley Clinics will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Sun Valley Clinics' future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

Regulation

Local, state and federal laws and regulations governing marijuana for medicinal and recreational purposes are broad in scope and are subject to evolving interpretations, which could require the Sun Valley Clinics to incur substantial costs associated with bringing the Sun Valley Clinics' operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Sun Valley Clinics' operations and result in a material adverse effect on its financial performance. It is beyond the Sun Valley Clinics' scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Sun Valley Clinics determine what effect such changes, when and if promulgated, could have on the Sun Valley Clinics' business.

Local Regulation could change and negatively impact on the Sun Valley Clinics' operations

Most US states that permit marijuana for adult use or medical use provide local municipalities with the authority to prevent the establishment of medical or adult use marijuana businesses in their jurisdictions. If

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local municipalities where the Sun Valley Clinics or its Licensed Operators have established facilities decides to prohibit marijuana businesses from operating, the Sun Valley Clinics or its Licensed Operators could be forced to relocate operations at great cost to the Sun Valley Clinics, and the Sun Valley Clinics or its Licensed Operators may have to cease operations in such state entirely if alternative facilities cannot be secured.

Additional Financing

The Sun Valley Clinics may need to raise significant additional funds in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Sun Valley Clinics cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders.

Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Sun Valley Clinics' ability to obtain debt and equity financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Sun Valley Clinics' operations and financial condition could be adversely impacted.

Difficult to Forecast

The Sun Valley Clinics must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the marijuana industry in Canada and the US. A failure in the demand for its products to materialize as a result of competition, technological change, market acceptance or other factors could have a material adverse effect on the business, results of operations and financial condition of the Sun Valley Clinics.

Management of Growth

The Sun Valley Clinics may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Sun Valley Clinics to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Sun Valley Clinics to deal with this growth may have a material adverse effect on the Sun Valley Clinics' business, financial condition, results of operations and prospects.

Dividends

The Sun Valley Clinics has no earnings or dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Sun Valley Clinics would be subject to tax and, potentially, withholdings.

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INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the year ended December 31, 2017, there were no changes in the Sun Valley Clinics' internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Sun Valley Clinics' internal control over financial reporting.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Sun Valley Clinics' President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at December 31, 2017, covered by this MD&A, management of the Sun Valley Clinics, with the participation of the President and CEO and the CFO, evaluated the effectiveness of the Sun Valley Clinics' disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and CEO and the CFO have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Sun Valley Clinics' annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Sun Valley Clinics, including the President and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Sun Valley Clinics to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include, without limitation: the intention to complete the listing; the description of the Sun Valley Clinics that assumes completion of the listing of its Common Shares; the intention to grow the business and operations of the Sun Valley Clinics; anticipated timing for the ability of the Sun Valley Clinics to agree to terms of royalty agreements with Licensed Operators; expected growth in the number of users of Medical Marijuana in Canada; the risk of foreign exchange rate fluctuations, the ability of the Sun Valley Clinics to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Sun Valley Clinics. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective

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investors in securities of the Sun Valley Clinics should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained herein are made as of the date hereof and the Sun Valley Clinics undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management is responsible for all information contained in this report. These combined joint venture financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the combined joint venture financial statements for the year ended December 31, 2017 and for the period from August 30, 2016 (date of formation) to December 31, 2016, in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

SUN VALLEY CLINICS

**Management's Discussion and Analysis of the
"Carve-Out" of Combined Joint Venture Financial Statements**

For the Three Months ended March 31, 2018

(Expressed in United States Dollars)

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INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") concerns the combined financial results of Sun Valley Clinics ("Sun Valley" or the "Clinics") for the three months ended March 31, 2018 ("Q1 2018"). This MD&A was written to comply with the requirements of National Instrument 52-102 – Continuous Disclosure Obligations. The information in this MD&A should be read in conjunction with the Clinics' unaudited condensed interim combined joint venture financial statements for the three months ended March 31, 2018, as well as the combined joint venture financial statements for the year ended December 31, 2017 and for the period from August 30, 2016 (date of formation) to December 31, 2016. The Clinics' unaudited condensed interim combined joint venture financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

This MD&A is dated July 31, 2018. All monetary amounts, unless otherwise indicated, are expressed in United States dollars. In the opinion of the members, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

DESCRIPTION OF BUSINESS

Sun Valley consists of Sun Valley Alternative Health Centers NV L.L.C. ("Sun Valley Nevada Clinic"), Sun Valley Alternative Health Centers Mesa L.L.C. ("Sun Valley Mesa Clinic"), Sun Valley Alternative Health Centers NV Tucson L.L.C. ("Sun Valley Tucson Clinic") and Sun Valley Alternative Health Centers Hollywood, L.L.C. ("Sun Valley Hollywood Clinic"). The Clinics provide cannabis certification and medical care to patients in the United States ("US") and operate the four Medical Marijuana Patient Testing clinics in the States of Nevada, Arizona and Florida. The Clinics are established as separate Limited Liability Companies ("LLC"), which are governed by their Operating Agreements and are managed by their owners ("Members"). Profit and loss allocations and cash distributions of each LLC are in accordance with their ownership percentages.

On November 11, 2016, Sun Valley Certification Clinics Holdings, LLC ("Sun Valley Holdings") entered into a Purchase Option Agreement with Green Global Properties Inc. ("Green Global"), a wholly-owned subsidiary of Aura Health Corp. ("Aura"), whereby Green Global has the option to acquire a 30% interest in each of the next ten clinics that Sun Valley Holdings opens in the US for \$100,000 per clinic. Provided that Green Global already owns 30% of a clinic, it has a further option within 18 months from the opening date of each clinic to acquire an additional 21% of that clinic for \$100,000 and increase its ownership to 51%. The Purchase Option Agreement between Sun Valley Holdings and Green Global on the Clinics is considered to be a joint venture.

GOING CONCERN

The Clinics' ability to continue operations and fund its acquisitions is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

As at March 31, 2018, the Clinics had a working capital deficiency of \$188,983 (December 31, 2017 – working capital deficiency of \$44,435), had not yet achieved profitable operations and had accumulated losses of \$831,686 (December 31, 2017 – \$680,981). There is no assurance that the Clinics can obtain additional financing and if the Clinics' operations will be profitable, and as such, there is an uncertainty with respect to the Clinics' ability to continue as a going concern.

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The Clinics are dependent upon the achievement of profitable operations or the obtaining of additional financing to support operations and to discharge their liabilities as they come due. The unaudited condensed interim combined joint venture financial statements have been prepared on the basis that the Clinics will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Clinics were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The Clinics' objective when managing capital is to obtain adequate levels of funding to support their business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of their business. The Clinics raise capital from their Members, as necessary, to meet their needs and take advantage of perceived opportunities and, therefore, do not have a numeric target for their capital structure. There can be no assurance that the Clinics will be able to continue raising equity capital in this manner.

RESULTS OF OPERATIONS

Results of Operations

Revenue from patient examination and the issuance of medical-use certificates is measured based on the consideration or prices charged and collected by the Clinics from its customers, net of discounts and sales taxes. The revenue generated by the Clinics and the service delivery occur at the same time. There is no incremental cost of obtaining a contract and no cost directly related to fulfilling a contract with a customer.

Overall revenue for Q1 2018 was \$181,783, as compared to \$51,975 for the three months ended March 31, 2017 ("Q1 2017"), which was a direct result of the Sun Valley Mesa Clinic, the Sun Valley Tucson Clinic and the Sun Valley Hollywood Clinic, beginning operations after the first quarter in 2017. During Q1 2017, only the Sun Valley Nevada Clinic was operational, while all 4 Clinics contributed to the sales in the current quarter.

Total expenses for Q1 2018 were \$332,488, as compared to \$76,772 for Q1 2017. The significant increase in operating expenses was also directly related to the new locations which opened after Q1 2017, which increased overall expenses, due to higher payroll and salaries from employment of new staff hired from the new Clinics (\$198,691 in 2018 as compared to \$40,012 in 2017), higher general and administrative expenses incurred from the normal course of operations (\$35,756 in 2018 as compared to \$11,454 in 2017), higher rent and utilities cost (\$37,757 in 2018 as compared to \$13,511 in 2017), and from increased advertising spending in promoting the new Clinics (\$20,443 in 2018 as compared to \$3,986 in 2017),

The net and comprehensive loss for the three months ended March 31, 2018 was \$150,705, as compared to \$24,797 for the three months ended March 31, 2017.

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SELECTED QUARTERLY FINANCIAL INFORMATION

	Three months ended March 31, 2018	Three months ended December 31, 2017	Three months ended September 30, 2017
	\$	\$	\$
Revenue	181,783	128,908	111,138
Expenses			
Salaries, wages and benefits	198,691	189,492	197,526
Rent and utilities	37,757	38,757	51,968
Office expenses	35,756	34,059	63,979
Management fees	24,000	20,179	-
Advertising expenses	20,443	21,678	37,595
Depreciation	11,328	7,029	2,568
Bank fees and interest expense	3,681	3,116	3,387
Professional fees	832	4,494	44,710
Total Expenses	332,488	318,804	401,733
Net loss and comprehensive loss	(150,705)	(189,896)	(290,595)

LIQUIDITY AND CAPITAL RESOURCES

The Clinics manage their capital structure and make adjustments to them, based on the funds available to the Clinics, in order to support the development of their planned business activities. The Board of Managers does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Clinics will spend their existing working capital and raise additional funds as needed. Management reviews their capital management approach on an ongoing basis and believes that this approach, given the relative size of the Clinics, are reasonable.

Cash held by the Clinics' operations as at March 31, 2018 was \$15,424, as compared to \$26,044 as at December 31, 2017.

The Clinics consider their capital to be members' equity, which is comprised of members' units issued and accumulated deficit, which as at March 31, 2018 was a deficiency amount of \$64,565 (December 31, 2017 – equity of \$86,140).

The Clinics' objective when managing capital is to obtain adequate levels of funding to support their business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of their business. The Clinics raise capital from their Members, as necessary, to meet their needs and take advantage of perceived opportunities and, therefore, do not have a numeric target for their capital structure. There can be no assurance that the Clinics will be able to continue raising equity capital in this manner.

The Clinics are not subject to externally imposed capital requirements.

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OTHER FINANCIAL MATTERS

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Sun Valley Clinics had no off-balance sheet arrangements.

Proposed Transactions

Other than information disclosed in this MD&A, the Sun Valley Clinics had no proposed transactions.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the unaudited condensed interim combined joint venture financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the combined joint venture financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions.

Areas where significant judgment is involved in making estimates include the forecasting of future cash flows for assessing the going concern assumption.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets

All financial assets are initially classified as financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income (loss) and financial assets at amortized costs, as appropriate.

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through profit or loss. As at March 31, 2018, the Clinics' cash is classified as FVTPL.

Financial assets classified as loans and receivables are measured at amortized cost. The Clinics' due from related party and deposits are classified as loans and receivables.

Financial liabilities

Financial liabilities are classified as financial liabilities at FVTP or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company's financial liabilities consist of accounts payable and accrued liabilities and unearned interest revenue.

Other financial liabilities

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest, with interest recognized on an effective yield basis.

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Fair value hierarchy

The Clinics classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2018 and December 31, 2017, the Clinics did not have any financial instruments measured at fair value after initial recognition.

Property and equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis as follows:

- Computer equipment: 5 years
- Furniture and fixtures: 7 years
- Leaseholds improvements: 15 years (Sun Valley Nevada Clinic) and lease term of 39 years; 5 years (Sun Valley Mesa Clinic) and lease term of 3 years; and 5.5 years (Sun Valley Tucson Clinic) and lease term of 3 years, whichever is shorter.

An asset's residual value, useful life and depreciation method are reviewed at each reporting date and adjusted if appropriate. When parts of an item of equipment have different useful lives, the components are accounted for as separate items of equipment.

Revenue recognition

Revenue from patient examination and the issuance of medical-use certificates is measured based on the consideration or prices charged and collected by the Clinics from its customers, net of discounts and sales taxes. The revenue generated by the Clinics and the service delivery occur at the same time. There is no incremental cost of obtaining a contract and no cost directly related to fulfilling a contract with a customer. The adoption of IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") has no significant impact to the Clinics' unaudited condensed interim combined joint venture financial statements.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Provisions

Provisions are recognized when the Clinics have a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the

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risk specific to the obligation. The increase in the provisions due to passage of time is recognized as interest expense.

As at March 31, 2018 and December 31, 2017, the Clinics had no material provisions.

Income taxes

The Clinics file as a partnership and thus are not considered taxable entities. The results of its operations are included in the tax returns of the Partners. Accordingly, income taxes are not reflected in the unaudited condensed interim combined joint venture financial statements.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

New standards and interpretations

The Clinics had adopted the following new standards, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Clinics' unaudited condensed interim combined joint venture financial statements:

- IFRS 9 – Financial Instruments ("IFRS 9") was issued in final form in July 2014 by the IASB and replaces IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions.
- IFRS 15 was issued by IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers.

Recent accounting pronouncements

The IASB and the IFRIC have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2018. Many are not applicable or do not have a significant impact to the Clinics and have been excluded from the list below.

- IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases ("IAS 17"). Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the

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economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 is also applied.

The Clinics had not early adopted and are still assessing the impact of the adoption of this standard to the unaudited condensed interim combined joint venture financial statements.

OUTSTANDING SHARE DATA

Based on the Operating Agreement between Green Global and Sun Valley Holdings, the Clinics have total authorized members' units of 2,040.90 each or total of 8,163.60 as at March 31, 2018 (December 31, 2017 – 2,040.90 each). As at March 31, 2018, the Clinics had a total of 5,714.40 members' units (December 31, 2016 – 1,000 units) issued and outstanding.

The following outlines the members' units that are issued and outstanding for all clinics:

	March 31, 2018		March 31, 2017	
	# *	\$	#	\$
Balance, beginning of year	5,714	767,121	1,000	100,000
New units issued from the initial completion of 30% interest – Green Global	-	-	1,500	150,000
Balance, end of period	5,714	767,121	1,000	100,000

*Rounded to the nearest number.

On November 17, 2016, Green Global completed its acquisition of a 30% interest in the Sun Valley Nevada Clinic for \$100,000 under the terms of the option agreement.

On December 30, 2016, Green Global paid a non-refundable deposit of \$50,000 for the acquisition of a 15% interest in the Sun Valley Mesa Clinic under the terms of the option agreement. On March 7, 2017, Green Global completed its acquisition of a 30% interest in the Sun Valley Mesa Clinic by paying the remaining \$50,000 of acquisition cost under the terms of the option agreement.

On March 14, 2017, Green Global advanced an initial \$50,000 deposit for a 15% interest in the Sun Valley Tucson Clinic. On April 18, 2017, Green Global completed its acquisition of a 30% interest in the Sun Valley Tucson Clinic under the terms of the option agreement by making a payment of \$50,000.

On July 24, 2017, Green Global advanced an initial \$50,000 deposit for a 15% interest in the Sun Valley Hollywood Clinic. On August 2, 2017, the Green Global advanced an additional \$50,000 and completed its acquisition of a 30% interest in the Sun Valley Hollywood Clinic under the terms of the option agreement.

On December 28, 2017, each clinic authorized the issuance of 612.30 new units, as consideration for the capital contributed by Green Global and Sun Valley Holdings for total proceeds of \$110,094 and \$257,027, respectively, in a manner consistent with the Operating Agreement between Green Global and Sun Valley Holdings.

RELATED PARTY TRANSACTIONS

Key management includes the Clinics' Board of Managers who has authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The Clinics entered into management agreements with Sun Valley Alternative Health Centers L.L.C. The

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Clinics and Sun Valley Alternative Health Centers L.L.C. are parties under common control. The Clinics will pay Sun Valley Alternative Health Centers L.L.C. a monthly management fee in exchange for services provided to the Clinics, equal to \$2,000 per clinic for a total of \$8,000 per month. For the three months ended March 31, 2018, the management fee expensed to Sun Valley Alternative Health Centers L.L.C. was \$24,000 (2017 – \$6,000). As at March 31, 2018, the amount due to Sun Valley Alternative Health Centers L.L.C., including total accrued management fees of \$90,667 (December 31, 2017 – \$66,667), was \$195,654 (December 31, 2017 – \$109,559).

Total key management compensation paid to the Board of Managers amounts to \$nil for the three months ended March 31, 2018 (2017 – \$nil).

As at December 31, 2017, the Clinics had a receivable from Sun Valley Holdings for a total amount of \$49,333, representing funds that Green Global advanced under the terms of the Option Agreement for the issuance of the new units on December 28, 2017. During the three months ended March 31, 2018, these funds had been transferred to the Clinics.

COMMITMENTS AND CONTINGENCIES

Stock Options

There are no Stock Options outstanding for the Sun Valley Clinics.

Commitments

The Clinics entered into lease agreements for the premises that the Clinics currently operate for the following terms:

Location	Year opened	Term	Option to renew
Nevada	2016	3 years and 1 month	None
Mesa	2017	5 years	5 years
Tucson	2017	5 years and 5 months	5 years
Florida	2017	5 years	5 years

As at March 31, 2018, the future minimum lease payments under the non-cancellable operating leases are payable as follows:

2019	\$	85,629
2020		80,800
2021		78,102
2022		80,668
Thereafter		21,872
	\$	347,071

Contingency

On August 25, 2017, the City of Fort Lauderdale (the "City") initiated a code enforcement case, Case No. CE17082150 (the "Case") against 3267 Davie Boulevard (the "Property") based upon an unspecified complaint. The Property is leased by the Sun Valley Hollywood Clinic. On November 8, 2017, the City conducted an initial inspection of the Property and advised the onsite manager of the Sun Valley Hollywood Clinic that a Business Tax Receipt ("BTR") is required before any business can operate. A BTR is a tax and is not regulatory in nature. City records also indicate that the Property did not have sign permits as required.

On December 6, 2017, the Sun Valley Hollywood Clinic sent a letter of response to the Code Enforcement Division regarding the Case. As at December 31, 2017, the City considered the Case open and was

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pursuing it; however, at that time the City had not issued a formal Notice of Violation which could result in per diem fines.

As at December 31, 2017, the City indicated it believed it had claims against the Sun Valley Hollywood Clinic for violation of Code §§15-39 (operating without a BTR), 47-22.3 (window signs exceeding code limitations), 47-22.9 (unpermitted signs), and 47-18.46 (operation of a medical cannabis dispensing facility). Based upon Management's analysis of Code provisions and representations made by Sun Valley Hollywood Clinic, although no assurance can be given, Management believes that it has viable defenses to any claim for violation of Code §47-18.46.

Subsequent to March 31, 2018, the Sun Valley Hollywood Clinic obtained its business license and the sign permits. As these permits are approved, the Case against the Sun Valley Hollywood Clinic had been closed.

FINANCIAL RISK FACTORS

The Sun Valley Clinics are exposed to credit risk and liquidity risk. The Clinics' primary risk management objective is to protect assets, earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the Sun Valley Clinics' risks and the related exposure are consistent with its business objectives and risk tolerance.

Fair value

The carrying amount of cash, due from/to related parties, accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Clinics' credit risks are primarily attributable to cash and deposits. Cash is held with reputable financial institutions in the US. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Clinics will not have sufficient cash resources to meet its financial obligations as they come due. The Clinics currently generate cash flow primarily from financing activities. As at March 31, 2018, the Clinics had combined current assets of \$15,124 (December 31, 2017 – \$75,377) to settle combined current liabilities of \$204,107 (December 31, 2017 – \$119,812). The current liabilities are due within one year of the reporting date.

Foreign currency risk

Sun Valley Clinics operate in US Dollars and have no foreign operations or reporting subsidiaries.

RISK FACTORS

There are numerous and various risks, known and unknown, that may prevent the Sun Valley Clinics from achieving its goals. It is believed that these are the factors that could adversely affect the Sun Valley Clinics' business, financial condition or results of operation. Refer to the Listing Statement for a summary of risks applicable to the business of the Clinics.

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INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the three months ended March 31, 2018 and the year ended December 31, 2017, there were no changes in the Sun Valley Clinics' internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Sun Valley Clinics' internal control over financial reporting.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Sun Valley Clinics' President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at March 31, 2018, covered by this MD&A, management of the Sun Valley Clinics, with the participation of the President and CEO and the CFO, evaluated the effectiveness of the Sun Valley Clinics' disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and CEO and the CFO have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Sun Valley Clinics' annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Sun Valley Clinics, including the President and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Sun Valley Clinics to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include, without limitation: the intention to complete the listing; the description of the Sun Valley Clinics that assumes completion of the listing of its Common Shares; the intention to grow the business and operations of the Sun Valley Clinics; anticipated timing for the ability of the Sun Valley Clinics to agree to terms of royalty agreements with Licensed Operators; expected growth in the number of users of Medical Marijuana in Canada; the risk of foreign exchange rate fluctuations, the ability of the Sun Valley Clinics to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Sun Valley Clinics. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective

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investors in securities of the Sun Valley Clinics should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained herein are made as of the date hereof and the Sun Valley Clinics undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

SCHEDULE "D"
FINANCIAL STATEMENTS OF LAMÊLÉE IRON ORE LTD.

LAMÉLÉE IRON ORE LTD.

Financial Statements Years ended September 30, 2017 and 2016

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Independent Auditor's Report

To the Shareholders of Lamêlée Iron Ore Ltd.

We have audited the accompanying financial statements of Lamêlée Iron Ore Ltd., which comprise the statement of financial position as at September 30, 2017, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lamêlée Iron Ore Ltd., as at September 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicates the existence of a material uncertainty that may cast a significant doubt regarding the Company's ability to continue as a going concern.

Other

The financial statement of Lamêlée Iron Ore Ltd for the year ended September 30, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on January 30, 2017.

Brunet Roy Dubé, CPA S.E.N.C.R.L.¹

Montreal,
January 23, 2018

¹ CPA auditor, CA, public accountancy permit no A115197

LAMÉE IRON ORE LTD.
STATEMENTS OF FINANCIAL POSITION
As at September 30 (in Canadian dollars)

	Notes	<u>2017</u>	<u>2016</u>
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		1,068	12,584
Sales taxes receivable		2,608	5,093
Tax credits and refundable rights		-	5,570
Other receivable		5,133	-
Prepaid expenses		1,300	1,300
		<u>10,109</u>	<u>24,547</u>
Non-current			
Exploration and evaluation assets	6	<u>90,000</u>	<u>90,000</u>
		<u>90,000</u>	<u>90,000</u>
Total assets		<u>100,109</u>	<u>114,547</u>
LIABILITIES			
Current			
Trade and other payables		20,864	41,999
Dues to an officer, without interest and repayment schedule		282	30,000
Total liabilities		<u>21,146</u>	<u>71,999</u>
EQUITY			
Share capital	7	6,034,332	5,876,382
Warrants	8	-	123,000
Contributed surplus		5,145,840	5,019,387
Deficit		<u>(11,101,209)</u>	<u>(10,976,221)</u>
Total equity		<u>78,963</u>	<u>42,548</u>
Total liabilities and equity		<u>100,109</u>	<u>114,547</u>

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

These financial statements were approved and authorized for publication by the Board of Directors on January 23, 2018.

On the behalf of the Board,

(s) Stéphane Leblanc,

President and Chief Executive Officer

(s) Hubert Vallée,

Chief Financial Officer

LAMÈLÉE IRON ORE LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Year ended September 30 (in Canadian dollars)

	Notes	<u>2017</u>	<u>2016</u>
		\$	\$
EXPENSES			
Professional fees		82,133	49,554
Shareholders' information		19,160	47,475
Trustees and registration fees		5,200	5,346
Travel expenses		4,121	885
Share-based payments	9	3,453	59,451
Bank charges		686	998
Taxes and permits		86	85
Transaction fees		-	22,975
Investors' relations	9	-	15,528
Management fees		-	12,000
Rental expenses		-	5,000
Insurance		-	4,322
Part XII.6 income taxes		-	1,446
Office expenses		-	255
Depreciation of fixed assets		-	110
Loss on disposal of exploration and evaluation assets	6	-	7,366,416
Exploration and evaluation expenses		-	456
Loss on disposal of fixed assets		-	1,636
Gain on settlement of trade payables		-	(40,026)
OPERATING LOSS		<u>(114,839)</u>	<u>(7,553,912)</u>
Interest income		-	324
LOSS BEFORE INCOME TAXES		<u>(114,839)</u>	<u>(7,553,588)</u>
Deferred income taxes	12	-	40,666
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(114,839)</u>	<u>(7,512,922)</u>
LOSS PER SHARE			
Basic and diluted loss per share	11	<u>(0.03)</u>	<u>(1.79)</u>

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

LAMÉLÉE IRON ORE LTD.
STATEMENTS OF CHANGES IN EQUITY
Year ended September 30, 2017 and 2016 (in Canadian dollars)

	Notes	Number of shares (1)	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance as at October 1st, 2015		4,541,878	10,103,357	163,800	989,949	(3,462,866)	7,794,240
Share-based payments	9	-	-	-	74,979	-	74,979
Shares issued for acquisition of exploration and evaluation assets	7	450,000	90,000	-	-	-	90,000
Shares issued on settlement of trade payables	7	66,710	26,684	-	-	-	26,684
Issuance cost of shares		-	-	-	-	(433)	(433)
Warrants expired	8	-	-	(40,800)	40,800	-	-
Shares cancelled for disposal of exploration and evaluation assets	7	(2,150,000)	(4,343,659)	-	3,913,659	-	(430,000)
Net loss and total comprehensive loss for the year		-	-	-	-	(7,512,922)	(7,512,922)
Balance as at September 30, 2016		2,908,588	5,876,382	123,000	5,019,387	(10,976,221)	42,548
Share-based payments	9	-	-	-	3,453	-	3,453
Units issued through private placement	7	1,052,996	157,950	-	-	-	157,950
Issuance cost of units		-	-	-	-	(10,149)	(10,149)
Warrants expired	8	-	-	(123,000)	123,000	-	-
Net loss and total comprehensive loss for the year		-	-	-	-	(114,839)	(114,839)
Balance as at September 30, 2017		3,961,584	6,034,332	-	5,145,840	(11,101,209)	78,963

(1) Adjusted to reflect the August 2, 2016, 20-to-1 share consolidation.

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

LAMÉLÉE IRON ORE LTD.

STATEMENTS OF CASH FLOWS

Year ended September 30 (in Canadian dollars)

	Notes	2017 \$	2016 \$
OPERATING ACTIVITIES			
Loss before income taxes		(114,839)	(7,553,588)
Non-cash component of net loss			
Share-based payments – officers	9	3,453	59,451
Share-based payments – investors' relations	9	-	15,528
Depreciation of fixed assets		-	110
Loss on disposal of exploration and evaluation assets	6	-	7,366,416
Exploration and evaluation expenses		-	456
Loss on disposal of fixed assets		-	1,636
Gain on settlement of trade payables		-	(40,026)
Net changes in non-cash operating working capital items			
Sales taxes receivable		2,485	8,048
Tax credits and refundable rights		5,570	-
Other receivable		(5,133)	-
Prepaid expenses		-	9,850
Trade and other payables		(21,135)	88,759
Cash flows used by operating activities		<u>(129,599)</u>	<u>(43,360)</u>
INVESTING ACTIVITIES			
Term deposits		-	155,316
Acquisition of exploration and evaluation assets	6	-	(185,549)
Tax credits received	6	-	5,062
Cash flows used by investing activities		<u>-</u>	<u>(25,171)</u>
FINANCING ACTIVITIES			
Units issued	7	157,950	-
Dues to an officer		(29,718)	30,000
Issuance cost of units		<u>(10,149)</u>	<u>(433)</u>
Cash flows from financing activities		<u>118,083</u>	<u>29,567</u>
Net change in cash and cash equivalents		(11,516)	(38,964)
Cash and cash equivalents, beginning of year		<u>12,584</u>	<u>51,548</u>
Cash and cash equivalents, end of year		<u><u>1,068</u></u>	<u><u>12,584</u></u>

Additional information on cash flows

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

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

1. *INCORPORATION AND NATURE OF ACTIVITIES*

The Company is incorporated under the Canada Business Corporations Act. Its head office is located at 1801 Avenue McGill College, Suite 950, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange.

Lamêlée Iron Ore Ltd. (the «Company») is an exploration Company with activities in Canada.

The Company's principal property is an interest in the Meston Lake West Property located near Chibougamau, Quebec, Canada. The Company has no income from production since the property is at the exploration stage.

The Company's financial year ends on September 30.

1.1 **Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

2. *GOING CONCERN ASSUMPTION*

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet found a property that contains economically recoverable mineral deposits, the Company has not yet generated income nor cash flows from its operations. As at September 30, 2017, the Company has a working capital deficiency of \$11,037 (deficiency of \$47,452 as at September 30, 2016) and has a deficit of \$11,101,209 (\$10,976,221 as at September 30, 2016). These material uncertainties may cast a significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue its operations is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no guarantee that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

3.2 Basis of evaluation

These financial statements have been prepared using the historical cost method.

The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

3.3 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

For the purpose of subsequent measurement, financial assets are classified into the loans and receivables category upon initial recognition.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance costs or Finance income, if applicable.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method, less a provision for impairment. Discounting is omitted if the effect of discounting is immaterial. The Company's cash and cash equivalents and other receivable fall into this category of financial instruments.

Financial liabilities

The Company's financial liabilities include trade and other payables and dues to an officer.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss within Finance costs, if applicable.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. **SUMMARY OF ACCOUNTING POLICIES (Continued)**

3.3 **Financial instruments (Continued)**

Cash and cash equivalents

Cash and cash equivalents include cash on hand. Funds to be spent on exploration under tax restrictions through flow-through investments are excluded from cash and cash equivalents and are presented separately in current assets. Cash for exploration represents unspent funds from flow-through financing.

3.4 **Basic and diluted loss per share**

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the year. The diluted loss per share is calculated by adjusting the loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options, warrants and brokers options. For the purpose of this calculation, dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the year or, if later, at the date of issue of the potential common shares.

3.5 **Tax credits and mining rights receivable**

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

3.6 **Exploration and evaluation assets**

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, the costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation that are capitalized include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis to the cost of the exploration and evaluation asset pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.6 Exploration and evaluation expenditures and exploration and evaluation assets (Continued)

Whenever a mining property is considered no longer viable, or if the mining property is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 3.7); the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 3.7) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles of mineral properties may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

3.7 Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area is planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.7 Impairment of exploration and evaluation assets (Continued)

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

3.8 Provisions and contingent liabilities

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources by the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As at the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource will be demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. No provisions are recorded in these reporting periods.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.9 **Income taxes**

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

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

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets or liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets or liabilities are offset only when the Company has the right and intention to set off current tax assets or liabilities from the same taxation authority.

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

Tax related to flow-through placements

Under the provisions of tax legislation relating to flow-through placements, the Company is required to renounce to its rights to tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has fulfilled its obligation to transfer its right, which happens when the Company has incurred eligible expenditures and has renounced to its right to tax deductions (or has the intention to renounce to its right to tax deductions), a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statements of financial position and their tax basis.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.10 Equity

Share capital represents the amount received on the issue of shares decreases by their issuance costs. If shares are issued when options or warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus or the warrants value previously recorded as warrants. In addition, if shares are issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they were measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Issuance of units

The proceeds from the issuance of units are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceed is allocated to warrants.

Flow-through placements

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceed is allocated to the liability. The liability component recorded initially on the issuance of shares is reversed when the Company has the firm intention to renounce the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Other elements of equity

Contributed surplus includes charges related to share options to broker and expenses related to share-based payments relating to share options. When share options are exercised, the related compensation cost is transferred to share capital. It also includes the difference between the carrying amount and the fair value of the cancelled shares.

Warrants include charges relating to warrants. When warrants are exercised, the relating charges are transferred to share capital. When warrants are expired, the relating charges are transferred to contributed surplus.

Deficit includes all current and prior period retained profits or losses.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.11 **Equity-settled share-based payments**

The Company operates an equity-settled share-based payment plan for its eligible directors, officers, employees, consultants and individuals providing investors relations' services. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except options to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as exploration and evaluation assets, depending on the nature of the payment, with a corresponding credit to contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing, are recognized as issuance costs of the equity instruments, with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

3.12 **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company**

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements not yet effective will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.12 **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Continued)**

IFRS 2, Share-based Payment

IFRS 2 *Share-based Payment* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1st, 2018. Earlier application is permitted.

IAS 7, Statement of Cash Flows

IAS 7 *Statement of Cash Flows* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1st, 2017. Earlier application is permitted.

IFRS 9, Financial Instruments

The International Accounting Standards Board (IASB) has replaced IAS 39 *Financial Instruments: Recognition and measurement* in its entirety with IFRS 9. The new section deals with the classification and measurement of financial assets and liabilities, a new expected-loss impairment model and a substantially-reformed approach to hedge accounting.

IFRS 9 also resulted in consequential amendments to IFRS 7 *Financial Instruments: Disclosures* to include disclosures about an entity's risk management strategy and the effect of hedge accounting on the financial statements.

This new standard is effective for annual periods beginning on or after January 1st, 2018. Earlier application is permitted.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. **SUMMARY OF ACCOUNTING POLICIES (Continued)**

3.12 **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Continued)**

IAS 12, Income Taxes

IAS 12 *Income Taxes* has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1st, 2017. Earlier application is permitted.

IFRS 16, Leases

This new standard, issued by the International Accounting Standards Board in January 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual value risk.

The new standard is effective for annual periods beginning on or after January 1st, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

3. **SUMMARY OF ACCOUNTING POLICIES (Continued)**

3.12 **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Continued)**

IFRIC 23, Uncertainty Over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23, Uncertainty over income tax treatments, prepared by the IFRS Interpretations Committee to clarify the accounting for uncertainties over income tax treatments.

The interpretation applies to the determination of taxable income (tax loss), tax values, unused tax losses, unused tax credits and tax rates when there is doubt as to income tax treatments to be used in accordance with IAS 12. The new standard is effective for annual periods beginning on or after January 1st, 2019. Earlier application is permitted.

4. **JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the judgments, estimates and significant assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are provided below.

4.1 **Significant management judgment**

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements. Actual results may be substantially different.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax asset in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 3.9).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

4. *JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)*

4.2 Estimation uncertainty

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases (see Note 3.7).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future production or sale of the properties when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financing necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and finding the required inputs for the chosen model. The Company estimated the probable life of share options granted and the time of exercise of those share options and estimated volatility based on its own shares. The model used by the Company is the Black-Scholes valuation model (see Note 9).

Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditures incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Differences arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credits and refundable credits on duties, to exploration and evaluation assets, and income tax expense in future periods (see Note 3.5 for more information).

5. *SEGMENT REPORTING*

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Balance as at October 1 st 2016	Additions	Disposal	Credit on duties and tax credits	Loss on disposal	Balance as at September 30, 2017
Quebec	\$	\$	\$	\$	\$	\$
Meston Lake West Property						
Mining rights	90,000	-	-	-	-	90,000
Exploration and evaluation	-	-	-	-	-	-
	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>
	Balance as at October 1 st 2015	Additions	Disposal	Credit on duties and tax credits	Loss on disposal	Balance as at September 30, 2016
Quebec	\$	\$	\$	\$	\$	\$
Lake Lamée Property						
Mining rights	5,466,713	4,425	(430,000)	-	(5,041,138)	-
Exploration and evaluation	2,161,751	169,097	-	(5,570)	(2,325,278)	-
	<u>7,628,464</u>	<u>173,522</u>	<u>(430,000)</u>	<u>(5,570)</u>	<u>(7,366,416)</u>	<u>-</u>
Meston Lake West Property						
Mining rights	-	90,000	-	-	-	90,000
Exploration and evaluation	-	-	-	-	-	-
	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>
Summary						
Mining rights	5,466,713	94,425	(430,000)	-	(5,041,138)	90,000
Exploration and evaluation	2,161,751	169,097	-	(5,570)	(2,325,278)	-
	<u>7,628,464</u>	<u>263,522</u>	<u>(430,000)</u>	<u>(5,570)</u>	<u>(7,366,416)</u>	<u>90,000</u>

All impairment charges (or reversals, if any) are included within Impairment of exploration and evaluation assets in the statement of comprehensive loss for the year.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

6. *EXPLORATION AND EVALUATION ASSETS (Continued)*

Meston Lake West Property

On May 16, 2016, the Company acquired the rights, titles and interests in 36 mining claims of the property located 50 km of the town of Chibougamau. In counterpart, the Company issued 450,000 common shares at the price of \$0.20 per share for a total amount of \$90,000 and will have to pay a royalty of \$50,000 as at June 30, 2018.

Lamêlée Lake Property

The property consists of 59 mining claims located in the Quebec Labrador Trough. The property is subject to two NSR royalties of 1.5%, of which 0.5% for each may be repurchased for an amount of \$1,500,000. During the prior year, the Company disposed of the property by cancellation of 2,150,000 common shares at a price of \$0.20 per share.

7. *EQUITY*

Share capital

The share capital of the Company consists only of fully paid ordinary shares and an unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Company.

Year ended September 30, 2017

On April 21, 2017, the Company closed a private placement by issuing 1,052,996 units at a price of \$0.15 per unit for total proceeds of \$157,950. Each unit is composed of one common share and one share purchase warrant. Each warrant entitles its holder to subscribe for one common share at a price of \$0.20 per share for 36 months.

Year ended September 30, 2016.

On May 16, 2016, the Company issued 450,000 common shares to 9248-7792 Quebec Inc. at the price of \$0.20 per share for a total value of \$90,000 in counterpart of exploration and evaluation assets.

On May 31, 2016, the Company issued 66,710 common shares at a price of \$0.40 per share for a total value of \$26,684 in counterpart of trade payables.

On June 21, 2016, the Company cancelled 1,505,000 common shares at a price of \$0.20 per share in counterpart of the disposal of exploration and evaluation assets and on July 28, 2016, the Company cancelled 645,000 common shares at a price of \$0.20 per share in counterpart of the disposal of exploration and evaluation assets, which resulted in a loss on disposal of \$7,366,416. The shares were cancelled at an average cost of \$4,343,659 and the difference was recorded in contributed surplus for \$3,913,659.

On August 2, 2016, the Company completed a consolidation of its issued and outstanding common shares on a 20-to-1 basis ("Share Consolidation"). The Share Consolidation affected all shareholders, optionholders and warrant holders uniformly and thus did not materially affect any securityholder's percentage of ownership interest. All references in these financial statements to common shares, options and share purchase warrants have been retroactively adjusted to reflect the Share Consolidation.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

8. WARRANTS

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	2017		2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance at beginning	76,875	3.00	440,375	3.09
Granted	1,052,996	0.20	-	-
Expired	(76,875)	3.00	(363,500)	3.11
Balance at end	<u>1,052,996</u>	0.20	<u>76,875</u>	3.00

Outstanding warrants are as follows:

		2017	2016
Expiry date	Exercise price	Number	Number
	\$		
October 29, 2016	3.00	-	76,875
April 21, 2020	0.20	1,052,996	-
		<u>1,052,996</u>	<u>76,875</u>

9. SHARE-BASED PAYMENTS

The Company has adopted a share-based payment plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants or individuals providing services to the Company. The maximum number of shares issuable under the plan represents 10 % of the issued and outstanding capital stock of the Company. The option exercise price is equal to the share price of the Company at the date of grant. The options are exercisable over a period of three years: 33 % after 12 months, 24 months and 36 months respectively of the date of grant, valid for a maximum period of 10 years. Amongst the outstanding options, none are subject to an escrow agreement.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

On January 22, 2015, the Company granted 32,500 stock options in the favor of directors at a price of \$1.00 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. The fair value of these stock options amount to \$13,000 for an estimated fair value of \$0.40 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 1.42% and an expected life of options of 10 years.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

9. SHARE-BASED PAYMENTS (Continued)

On December 4, 2014, the Company granted 25,000 stock options in the favor of directors at a price of \$1.00 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. The fair value of these stock options amount to \$20,000 for an estimated fair value of \$0.80 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 1.91% and an expected life of options of 10 years.

Amounts of \$3,453 (\$59,451 in 2016) and of \$nil (\$15,528 in 2016) of the share-based payments were recorded respectively in earnings as share-based payments and investors' relation, and credited to contributed surplus.

The Company's share options are as follows for the reporting periods presented:

<i>Administration</i>	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of year	125,000	2.51	410,000	2.64
Expired	-	-	(82,500)	2.74
Cancelled	(32,500)	2.46	(202,500)	2.69
Outstanding, end of year	<u>92,500</u>	2.53	<u>125,000</u>	2.51
Exercisable, end of year	<u>86,667</u>	2.64	<u>104,167</u>	2.74

The table below summarizes the information related to share options as at September 30, 2017:

	Outstanding options			Exercisable options	
	Number of options	Exercise price	Remaining life (years)	Number of options	Exercise price
		\$			\$
<i>Administration</i>	17,500	1.00	7.23	11,667	1.00
	12,500	2.80	6.39	12,500	2.80
	<u>62,500</u>	2.90	6.27	<u>62,500</u>	2.90
	<u>92,500</u>			<u>86,667</u>	

LAMÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

10. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows :

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	\$	\$	\$	\$
Loans and receivables				
Cash and cash equivalents	1,068	1,068	12,584	12,584
Other receivable	5,133	5,133	-	-
Total loans and receivables	6,201	6,201	12,584	12,584
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	20,864	20,864	41,999	41,999
Dues to an officer	282	282	30,000	30,000
Total financial liabilities measured at amortized cost	21,146	21,146	71,999	71,999

The carrying value of the financial instruments classified in the categories loans and receivables and financial liabilities presented in the above table are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

See Note 3.3 for a description of the accounting policies for each category of financial instruments. The Company's financial instruments risks are detailed in Note 16.

11. LOSS PER SHARE

In calculating the diluted loss per share, dilutive potential common shares, such as share options, warrants and options to broker, have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details on outstanding share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 7, 8 and 9.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2017 and 2016.

	2017	2016
Net loss and total comprehensive loss	(114,839)	(7,512,922)
Weighted average number of common shares	3,378,830	4,196,305
Basic and diluted loss per common share	(0.03)	(1.79)

There have been no other transactions involving common shares between the reporting date and the date of authorization of these financial statements.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

12. INCOME TAXES

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	2017	2016
	\$	\$
Loss before income taxes	<u>(114,839)</u>	<u>(7,553,588)</u>
Tax expense at combined statutory rates of 26.9% in 2017 and 26.9% in 2016	(30,892)	(2,031,915)
Increase (decrease) in taxes resulting from :		
Temporary differences not recorded	30,112	1,970,968
Tax impact of flow-through shares	-	41,023
Reversal of other liabilities of flow-through shares	-	(40,066)
Stock-based payments	929	20,169
Non-deductible elements	<u>(149)</u>	<u>(245)</u>
	<u>-</u>	<u>(40,066)</u>

	2017	2016
	\$	\$
Composition of deferred income taxes in the comprehensive loss		
Inception and reversal of temporary differences	(30,112)	(2,011,991)
Tax impact of flow-through shares	-	41,023
Reversal of other liabilities of flow-through shares	-	(40,066)
Temporary differences not recorded	<u>30,112</u>	<u>1,970,968</u>
	<u>-</u>	<u>(40,066)</u>

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

12. INCOME TAXES (Continued)

Deferred tax assets and liabilities and variation of recognized amounts during the year

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized and unrecognized deferred taxes, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance as at September 30, 2016	Recognized in profit or loss	Balance as at September 30, 2017
	\$	\$	\$
Exploration and evaluation assets	550	1,468,619	1,469,169
Tax credits and credit on duties receivable	(550)	550	-
Intangible assets	-	575	575
Issuance cost of shares	-	33,442	33,442
Non-capital losses	-	569,899	569,899
	-	2,073,085	2,073,085
Unrecognized tax items	-	(2,073,085)	(2,073,085)
Deferred tax assets	-	-	-

As at September 30, 2017, the Company has the following deductible timing differences for which no deferred tax asset has been recorded.

	Federal	Quebec
	\$	\$
Deductible timing differences		
Exploration and evaluation assets	5,450,558	5,475,508
Intangible assets	2,138	2,138
Issuance cost of shares	124,320	124,320
Non-capital losses	2,121,424	2,115,001
	<u>7,698,440</u>	<u>7,716,967</u>

As at September 30, 2017, the non-capital losses for which no deferred tax asset has been recorded expire as follows:

	Federal	Quebec
	\$	\$
2031	97,487	97,384
2032	186,820	186,390
2033	92,257	91,506
2034	650,518	647,275
2035	569,884	568,627
2036	295,568	295,483
2037	228,890	228,336
	<u>2,121,424</u>	<u>2,115,001</u>

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

12. INCOME TAXES (Continued)

Deferred tax assets and liabilities and variation of recognized amounts during the year (Continued)

The Company has investment tax credits of \$3,457 (\$3,457 in 2016) that have not been recorded. These credits are available to reduce federal income taxes and expire as of 2032.

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized and unrecognized deferred taxes, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance as at September 30, 2015	Recognized in profit or loss	Balance as at September 30, 2016
	\$	\$	\$
Exploration and evaluation assets	(471,604)	472,154	550
Tax credits and credit on duties receivable	-	(550)	(550)
Issuance cost of shares	31,941	(31,941)	-
Non-capital losses	439,663	(439,663)	-
	-	-	-
Reversal of other liabilities of flow-through shares	-	40,066	-
Variation of deferred income taxes according to the statement of comprehensive loss	-	40,066	-

As at September 30, 2016, the Company has the following deductible timing differences for which no deferred tax asset has been recorded.

	Federal	Quebec
	\$	\$
Deductible timing differences		
Exploration and evaluation assets	5,450,558	5,475,508
Intangible assets	2,138	2,138
Issuance cost of shares	250,919	250,919
Non-capital losses	1,893,088	1,887,213
	<u>7,596,703</u>	<u>7,615,778</u>

13. ADDITIONAL INFORMATION – CASH FLOWS

	2017	2016
	\$	\$
Non-cash investing and financing activities:		
Issuance of shares in counterpart of trade payables	-	26,684
Issuance of shares in counterpart of exploration and evaluation assets	-	90,000
Depreciation of property and equipment included in evaluation and exploration assets	-	97
Interest received	-	324

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

14. RELATED PARTY TRANSACTIONS

The Company's related parties include its key officers and the companies controlled by key officers such as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash except for share-based payments.

14.1 Transactions with key officers

The Company's key officers are the members of the Board of Directors and the Chief Financial Officer. Key officers' remuneration includes the following expenses:

	2017	2016
	\$	\$
Share-based payments (Net loss)	3,453	46,900
Management fees	-	12,000
Professional fees	-	6,762
Professional fees	29,385	6,518

The Company incurred \$nil (\$6,762 in 2016) as professional fees and disbursements to a law firm of which a director of the Company is a partner.

The Company incurred \$29,385 (\$6,518 in 2016) as professional fees and disbursements to a law firm of which a director of the Company is an employee. As at September 30, 2017, an amount owing to this firm of \$5,953 (\$7,465 in 2016) is included in trade and other payables.

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

15. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, to increase the value of the assets of the Company, and to provide a return to the Company's shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not subject to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital through private placements.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

16. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 10. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The most significant financial risks to which the Company is exposed are described below.

16.1 Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As at September 30, 2017 and 2016, the Company's maximum exposure to credit risk is limited to the carrying amount of the following financial assets at the reporting date, as summarized below:

	2017	2016
	\$	\$
Cash	1,068	12,584
Other receivable	5,133	-
Total	6,201	12,584

LAMÉLÉE IRON ORE LTD.

Notes to Financial Statements

September 30, 2017 and 2016 (in Canadian dollars)

16. FINANCIAL INSTRUMENT RISKS (Continued)

16.1 Credit risk (Continued)

The Company's management considers that all of the above financial assets, that are not impaired or past due for each of the reporting dates under review, are of good credit quality. There are no past due assets not impaired in the periods presented.

The credit risk for cash is considered negligible, since the counterparty is a reputable bank with an excellent credit rating.

16.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

In the past, the Company has financed its exploration and evaluation programs and its working capital requirements through private and flow-through financings.

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	2017	2016
Within three months	\$	\$
Trade and other payables	20,864	41,999
Dues to an officer	282	30,000
Total	<u>21,146</u>	<u>71,999</u>

LAMÉLÉE IRON ORE LTD.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS As at March 31, 2018

Condensed Interim Financial Statements

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These condensed interim financial statements for the six-month period ended March 31, 2018 have not been reviewed by the auditor of the Company.

LAMÉLÉE IRON ORE LTD.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(unaudited, in Canadian dollars)

	Notes	March, 31 2018 \$	September 30, 2017 \$
ASSETS			
Current			
Cash and cash equivalents		3,513	1,068
Sales taxes receivable		1,658	2,608
Other receivable		-	5,133
Prepaid expenses		5,000	1,300
		<u>10,171</u>	<u>10,109</u>
Non-current			
Exploration and evaluation assets	5	90,000	90,000
		<u>90,000</u>	<u>90,000</u>
Total assets		<u>100,171</u>	<u>100,109</u>
LIABILITIES			
Current			
Trade and other payables		135,053	20,864
Dues to an officer, without interest and repayment schedule		282	282
		<u>135,335</u>	<u>21,146</u>
Total liabilities		<u>135,335</u>	<u>21,146</u>
EQUITY (DEFICIENCY)			
Share Capital		6,034,332	6,034,332
Contributed surplus	6	5,146,104	5,145,840
Deficit		(11,215,600)	(11,101,209)
		<u>(35,164)</u>	<u>78,963</u>
Total equity (deficiency)		<u>(35,164)</u>	<u>78,963</u>
Total liabilities and equity (deficiency)		<u>100,171</u>	<u>100,109</u>

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

These financial statements were approved and authorized for publication by the Board of Directors on May 30, 2018.

On the behalf of the Board,

(s) Stéphane Leblanc,
 President and Chief Executive Officer

(s) Hubert Vallée,
 Chief Financial Officer

LAMÊLÉE IRON ORE LTD.
CONDENSED INTERIM FINANCIAL STATEMENT OF COMPREHENSIVE LOSS
(unaudited, in Canadian dollars)

	Notes	Three-months ended March, 31		Six-months ended March, 31	
		2018 \$	2017 \$	2018 \$	2017 \$
EXPENSES					
Transaction fees		50,096	-	50,096	-
Professional fees		15,032	15,196	44,914	62,828
Shareholders' relations		12,187	9,721	14,362	12,908
Trustees and registration fees		1,300	-	2,600	1,300
Travel expenses		2,042	-	2,042	-
Share-based payments	6	-	858	264	2,828
Bank charges		60	587	92	587
Office expenses		21	192	21	415
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		<u>(80,738)</u>	<u>(26,554)</u>	<u>(114,391)</u>	<u>(80,866)</u>
LOSS PER SHARE					
Basic and diluted loss per share		<u>(0.02)</u>	<u>(0.01)</u>	<u>(0.03)</u>	<u>(0.03)</u>
Weighted average number of common shares outstanding		<u>3,961,584</u>	<u>2,908,588</u>	<u>3,961,584</u>	<u>2,908,588</u>

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

LAMÉLÉE IRON ORE LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (unaudited, in Canadian dollars)

For the six-month period ended March 31, 2018 and 2017

	Notes	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity (deficiency) \$
Balance at October 1st, 2017		3,961,584	6,034,332	-	5,145,840	(11,101,209)	78,963
Share-based payments	6	-	-	-	264	-	264
Net loss and total comprehensive loss for the period		-	-	-	-	(114,391)	(114,391)
Balance at March, 31 2018		<u>3,961,584</u>	<u>6,034,332</u>	<u>-</u>	<u>5,146,104</u>	<u>(11,215,600)</u>	<u>(35,164)</u>

	Notes	Number of shares	Share capital \$	Share Capital to be issued \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity (deficiency) \$
Balance at October 1st, 2016		2,908,588	5,876,382	-	123,000	5,019,387	(10,976,221)	42,548
Share-based payments	6	-	-	-	-	2,828	-	2,828
Share Capital to be issued		-	-	5,250	-	-	-	5,250
Expiry of warrants		-	-	-	(123,000)	123,000	-	-
Net loss and total comprehensive loss for the period		-	-	-	-	-	(80,866)	(80,866)
Balance at March 31, 2017		<u>2,908,588</u>	<u>5,876,382</u>	<u>5,250</u>	<u>-</u>	<u>5,145,215</u>	<u>(11,057,087)</u>	<u>(30,240)</u>

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

LAMÉE IRON ORE LTD.**CONDENSED INTERIM STATEMENT OF CASH FLOWS (unaudited, in Canadian dollars)**

For the six-month period ended March 31, 2018 and 2017

	Notes	Three-months ended		Six-months ended	
		March, 31		March, 31	
		2018	2017	2018	2017
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Loss before income taxes		(80,738)	(26,554)	(114,391)	(80,866)
Adjustments for:					
Share-based payments – directors	6	-	858	264	2,828
Changes in working capital items					
Cash held in trust		-	(5,250)	-	(5,250)
Taxes receivable		2,311	(2,453)	950	(2,551)
Other receivable		5,133	-	5,133	-
Prepaid expenses		(5,000)	(5,200)	(3,700)	(3,900)
Trade and other payables		78,163	4,927	114,189	50,669
Cash flows from (used by) operating activities		(131)	(33,672)	2,445	(39,070)
FINANCING ACTIVITIES					
Due to a director and officer		-	31,294	-	31,294
Shares to be issued		-	5,250	-	5,250
Cash flows from financing activities		-	36,544	-	36,544
Net change in cash		(131)	2,872	2,445	(2,526)
Cash, beginning of period		3,644	7,186	1,068	12,584
Cash, end of period		3,513	10,058	3,513	10,058

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

LAMÉLÉE IRON ORE LTD.

Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)

For the six-month period ended March 31, 2018 and 2017

1. **INCORPORATION AND NATURE OF OPERATIONS**

The Company is incorporated under the Canada Business Corporations Act. Its head office is located at 1801 Avenue McGill College, Suite 950, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange.

Lamêlée Iron Ore Ltd. (the «Company») is an exploration Company with activities in Canada.

The Company's principal property is an interest in the Meston Lake West Property located near Chibougamau, Quebec, Canada. The Company has no income from production since the property is at the exploration stage.

The Company's financial year ends on September 30.

2. **GOING CONCERN**

These financial statements were prepared on a going concern basis, using the historical cost, except for the financial assets accounted for at fair value through profit and loss.

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, it has neither yet generated income nor cash flows from its operations. As at March 31, 2018, the Company has a deficit of \$11,215,600 (\$11,057,087 as at March 31, 2017). This material uncertainty may cast a significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. **BASIS OF PREPARATION AND ADOPTIONS OF IFRS**

The Company's condensed interim financial statements have been prepared based on International Financial Reporting Standards (IFRS) in accordance with IAS 34 standard, Interim Financial Reporting. The condensed interim financial statements are presented in Canadian currency which is also the functional currency of the Company. The functional currency has remained unchanged during the reporting period.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements for the year ended September 30, 2017, as they follow the same accounting policies and methods of application.

The condensed interim financial statements for the reporting period ended March, 31 2018 (including comparatives) were approved and authorized for issue by the Board of Directors on May 30, 2018.

LAMÉLÉE IRON ORE LTD.

Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)

For the six-month period ended March 31, 2018 and 2017

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are presented in the audited financial statements for the year ended September 30, 2017 and have not been modified since that time.

5. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows :

	Balance as at October 1 st , 2017	Additions	Disposal	Balance as at March 31, 2018
Quebec	\$	\$	\$	\$
Meston Lake West Property				
Mining rights	90,000	-	-	90,000
Exploration and evaluation	-	-	-	-
	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>90,000</u>

All impairment charges (or reversals, if any) are included within Impairment of non-financial assets in profit or loss.

Meston Lake West Property

On May 16, 2016, the Company acquired the rights, titles and interests in 36 mining claims of the property located 50 km of the town of Chibougamau. In counterpart, the Company issued 450,000 common shares at the price of \$0.20 per share for a total amount of \$90,000 and will have to pay a royalty of \$50,000 as at June 30, 2018.

LAMÉLÉE IRON ORE LTD.

Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)

For the six-month period ended March 31, 2018 and 2017

6. SHARE-BASED PAYMENTS

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors and employees of the Company as well as persons providing services to the Company. Under this plan, options to purchase the common shares from time-to-time may be granted for a variable number whereby the number should never represent more than 10% of the issued and outstanding capital stock of the Company. Exercise price of options equals the market price of the Company's stock on the date of grant. Stock options are exercisable over a three year period: 33% after 12 months, 24 months and 36 months respectively from the date of grant for a maximum term of ten years. Among the options outstanding, none is subject to an escrow agreement.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

An amount of \$264 (\$2,828 in 2017) of the share-based payments was recorded in earnings as share-based payments and credited to contributed surplus.

The Company's share options are as follows for the reporting periods presented:

<i>Administration</i>	March 31, 2018		September 30, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	92,500	2.53	125,000	2.51
Cancelled	-	-	(32,500)	2.46
Outstanding, end of period	<u>92,500</u>	2.53	<u>92,500</u>	2.53
Exercisable, end of period	<u>92,500</u>	2.53	<u>86,667</u>	2.64

LAMÉLÉE IRON ORE LTD.

Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)

For the six-month period ended March 31, 2018 and 2017

6. SHARE-BASED PAYMENTS (Continued)

The table below summarizes the information related to share options as at March 31, 2018:

	<u>Outstanding options and exercisable</u>		
	<u>Number of options</u>	<u>Exercise price</u> \$	<u>Remaining life (years)</u>
<i>Administration</i>	17,500	1.00	6.74
	12,500	2.80	5.88
	<u>62,500</u>	2.90	5.77
	<u>92,500</u>		

7. WARRANTS

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	<u>March 31, 2018</u>		<u>September 30, 2017</u>	
	<u>Number of warrants</u>	<u>Weighted average exercise price</u> \$	<u>Number of warrants</u>	<u>Weighted average exercise price</u> \$
Balance at beginning	1,052,996	0.20	76,875	3.00
Granted	-	-	1,052,996	0.20
Expired	-	-	(76,875)	3.00
Balance at end	<u>1,052,996</u>	0.20	<u>1,052,996</u>	0.20

Outstanding warrants are as follows:

		<u>March 31, 2018</u>	<u>September 30, 2017</u>
<u>Expiry date</u>	<u>Exercise price</u> \$	<u>Number</u>	<u>Number</u>
April 21, 2020	0.20	<u>1,052,996</u>	<u>1,052,996</u>

LAMÉLÉE IRON ORE LTD.

Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)

For the six-month period ended March 31, 2018 and 2017

8. RELATED PARTY TRANSACTIONS

The Company's related parties include its key officers and the companies of the key officers such as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

8.1 Transactions with key officers

The Company's related parties include its key officers and the companies controlled by key officers such as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash except for share-based payments.

8.2 Transactions with a company controlled with key officers

	2018	2017
	\$	\$
Transaction fees	9,000	-
Share-based payments	264	2,828

The Company incurred respectively \$4,245 and \$39,595 (\$21,480 and \$nil in 2017) as professional fees and transaction fees to a law firm of which a director of the Company is an employee. As at March 31, 2018, an amount owing to this firm of \$6,949 (\$28,134 in 2017) is included in trade and other payables.

9. POST REPORTING DATE EVENT

There is no post reporting date event.

SCHEDULE "E"

CONSOLIDATED FINANCIAL STATEMENTS OF AURA HEALTH CORP.



AURA HEALTH CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Aura Health Corp. are the responsibility of the management and Board of Directors of the Company.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Chris Carl"
Chris Carl
Chief Executive Officer

"Keith Li"
Keith Li
Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Aura Health Corp.:

We have audited the accompanying consolidated financial statements of Aura Health Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2017 and the period from the date of incorporation November 8, 2016 to December 31, 2016 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aura Health Corp. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the year ended December 31, 2017 and the period from the date of incorporation November 8, 2016 to December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes the material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

MNP LLP

Toronto, Ontario
May 31, 2018

Chartered Professional Accountants
Licensed Public Accountants

MNP

AURA HEALTH CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		As at December 31, 2017	As at December 31, 2016
	Notes	\$	\$
ASSETS			
Current			
Cash		499,475	482,711
HST and other receivables	12	16,182	22,740
Prepaid expenses		35,092	98
		550,749	505,549
Investment in joint ventures	6	386,124	114,355
Deposit	6	-	67,135
Total Assets		936,873	687,039
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7, 12	533,400	141,554
Non-Current			
Convertible debentures	11	1,032,822	129,983
Derivative liability	11	13,200	-
Total Liabilities		1,579,422	271,537
SHAREHOLDERS' EQUITY			
Share capital	8	410,749	404,749
Shares to be issued	8, 12	6,356	-
Equity component of convertible debentures	11	32,043	32,043
Reserve for share-based payments	9	80,000	-
Reserve for warrants	10	188,922	188,006
Accumulated other comprehensive income (loss)		3,861	(153)
Accumulated deficit		(1,364,480)	(209,143)
Total Shareholders' (Deficiency) Equity		(642,549)	415,502
Total Liabilities and Shareholders' Deficiency		936,873	687,039
Nature of operations and going concern	1		
Commitments	15		
Subsequent events	16		

Signed "Chris Carl"
Chris Carl, Director

Signed "David Posner"
David Posner, Director

AURA HEALTH CORP.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

		2017	For the period from incorporation to December 31, 2016
	Notes	\$	\$
Expenses			
Management fees, consulting fees and salaries	12	228,285	108,879
Professional fees		466,922	51,706
Office and general		20,050	20,862
Share-based compensation	9	80,000	-
		(795,257)	(181,447)
Other Expenses and Income			
Foreign exchange loss		(11,703)	(1,000)
Finance cost	11, 12	(75,914)	(6,781)
Equity loss from joint venture	6	(243,723)	(19,915)
Fair value change in derivative liability	11	(4,900)	-
Late filing tax penalty	7	(25,959)	-
Gain on settlement of debt	8,12	2,119	-
		(360,080)	(27,696)
Net Loss		(1,155,337)	(209,143)
Other Comprehensive Loss			
Exchange gain (loss) on translation of foreign operations		4,014	(153)
Net Loss and Comprehensive Loss		(1,151,323)	(209,296)
Weighted average shares outstanding			
- Basic and diluted		16,551,973	12,266,038
Loss per share			
- Basic and diluted		(0.070)	(0.017)

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

AURA HEALTH CORP.

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

		2017	For the period from incorporation to December 31, 2016
	Notes	\$	\$
Cash Flows from Operating Activities			
Net loss for the year		(1,155,337)	(209,143)
Adjustments to reconcile net loss to cash flows			
Share-based compensation	9	80,000	-
Equity loss from joint venture	6	243,723	19,915
Foreign exchange loss		18,213	-
Fair value change in derivative liability	11	(4,900)	-
Gain of settlement of debt	8,12	(2,119)	-
Finance cost	11	74,984	6,781
		(745,436)	(182,447)
Net change in non-cash working capital items:			
HST and other receivables		6,558	(22,740)
Prepaid expenses		(34,994)	(98)
Accounts payable and accrued liabilities	7	400,321	141,553
Net change in non-cash working capital items		371,885	118,715
Cash flows (used in) operating activities		(373,551)	(63,732)
Cash Flows from Financing Activities			
Proceeds from private placements	8	-	655,000
Share issue costs	8	-	(62,345)
Proceeds from convertible debentures financings	11	900,000	155,193
Transaction costs	11	(34,624)	-
Cash flows provided by financing activities		865,376	747,848
Cash Flows from Investing Activities			
Investments in joint venture	6	(479,075)	(134,270)
Deposit on Clinics	6	-	(67,135)
Cash flows (used in) investing activities		(479,075)	(201,405)
Increase in cash		12,750	482,711
Effects of foreign exchange on cash		4,014	-
Cash, beginning of year		482,711	-
Cash, end of year		499,475	482,711

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

AURA HEALTH CORP.

Consolidated Statements of Changes of Equity Flows

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

	Notes	Share Capital		Reserves			Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total	
		Number of Shares	Amount	Shares to be Issued	Conversion Component of convertible debentures	Reserve for Share-Based Payments				Reserve for Warrants
		#	\$	\$	\$	\$	\$	\$	\$	
Balance, November 8, 2016		-	-	-	-	-	-	-	-	
Common shares issued	8	10,000,000	100	-	-	-	-	-	100	
Private placement	8	6,550,000	655,000	-	-	-	-	-	655,000	
Warrants issued on private placement	10	-	(148,006)	-	-	148,006	-	-	-	
Share issuance costs		-	(102,345)	-	-	40,000	-	-	(62,345)	
Conversion component of convertible debentures	11	-	-	-	32,043	-	-	-	32,043	
Exchange (loss) on translating foreign operations		-	-	-	-	-	(153)	-	(153)	
Net loss for the year		-	-	-	-	-	-	(209,143)	(209,143)	
Balance, December 31, 2016		16,550,000	404,749	-	32,043	-	188,006	(153)	(209,143)	415,502
Shares issued as finders' fees on private placement	8,11	80,000	6,000	-	-	-	-	-	-	6,000
Warrants issued as finders' fees on private placement	10,11	-	-	-	-	-	916	-	-	916
Shares to be issued	8	-	-	6,356	-	-	-	-	-	6,356
Stock-based compensation	9	-	-	-	-	80,000	-	-	-	80,000
Exchange gain on translating foreign operations		-	-	-	-	-	-	4,014	-	4,014
Net loss for the year		-	-	-	-	-	-	-	(1,155,337)	(1,155,337)
Balance, December 31, 2017		16,630,000	410,749	6,356	32,043	80,000	188,922	3,861	(1,364,480)	(642,549)

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

AURA HEALTH CORP.

Notes to the Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Aura Health Corp. (“Aura” or the “Company”) invests in entities that acquire and develop medical marijuana certification clinics in the United States (the “US”). The medical health clinics examine prospective patients and issue medical-use certificates to qualified patients in the US. The Company was incorporated on November 8, 2016 by Articles of Incorporation under the laws of the Province of Ontario, Canada. The address of the Company’s registered office is 77 King Street West, Suite 2905, Toronto, Ontario M5K 1H1.

As at December 31, 2017, the Company had working capital of \$17,349 (December 31, 2016 – \$363,995), had not yet achieved profitable operations, had accumulated losses of \$1,364,480 (December 31, 2016 – \$209,143), and currently expects to incur further losses in the development of its business. There is no assurance that the investments made by the Company and any future investments will be successful and profitable, and as such, there is a significant uncertainty with respect to the Company’s ability to continue as a going concern.

The Company is dependent upon obtaining financing for its on-going and planned investment activities and to meet its ongoing cost of corporate overhead and discharge its liabilities as they come due. These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These consolidated financial statements were reviewed, approved and authorized by the Board of Directors of the Company on May 31, 2018.

(b) Basis of presentation and functional currency

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies as set out in Note 3. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars (\$), which is the Company’s functional currency. The functional currency of Green Global is the US dollar (USD \$).

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Green Global Properties Inc. (“Green Global”), formed in the State of Delaware.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

AURA HEALTH CORP.

Notes to the Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)**(d) Significant accounting judgments and estimates**

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to the valuation of deferred income tax amounts, and valuation of warrants, options and shares issued during private placements and measurement of derivative liability.

The most significant judgments relate to recognition of deferred tax assets and liabilities, assessment of functional currency, determination of derivative liability of convertible debt and determination if the investment is a joint arrangement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Cash**

Cash in the consolidated statements of financial position comprises cash at Canadian chartered banks and funds held in trust with the Company's legal counsel which is available on demand.

(b) Financial instruments*Financial assets*

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through profit or loss. As at December 31, 2017, the Company's cash is classified as FVTPL. Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost. The Company's other receivables are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. As at December 31, 2017, the Company has not classified any financial assets as available-for-sale or held-to-maturity.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities, convertible debentures and long-term debt are classified as other financial liabilities.

AURA HEALTH CORP.

Notes to the Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss. As at December 31, 2017 and 2016, the Company had not classified any financial liabilities as FVTPL.

(c) Fair value hierarchy

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2017, the Company did not have any financial instruments measured at fair value after initial recognition.

(d) Impairment of financial assets

The Company assesses at each financial reporting date whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

(e) Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes valuation model.

The fair value of equity-settled share-based compensation transactions are recognized as an expense with a corresponding increase in the reserve for share-based payments.

AURA HEALTH CORP.

Notes to the Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Share-based payments (continued)**

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

For options that expire after vesting, the recorded value is transferred to deficit. Expired warrants are also transferred to deficit.

(f) Compound instruments

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar non-convertible instrument. This amount is recorded as a liability, at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component of the total fair value of the compound instrument. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. Transaction costs related to the issuance of the convertible debentures are allocated to the liability and equity components in proportion to their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debentures using the effective interest method. Interest and accretion expense are recognized as a finance cost in the consolidated statements of loss and comprehensive loss.

In situations where the convertible debentures contain contractual terms that result in the potential adjustment in the conversion or exercise price, the conversion feature does not meet equity classification and is accounted for as an embedded derivative liability as the fair value is affected by changes in the fair value of the Company's common shares. The effect is that the debts component will be accounted for at amortized cost, with the embedded derivative liability being measured at fair value with changes in value being recorded in profit or loss.

(g) Taxation

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred income tax

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Taxation (continued)

Deferred income tax (continued)

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Estimates

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(h) Share capital

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve for warrants of the Company's equity.

(i) Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

(j) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

For the year ended December 31, 2017 and 2016, no potential shares are included in the computation as they are anti-dilutive.

(k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost for meeting its obligations under the contract.

As at December 31, 2017 and 2016, the Company had no material provisions.

AURA HEALTH CORP.

Notes to the Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(l) Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(m) Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the consolidated statements of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive loss for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the financial period end;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions);
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange.

When a foreign operation is disposed of, the relevant amount in the reserve for foreign exchange in other comprehensive income is transferred to profit or loss as part of the profit or loss on disposal.

On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which in substance, is considered to form part of the net investment in the foreign operation, are recognized in the reserve for foreign exchange.

(n) Joint arrangements

A joint arrangement represents an arrangement where two or more parties hold joint control. Joint control is deemed to exist under contractual agreement where decisions regarding relevant activities of the arrangement require the unanimous consent of those parties sharing control.

A joint venture is a joint arrangement and represents a company or other entity in which each venturer has an interest, holds joint control and holds rights to the net assets of the entity. Interests in joint ventures are accounted for using the equity method of accounting.

AURA HEALTH CORP.

Notes to the Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Joint arrangements (continued)

A joint operation is a joint arrangement and represents a company, partnership or other entity in which each venture has an interest, holds joint control and holds rights to the assets and obligations for the liabilities of the entity. Interests in joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue and expenses.

(o) Adoption of new and revised standards and interpretations

New standards and interpretations

The Company had adopted the following new standards, effective January 1, 2017. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Company's consolidated financial statements:

- IAS 7 – Statement of Cash Flows (“IAS 7”) was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences.

Recent accounting pronouncements

The IASB and the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2018. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company does not expect the adoption of these standards to have a material impact on the consolidated financial statements.

- IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions.
- IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) was issued by IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 became effective for annual periods beginning on or after January 1, 2018.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Adoption of new and revised standards and interpretations (continued)

Recent accounting pronouncements (continued)

- IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases (“IAS 17”). Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset’s use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 is also applied.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company considers its capital to be shareholders’ equity, which is comprised of share capital, shares to be issued, equity component of convertible debentures, reserve for share-based payments and warrants, accumulated other comprehensive income and accumulated deficit. As at December 31, 2017, the Company’s capital consisted of a deficit of \$642,549 (December 31, 2016 – equity of \$415,502).

The Company’s objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements, initial public offering and issuance of convertible debentures. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company is not subject to externally imposed capital requirements.

5. FINANCIAL RISK FACTORS

Fair value

The carrying amount of cash, other receivables, accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

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5. FINANCIAL RISK FACTORS (continued)

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and other receivables. Cash is held with a reputable Canadian chartered bank. Management believes that the credit risk concentration with respect to financial instruments included in cash and other receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company generates cash flow primarily from its financing activities. As at December 31, 2017, the Company had a cash balance of \$499,475 (December 31, 2016 – \$482,711) to settle current liabilities of \$533,400 (December 31, 2016 – \$141,554).

6. INVESTMENT IN JOINT VENTURES

Sun Valley Certification Clinics Holdings, LLC

On November 11, 2016, the Company through Green Global, entered into a Purchase Option Agreement with Sun Valley Certification Clinics Holdings, LLC ("Sun Valley"), a private company based in Phoenix, Arizona, whereby Green Global has the option to acquire a 30% interest in each of the next ten clinics ("Clinic" or "Clinics") that Sun Valley opens in the US for USD \$100,000 each. Provided that the Company already owns 30% of a Clinic, the Company has at its discretion a further option within 18 months from the opening date of the Clinic to acquire an additional 21% of that Clinic for USD \$100,000 and increase its ownership to 51%.

Each Clinic is established as a separate Limited Liability Company. An operating agreement is generally put into place once the Company invests 30%. Under the operating agreement, the Company and Sun Valley will each appoint one Manager and the two Managers will appoint a third Manager. All major decisions and transactions that affect the Clinic will be authorized by the Managers. Therefore, joint control exists and the relationship meets the definition of a joint arrangement.

On November 15, 2016, the Company advanced USD \$100,000 (CAD \$134,270) to exercise its options to acquire a 30% ownership interest in a clinic in Las Vegas, Nevada (the "Sun Valley Nevada Clinic"). The Sun Valley Nevada Clinic began operations on September 21, 2016.

On December 20, 2016, the Company made a USD \$50,000 (CAD \$67,135) deposit for the acquisition of a 30% interest in a second clinic, which opened in Mesa, Arizona (the "Sun Valley Mesa Clinic") in 2017. On March 7, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD \$50,000 (CAD \$67,980). An operating agreement on the above described terms has been put into place. The Sun Valley Mesa Clinic began operations on April 24, 2017.

On March 14, 2017, the Company made a USD \$50,000 (CAD \$69,220) deposit towards the acquisition of a 30% interest in a third clinic, which opened in Tucson, Arizona (the "Sun Valley Tucson Clinic"). On April 18, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD \$50,000 (CAD \$68,760). An operating agreement on the above described terms has been put into place. The Sun Valley Tucson Clinic began operations on May 22, 2017.

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6. INVESTMENT IN JOINT VENTURES (continued)*Sun Valley Certification Clinics Holdings, LLC (continued)*

On July 24, 2017, the Company made a USD \$50,000 (CAD \$64,465) deposit towards the acquisition of a 30% interest in a third clinic, which opened in Hollywood, Florida (the “Sun Valley Hollywood Clinic”). On August 2, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD \$50,000 (CAD \$64,650). An operating agreement on the above described terms has been put into place. The Sun Valley Hollywood Clinic began operations on August 11, 2017.

On November 27, 2017, the Company contributed a USD \$20,000 (CAD \$26,182) advance as additional capital to the Sun Valley Clinics.

On December 19, 2017, the Company contributed a USD \$15,000 (CAD \$19,934) advance as additional capital to the Sun Valley Clinics.

On December 28, 2017, the Company contributed another USD \$75,400 (CAD \$97,945) advance as additional capital to the Sun Valley Clinics.

As a result of the additional capital contributions made in November and December 2017, Green Global was issued 128.60 new units from each Clinic, in a manner consistent with the operating agreement, and in proportion to its respective membership.

The investment in the Sun Valley Nevada Clinic is accounted for as of the effective date of ownership on September 1, 2016. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Nevada Clinic has been accounted for as a joint venture. The Company’s portion of the loss from the Sun Valley Nevada Clinic for the year ended December 31, 2017 was \$45,374 (USD \$34,941) (for period from September 1, 2016 to December 31, 2016 – \$19,915 (USD \$16,518)).

The investment in the Sun Valley Mesa Clinic is accounted for as of the effective date of ownership on January 4, 2017. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Mesa Clinic has been accounted for as a joint venture. The Company’s portion of the loss from the Sun Valley Mesa Clinic for the year ended December 31, 2017 was \$74,263 (USD \$57,187).

The investment in the Sun Valley Tucson Clinic is accounted for as of the effective date of ownership on April 18, 2017. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Tucson Clinic has been accounted for as a joint venture. The Company’s portion of the loss from the Sun Valley Tucson Clinic for the year ended December 31, 2017 is \$66,417 (USD \$51,145).

The investment in the Sun Valley Hollywood Clinic is accounted for as of the effective date of ownership on August 2, 2017. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Hollywood Clinic has been accounted for as a joint venture. The Company’s portion of the loss from the Sun Valley Hollywood Clinic for the year ended December 31, 2017 is \$57,793 (USD \$44,504).

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6. INVESTMENT IN JOINT VENTURES (continued)

The following table summarizes the financial information of the four Clinics:

Statements of Financial Position

	Las Vegas	Mesa	Tucson	Hollywood
<i>As at December 31, 2017</i>	USD \$	USD \$	USD \$	USD \$
Cash	6,115	6,643	9,077	4,209
Fixed assets	18,334	82,034	33,918	2,465
Other assets	2,500	4,594	7,333	52,500
Total assets (100%)	26,949	93,271	50,328	59,174
Current liabilities	23,820	50,312	12,057	31,857
Other liabilities	554	10,785	11,212	2,984
Members' equity	174,103	222,797	197,543	172,679
Deficit	(171,528)	(190,623)	(170,484)	(148,346)
Total liabilities & members' equity (100%)	26,949	93,271	50,328	59,174

	Las Vegas
<i>As at December 31, 2016</i>	USD \$
Cash	26,711
Fixed assets	25,149
Other assets	2,500
Total assets (100%)	54,360
Current liabilities	9,419
Members' equity	100,000
Deficit	(55,059)
Total liabilities & members' equity (100%)	54,360

Statements of Loss and Comprehensive Loss

	Las Vegas	Mesa	Tucson	Hollywood
<i>For year ended December 31, 2017</i>	USD \$	USD \$	USD \$	USD \$
Revenue	148,838	113,781	95,163	20,366
Total expenses	(265,307)	(304,404)	(265,647)	(168,712)
Net loss and comprehensive loss for the year	(116,469)	(190,623)	(170,484)	(148,346)

	Las Vegas
<i>For period from incorporation to December 31, 2016</i>	USD \$
Revenue	31,280
Total expenses	86,339
Net loss and comprehensive loss for the year	(55,059)

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable of the Company are principally comprised of amounts outstanding for trade purchases relating to regular business activities and amounts payable for financing activities. The usual credit period taken for purchases is between 30 and 90 days.

The following is an aged analysis of the accounts payable and accrued liabilities:

	December 31, 2017	December 31, 2016
	\$	\$
Less than 90 days	303,945	93,534
Greater than 90 days	229,455	48,000
Total accounts payable and accrued liabilities	533,400	141,554

The Company has estimated a late filing tax penalty of \$25,959 in relation to filing of Form 5472 for Green Global in fiscal year 2016. The amount has been included in accrued liabilities as at December 31, 2017 (December 31, 2016 – \$nil).

8. SHARE CAPITAL*Authorized share capital*

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

Common shares issued and outstanding are as follows:

	Number of common shares	Amount
	#	\$
Balance, November 8, 2016	-	-
Shares issued on incorporation	10,000,000	100
Shares issued on private placement	6,550,000	404,649
Balance, December 31, 2016	16,550,000	404,749
Shares issued as finders' fee (Note 11(c))	80,000	6,000
Balance, December 31, 2017	16,630,000	410,749

2017 share capital transactions

On May 22, 2017, the Company recognized a share liability amount of \$6,356 to settle 50% of an outstanding balance owing to Branson Corporate Services Ltd ("Branson"), a company that provides CFO and accounting services to the Company (see Note 12). The Company incurred a \$2,119 gain on settlement of debt as part of the transaction.

On December 22, 2017, the Company issued 80,000 common shares for a total fair value of \$6,000, as a finders' fee equal to 8% of the gross proceeds raised from the Convertible Debentures financing (see Note 11(c)).

2016 share capital transactions

On November 8, 2016, the Company issued 6,000,000 common shares to its founders for \$60.

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8. SHARE CAPITAL (continued)*2016 share capital transactions (continued)*

On November 14, 2016, 4,000,000 shares were issued in connection with the fees for convertible debentures with a value of \$40 (see Note 11(a)).

On December 9, 2016, the Company completed a private placement offering, through the issuance of 6,550,000 units ("Units") at a price of \$0.10 per Unit for gross proceeds of \$655,000 (net proceeds of \$404,649). Each Unit consists of one Common Share and one-half (1/2) of one share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one Common Share at a price of \$0.15 per Common Share for a period of 60 months after the closing date, or 24 months after a going public transaction. As part of the transaction, the Company issued 500,000 broker warrants (see Note 10).

9. RESERVE FOR SHARE-BASED PAYMENTS

The Company established a stock option plan (the "Plan") to provide additional incentive to its officers, directors, employees and consultants in their effort on behalf of the Company in the conduct of its affairs. Options vest immediately and expire two years from the going public transaction date or five years from the date of issuance, whichever is earlier.

The maximum number of common shares reserved for issuance for options that may be granted under the Plan is 10% of the total issued and outstanding Common Shares, which was 1,663,000 as at December 31, 2017.

On January 4, 2017, the Company granted 1,600,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.10 expiring two years after the Company completes a going public transaction or five years from the date of grant, whichever is earlier. The options vested immediately on grant. The fair value of these options was estimated on the date of grant at \$80,000 using the Black-Scholes valuation model with the following assumptions:

Market price	\$0.075
Expected volatility	123%
Risk-free interest rate	0.73%
Expected life	2.72 years
Expected dividend yield	0%

The following summarizes the stock option activity for the year ended December 31, 2017:

	Options	Weighted Average Exercise Price	Fair Value
	#	\$	\$
Balance, December 31, 2016	-	-	-
Options granted	1,600,000	0.10	80,000
Balance, December 31, 2017	1,600,000	0.10	80,000

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10. RESERVE FOR WARRANTS*2017 warrants transactions*

On April 20, 2017, in conjunction of the \$300,000 convertible debentures financing (see Note 11(b)), the Company issued 20,000 broker warrants. Each broker warrant can be exercised into one common share at \$1.00 per share for a period of two years. The broker warrants were valued at \$116 by using the Black-Scholes valuation model with the following assumptions:

Market price	\$0.075
Expected volatility	105%
Risk-free interest rate	1.66%
Expected life	2 years
Expected dividend yield	0%

On December 22, 2017, in conjunction with the \$600,000 convertible debentures financing (see Note 11(c)), the Company issued 80,000 broker warrants. Each broker warrant can be exercised into one common share at \$0.60 per share for a period of two years. The broker warrants were valued at \$800 by using the Black-Scholes valuation model with the following assumptions:

Market price	\$0.075
Expected volatility	105%
Risk-free interest rate	1.66%
Expected life	2 years
Expected dividend yield	0%

2016 warrants transactions

Pursuant to an offering dated December 9, 2016 (see Note 8), the Company issued 3,275,000 warrants and 500,000 broker warrant units. Each broker warrant unit can be exercised into one common share and one half of a common share purchase warrant exercisable at \$0.10 per share for a period of 5 years or 24 months after a going public transaction. The warrants were valued at \$163,750 (\$148,006 net of issue costs) and the broker warrant units were valued at \$40,000. The fair value of the warrants and the broker warrants were estimated on the date of the closing using the Black-Scholes valuation model with the following assumptions:

Market price	\$0.07 – \$0.10
Expected volatility	105%
Risk-free interest rate	1.08%
Expected life	5 years
Expected dividend yield	0%

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10. RESERVE FOR WARRANTS (continued)

The following summarizes common share purchase warrant activity during the years ended December 31, 2017 and 2016:

	Warrants	Weighted Average Exercise Price	Fair Value
	#	\$	\$
Balance, November 8, 2016	-	-	-
Warrants issued on private placement	3,275,000	0.15	148,006
Broker warrants issued	500,000	0.10	40,000
Balance, December 31, 2016	3,775,000	0.14	188,006
Broker warrants issued	20,000	1.00	116
Broker warrants issued	80,000	0.60	800
Balance, December 31, 2017	3,875,000	0.16	188,922

As at December 31, 2017, the Company had the following common share purchase warrants outstanding:

Number of Outstanding Warrants	Exercise Price	Expiry Date
#	\$	
500,000	0.10	December 9, 2021
3,275,000	0.15	December 9, 2021
20,000	1.00	April 20, 2019
80,000	0.60	December 22, 2017
3,875,000		

11. CONVERTIBLE DEBENTURES*(a) November 2016 Debentures*

On November 14, 2016, the Company closed a non-brokered private placement of an unsecured convertible debenture for total proceeds of \$161,616 (USD \$120,000). The debenture matures 24 months from the closing date. The Company intends to list its shares on a suitable stock exchange in Canada (the "Exchange"). Subject to the approval of the selected Exchange as required, on or after November 14, 2017 and prior to the maturity date, the principle together with accrued and unpaid interest on the principle amount shall be convertible, at the option of the holder, into Units of the Company at a price equal to \$0.05, which will result in the issuance of 3,232,320 Units. Each Unit is comprised of one (1) common share of the Company and one-half (1/2) of a Warrant, exercisable until the earlier of (a) five years from the date of issuance or (b) two years from the date of listing of the common shares of the Company on any Exchange, into one (1) common share of the Company at an exercise price of \$0.075 per common share (the "Warrant Share") for a total of 1,616,160 Warrant Shares.

On November 14, 2016, USD \$100,000 was transferred to the Company, and the remaining USD \$20,000 was held by the debenture holder for legal expenses of the issuance. On March 28, 2017, the holder of the convertible debentures paid the remaining balance of \$10,601 to the Company. The amount represents the balance of the USD \$20,000 (\$26,936) after deduction of legal expenses of \$16,335.

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11. CONVERTIBLE DEBENTURES (continued)

(a) November 2016 Debentures (continued)

The convertible debentures bear interest at 12% per annum, payable on the maturity date. Interest on any overdue interest and all other amounts due from the Company to the debenture holder shall be calculated and payable at the same rate and in the same manner if not paid when due. In consideration of the debenture holder providing the loan to the Company, the Company issued 4,000,000 common shares to the debenture holder (see Note 8).

The convertible debentures are classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debentures being less than the face value. The discount is being accreted over the term of the debentures utilizing the effective interest rate method at a 26.7% effective interest rate.

(b) April 2017 Debentures

On April 20, 2017, the Company closed a non-brokered private placement of an unsecured convertible debenture (the "Unsecured Debentures") for total proceeds of \$300,000. The Unsecured Debentures bear interest at a rate of 12% per annum and matures 24 months from the closing date. At the option of the holder, the Unsecured Debentures are convertible into units of the Company at a conversion price which shall be the lower of (i) \$0.60 per share and (ii) the price equal to 75% of the liquidity event price. Each Unit is comprised of one (1) common share of the Company and one-half (1/2) of a common share purchase warrant, exercisable until 12 months from a liquidity event. One whole warrant entitles the holder to purchase one additional common share of the Company at a purchase price of \$1.00. Total costs of raising the debt includes cash paid for commissions and legal costs of \$20,263 and the issuance of 20,000 broker warrants with a fair value of \$116 (see Note 10).

The discount is being accreted over the term of the Unsecured Debentures utilizing the effective interest rate method at a 18.5% effective interest rate.

The conversion feature meets the definition of a derivative liability instrument because the conversion rate is variable and therefore does not meet the "fixed-for-fixed" criteria outlined under IFRS. As a result, the conversion feature is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income. On April 20, 2017, the value of the derivative liability was \$8,500. As at December 31, 2017, the value of the derivative liability was reduced to \$3,800 and a \$4,700 gain was included in fair value change in derivative liability.

(c) December 2017 Debentures

On December 22, 2017, the Company closed a non-brokered private placement of a secured convertible debenture (the "Secured Debentures") for total proceeds of \$600,000. The Secured Debentures bear interest at a rate of 12% per annum and matures 24 months from the closing date. The Secured Debentures are convertible at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price which shall be the lower of (i) \$0.60 per share and (ii) the price equal to 75% of a liquidity event price. The Secured Debentures will rank subordinate to all existing and future senior secured and senior unsecured indebtedness of the Corporation including all trade creditors, and will rank pari passu to all existing and future subordinated unsecured indebtedness. Total costs of raising the debt includes cash paid for commissions and legal costs of \$15,292, the issuance of 80,000 common shares with a value of \$6,000 (see Note 8) for commissions and the issuance of 80,000 broker warrants with a fair value of \$800 (see Note 10).

The conversion feature and the debts component of the Secured Debentures had been classified as financial liabilities. The discount is being accreted over the term of the Secured Debentures utilizing the effective interest rate method at a 15.4% effective interest rate.

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11. CONVERTIBLE DEBENTURES (continued)*(d) December 2017 Debentures (continued)*

The conversion feature meets the definition of a derivative liability instrument because the conversion rate is variable and therefore does not meet the “fixed-for-fixed” criteria outlined under IFRS. As a result, the conversion feature is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income. On December 22, 2017, the value of the derivative liability was \$9,600. As at December 31, 2017 the value of the derivative liability was reduced to \$9,400 and a \$200 gain was included in fair value change in derivative liability.

The following table reflects the continuity of convertible debentures for the years ended December 31, 2017 and 2016:

	\$
Balance, November 8, 2016	-
Debentures issued	161,616
Conversion component of convertible debenture, net of tax	(32,043)
Cost of Issuance	(6,370)
Interest and accretion expense	6,780
Balance, December 31, 2016	129,983
Debentures issued	900,000
Derivative liability component	(18,100)
Cost of issuance	(41,540)
Interest and accretion expense	74,984
Foreign exchange gain	(12,505)
Balance, December 31, 2017	1,032,822

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management includes the Company’s directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

Total key management compensation paid to the Chief Executive Officer (the “CEO”) and the Chief Operating Officer (the “COO”) amounts to \$228,285 during the year ended December 31, 2017 (2016 – \$96,000). As at December 31, 2017, amounts of \$91,802 and \$88,020 (December 31, 2016 – \$nil and \$nil) owing to the CEO and the COO, respectively, were included in accounts payable and accrued liabilities. Also included in other receivables as at December 31, 2017 was \$4,798 (December 31, 2016 – \$nil) due from the CEO for an advance made in respect of expenses to be incurred on behalf of the Company.

During the year ended December 31, 2017, the Company also incurred professional fees of \$49,040 (2016 – \$15,000) from Branson. As at December 31, 2017, \$13,587 (December 31, 2016 – \$63,000) owing to Branson was included in accounts payable and accrued liabilities, and \$6,356 was included in shares to be issued to settle with Branson.

During the year ended December 31, 2017, the Company granted 1,280,000 options to directors and officers of the Company to purchase common shares of the Company at the exercise price of \$0.10 expiring two years after the Company completes a going public transaction or five years from the date of grant, whichever is earlier (see Note 9). The options vested immediately on grant, and total share-based compensation expense attributable to related parties in the year ended December 31, 2017 was \$59,000 (2016 – \$nil).

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12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**(continued)**

For the year ended December 31, 2017, the Company incurred interest expense of \$21,522 (2016 – \$2,510) to the holder of the convertible debentures. On November 14, 2016, the Company issued to the convertible debenture holder, 4,000,000 common shares (see Note 11) representing 40% of the shareholding in the Company at the time of issuance. On May 1, 2017, the debenture holder transferred 1,000,000 common shares to the COO of the Company, and 289,293 common shares to a consulting company as a part of service fee.

13. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2016 – 26.5%) to the effective tax rate is as follows:

	2017	2016
	\$	\$
Net loss before recovery of income taxes provision:	(1,155,337)	(209,143)
Expected income tax (recovery) expense	(306,160)	(55,423)
Difference in foreign tax rates	17,080	(1,331)
Tax rate changes and other adjustments	(13,410)	-
Share-based compensation and non-deductible expenses	37,800	(7,976)
True-up	(6,410)	-
Change in tax benefits not recognized	271,100	64,730
	-	-

Deferred tax

	2017	2016
	\$	\$
<u>Deferred Tax Assets</u>		
Non-capital losses carried forward – US	70	-
Non-capital losses carried forward – CAD	-	6,680
<u>Deferred Tax Liabilities</u>		
Convertible debentures	-	(6,880)
Partnership – Property, plant and equipment	(70)	-
Net Deferred Tax Assets	-	-

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2017	2016
	\$	\$
Share issuance costs	95,730	60,534
Non-capital losses carried forward – Canada	887,930	139,445
Net operating loss – US	350,540	44,284
Other temporary differences	11,700	-

AURA HEALTH CORP.

Notes to the Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

13. INCOME TAXES (continued)*Unrecognized deferred tax assets (continued)*

Share issuance and financing costs will be fully amortized by 2021.

The Company's Canadian non-capital income tax losses expire as follows:

	\$
2036	167,130
2037	720,800
	887,930

The Company's US non-capital income tax losses expire as follows:

	\$
2036	44,280
2037	306,580
	350,860

14. SEGMENTED INFORMATION

As at December 31, 2017, the Company's operations were comprised of a single reporting operating segment engaged in the development and acquisition of medical marijuana health certification clinics in the US.

The breakdown between operations in Canada and the US are as follows:

Statements of Financial Position

<i>As at December 31, 2017</i>	Canada	US	Total
Current assets	546,844	3,905	550,749
Investment in joint venture	-	386,124	386,124
Total assets	546,844	390,029	936,873
Current liabilities	508,310	25,090	533,400
Long-term liabilities	1,046,022	-	1,046,022
Total liabilities	1,554,332	25,090	1,579,422

Statements of Loss and Comprehensive Loss

	Canada	US	Total
Operating expenses	719,291	75,966	795,257
Other expenses	100,398	259,682	360,080
Net loss and comprehensive loss	(819,689)	(335,648)	(1,155,337)

AURA HEALTH CORP.

Notes to the Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

15. COMMITMENTS

Two founders of the Company have compensation contracts in the amount of \$12,000 per month commencing September 1, 2016. Subject to available financing, \$6,000 per month will be accrued in salary to be paid. Upon the successful completion of an investment into a fifth clinic, the compensation amount will be increased to \$18,000 per month, with \$9,000 per month to be accrued, all subject to available financing and the same accrual terms of prior periods. Effective September 1, 2017, the CEO and COO had agreed to defer any salary or consulting fees until a public listing be obtained by the Company. As at December 31, 2017, total accrued salary was \$168,000 (December 31, 2016 – \$48,000).

16. SUBSEQUENT EVENTS

On January 23, 2018, the Company entered into a letter of intent with Lamêlée Iron Ore Ltd. (“Lamêlée”), whereby the parties will complete a business combination by way of a reverse takeover of Lamêlée by the Company (the “Transaction”). Pursuant to the Transaction, Lamêlée will first apply to delist from the TSX Venture Exchange, then on closing of the Transaction, all of the issued and outstanding common shares of the Company will be exchanged for common shares of Lamêlée, which will result in the Company becoming a wholly-owned subsidiary of Lamêlée or otherwise combining its corporate existence with a wholly-owned subsidiary of Lamêlée. The resulting issuer that will exist upon completion of the Transaction will change its business from mining to that of a service provider and shall apply to become listed on the Canadian Securities Exchange. The Transaction is subject to regulatory approval.



AURA HEALTH CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

AURA HEALTH CORP.Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	As at March 31, 2018 \$ (Unaudited)	As at December 31, 2017 \$ (Audited)
ASSETS			
Current			
Cash		388,986	499,475
HST and other receivables	12	19,128	16,182
Prepaid expenses		35,094	35,092
		443,208	550,749
Investment in joint ventures	6	338,571	386,124
Total Assets		781,779	936,873
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7, 12	450,070	533,400
Convertible debentures	11	175,077	-
		625,147	533,400
Non-Current			
Convertible debentures	11	911,541	1,032,822
Derivative liability	11	9,550	13,200
Total Liabilities		1,546,238	1,579,422
SHAREHOLDERS' EQUITY			
Share capital	8	410,749	410,749
Shares to be issued	8, 12	6,356	6,356
Equity component of convertible debentures	11	32,043	32,043
Reserve for share-based payments	9	80,000	80,000
Reserve for warrants	10	188,922	188,922
Accumulated other comprehensive (loss) income		(7,998)	3,861
Accumulated deficit		(1,474,531)	(1,364,480)
Total Shareholders' Deficiency		(764,459)	(642,549)
Total Liabilities and Shareholders' Deficiency		781,779	936,873
Nature of operations and going concern	1		
Commitments	14		
Subsequent events	15		

APPROVED ON BEHALF OF THE BOARD

"Chris Carl" (signed)
Director

"David Posner" (signed)
Director

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

AURA HEALTH CORP.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

		Three months ended March 31, 2018	Three months ended March 31, 2017
	Notes	\$	\$
Expenses			
Management and consulting fees	12	-	72,000
Professional fees		22,700	74,207
Office and general		268	1,660
Share-based compensation	9	-	80,000
		(22,968)	(227,867)
Other Expenses and Income			
Foreign exchange gain		15,626	1,473
Finance cost	11, 12	(49,180)	(5,138)
Equity loss from joint venture	6	(57,179)	(5,064)
Fair value change in derivative liability	11	3,650	-
		(87,083)	(8,729)
Net Loss		(110,051)	(236,596)
Other Comprehensive Loss			
Exchange loss on translation of foreign operations		(11,859)	(6,022)
Net Loss and Comprehensive Loss		(121,910)	(242,618)
Weighted average shares outstanding			
- Basic and diluted		16,630,000	16,550,000
Loss per share			
- Basic and diluted		(0.01)	(0.01)

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

AURA HEALTH CORP.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

		Three months ended March 31, 2018	Three months ended March 31, 2017
	Notes	\$	\$
Cash Flows from Operating Activities			
Net loss for the period		(110,051)	(236,596)
Adjustments to reconcile net loss to cash flows			
Share-based compensation	9	-	80,000
Equity loss from joint venture	6	57,179	5,064
Foreign exchange gain		(5,012)	-
Fair value change in derivative liability	11	(3,650)	-
Finance cost	11	49,180	5,138
		(12,354)	(146,394)
Net change in non-cash working capital items:			
HST and other receivables		(2,946)	(5,155)
Accounts payable and accrued liabilities	7	(83,330)	53,984
Net change in non-cash working capital items		(86,276)	48,829
Cash flows (used in) operating activities		(98,630)	(97,565)
Cash Flows from Investing Activities			
Investments in joint venture	6	-	(69,713)
Deposit on Clinics	6	-	(69,250)
Cash flows (used in) investing activities		-	(138,963)
Decrease in cash		(98,630)	(236,528)
Effects of foreign exchange on cash		(11,859)	-
Cash, beginning of period		499,475	482,711
Cash, end of period		388,986	246,183

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

AURA HEALTH CORP.

Unaudited Condensed Interim Consolidated Statements of Changes of Equity Flows

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Notes	Share Capital		Reserves			Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total	
		Number of Shares	Amount	Shares to be Issued	Conversion Component of convertible debentures	Reserve for Share-Based Payments				Reserve for Warrants
		#	\$	\$	\$	\$	\$	\$	\$	
Balance, December 31, 2016		16,550,000	404,749	-	32,043	-	188,006	(153)	(209,143)	415,502
Stock-based compensation	9	-	-	-	-	80,000	-	-	-	80,000
Exchange (loss) on translating foreign operations		-	-	-	-	-	-	(6,022)	-	(6,022)
Net loss for the period		-	-	-	-	-	-	-	(236,596)	(236,596)
Balance, March 31, 2017		16,550,000	404,749	-	32,043	80,000	188,006	(6,175)	(445,739)	252,884
Balance, December 31, 2017		16,630,000	410,749	6,356	32,043	80,000	188,922	3,861	(1,364,480)	(642,549)
Exchange (loss) on translating foreign operations		-	-	-	-	-	-	(11,859)	-	(11,859)
Net loss for the period		-	-	-	-	-	-	-	(110,051)	(110,051)
Balance, March 31, 2018		16,630,000	410,749	6,356	32,043	80,000	188,922	(7,998)	(1,474,531)	(764,459)

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

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Aura Health Corp. (“Aura” or the “Company”) invests in entities that acquire and develop medical marijuana certification clinics in the United States (the “US”). The medical health clinics examine prospective patients and issue medical-use certificates to qualified patients in the US. The Company was incorporated on November 8, 2016 by Articles of Incorporation under the laws of the Province of Ontario, Canada. The address of the Company’s registered office is 77 King Street West, Suite 2905, Toronto, Ontario M5K 1H1.

On January 23, 2018, the Company entered into a letter of intent (“LOI”) with Lamêlée Iron Ore Ltd. (“Lamêlée”) to complete a business combination by way of a reverse takeover of Lamêlée by the Company (the “Transaction”). Pursuant to the LOI, Lamêlée will apply to delist from the TSX Venture Exchange, then on closing of the Transaction, all of the issued and outstanding common shares of the Company will be exchanged for common shares of Lamêlée, which will result in the Company becoming a wholly-owned subsidiary of Lamêlée or otherwise combining its corporate existence with a wholly-owned subsidiary of Lamêlée. The Resulting Issuer will apply to change its business from mining to a service provider and to become listed on the Canadian Securities Exchange. The Transaction is subject to regulatory approval. Subsequent to March 31, 2018, the Company and Lamêlée had entered into a Securities Exchange Agreement (see Note 15 for details).

As at March 31, 2018, the Company had a working capital deficiency of \$181,939 (December 31, 2017 – working capital of \$17,349), had not yet achieved profitable operations, had accumulated losses of \$1,474,531 (December 31, 2017 – \$1,364,480), and currently expects to incur further losses in the development of its business. There is no assurance that the investments made by the Company and any future investments will be successful and profitable, and as such, there is a significant uncertainty with respect to the Company’s ability to continue as a going concern.

The Company is dependent upon obtaining financing for its on-going and planned investment activities and to meet its ongoing cost of corporate overhead and discharge its liabilities as they come due. These unaudited condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The Company’s unaudited condensed interim consolidated financial statements have been prepared in conformity with IAS 34 – Interim Financial Reporting (“IAS 34”) on the basis of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these unaudited condensed interim consolidated financial statements. Operating results for the period ended March 31, 2018 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2018. For further information, see the Company’s audited consolidated financial statements including the notes thereto for the year ended December 31, 2017.

These unaudited condensed interim consolidated financial statements were reviewed, approved and authorized by the Board of Directors of the Company on July 26, 2018.

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

(b) Basis of presentation

The unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value (see Notes 5 and 11). Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Green Global Properties Inc. ("Green Global"), formed in the State of Delaware.

The unaudited condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

(d) Functional currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars (\$), which is the Company's functional currency. The functional currency of Green Global is the US dollar (USD \$).

(e) Significant accounting judgments and estimates

The preparation of these unaudited condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the financial statements were the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2017.

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

New standards and interpretations

The Company had adopted the following new standards, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Company's unaudited condensed interim consolidated financial statements:

- IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in July 2014 and replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions.
- IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) replaces IAS 18 – Revenue, IAS 11 – Construction Contracts, and some revenue-related interpretations. 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.

Recent accounting pronouncements

The IASB and the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2018. Updates that are not applicable or are not consequential to the Company have been excluded. The Company does not expect the adoption of these standards to have a material impact on the consolidated financial statements.

- IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases (“IAS 17”). With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, shares to be issued, equity component of convertible debentures, reserve for share-based payments and warrants, accumulated other comprehensive income and accumulated deficit. As at March 31, 2018, the Company's capital consisted of a deficit of \$764,459 (December 31, 2017 – deficit of \$642,549).

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and issuance of convertible debentures. There can be no assurance that the Company will be able to continue raising capital in this manner.

The Company is not subject to externally imposed capital requirements.

5. FINANCIAL RISK FACTORS

Fair value

The carrying amount of cash, other receivables, accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and other receivables. Cash is held with a reputable Canadian chartered bank. Management believes that the credit risk concentration with respect to financial instruments included in cash and other receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company generates cash flow primarily from its financing activities. As at March 31, 2018, the Company had a cash balance of \$388,986 (December 31, 2017 – \$499,475) to settle current liabilities of \$625,147 (December 31, 2017 – \$533,400).

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

6. INVESTMENT IN JOINT VENTURES

Sun Valley Certification Clinics Holdings, LLC

On November 11, 2016, the Company through Green Global, entered into a Purchase Option Agreement with Sun Valley Certification Clinics Holdings, LLC (“Sun Valley”), a private company based in Phoenix, Arizona, whereby Green Global has the option to acquire a 30% interest in each of the next ten clinics (“Clinic” or “Clinics”) that Sun Valley opens in the US for USD \$100,000 each. Provided that the Company already owns 30% of a Clinic, the Company has at its discretion a further option within 18 months from the opening date of the Clinic to acquire an additional 21% of that Clinic for USD \$100,000 and increase its ownership to 51%.

Each Clinic is established as a separate Limited Liability Company. An operating agreement is generally put into place once the Company invests 30%. Under the operating agreement, the Company and Sun Valley will each appoint one Manager and the two Managers will appoint a third Manager. All major decisions and transactions that affect the Clinic will be authorized by the Managers. Therefore, joint control exists and the relationship meets the definition of a joint arrangement.

On November 15, 2016, the Company advanced USD \$100,000 (CAD \$134,270) to exercise its options to acquire a 30% ownership interest in a clinic in Las Vegas, Nevada (the “Sun Valley Nevada Clinic”). The Sun Valley Nevada Clinic began operations on September 21, 2016.

On December 20, 2016, the Company made a USD \$50,000 (CAD \$67,135) deposit for the acquisition of a 30% interest in a second clinic, which opened in Mesa, Arizona (the “Sun Valley Mesa Clinic”) in 2017. On March 7, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD \$50,000 (CAD \$67,980). An operating agreement on the above described terms has been put into place. The Sun Valley Mesa Clinic began operations on April 24, 2017.

On March 14, 2017, the Company made a USD \$50,000 (CAD \$69,220) deposit towards the acquisition of a 30% interest in a third clinic, which opened in Tucson, Arizona (the “Sun Valley Tucson Clinic”). On April 18, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD \$50,000 (CAD \$68,760). An operating agreement on the above described terms has been put into place. The Sun Valley Tucson Clinic began operations on May 22, 2017.

On July 24, 2017, the Company made a USD \$50,000 (CAD \$64,465) deposit towards the acquisition of a 30% interest in a third clinic, which opened in Hollywood, Florida (the “Sun Valley Hollywood Clinic”). On August 2, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD \$50,000 (CAD \$64,650). An operating agreement on the above described terms has been put into place. The Sun Valley Hollywood Clinic began operations on August 11, 2017.

On November 27, 2017, the Company contributed a USD \$20,000 (CAD \$26,182) advance as additional capital to the Sun Valley Clinics.

On December 19, 2017, the Company contributed a USD \$15,000 (CAD \$19,934) advance as additional capital to the Sun Valley Clinics.

On December 28, 2017, the Company contributed another USD \$75,400 (CAD \$97,945) advance as additional capital to the Sun Valley Clinics.

As a result of the additional capital contributions made in November and December 2017, Green Global was issued 128.60 new units from each Clinic, in a manner consistent with the operating agreement, and in proportion to its respective membership.

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

6. INVESTMENT IN JOINT VENTURES (continued)*Sun Valley Certification Clinics Holdings, LLC (continued)*

The investment in the Sun Valley Nevada Clinic is accounted for as of the effective date of ownership on September 1, 2016. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Nevada Clinic has been accounted for as a joint venture. The Company's portion of the loss from the Sun Valley Nevada Clinic for the three months ended March 31, 2018 was \$6,429 (USD \$5,084) (2017 –\$5,064 (USD \$3,805)).

The investment in the Sun Valley Mesa Clinic is accounted for as of the effective date of ownership on January 4, 2017. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Mesa Clinic has been accounted for as a joint venture. The Company's portion of the loss from the Sun Valley Mesa Clinic for the three months ended March 31, 2018 was \$14,535 (USD \$11,493) (2017 – \$nil).

The investment in the Sun Valley Tucson Clinic is accounted for as of the effective date of ownership on April 18, 2017. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Tucson Clinic has been accounted for as a joint venture. The Company's portion of the loss from the Sun Valley Tucson Clinic for the three months ended March 31, 2018 was \$11,119 (USD \$8,792) (2017 – \$nil).

The investment in the Sun Valley Hollywood Clinic is accounted for as of the effective date of ownership on August 2, 2017. As the operating agreement establishing joint control was in place effective that date, the investment in the Sun Valley Hollywood Clinic has been accounted for as a joint venture. The Company's portion of the loss from the Sun Valley Hollywood Clinic for the three months ended March 31, 2018 was \$25,096 (USD \$19,843) (2017 – \$nil).

The following table summarizes the financial information of the four Clinics:

Statements of Financial Position

<i>As at March 31, 2018</i>	Sun Valley Nevada Clinic	Sun Valley Mesa Clinic	Sun Valley Tucson Clinic	Sun Valley Hollywood Clinic
	USD \$	USD \$	USD \$	USD \$
Cash	3,556	2,873	8,194	501
Fixed assets	17,632	74,340	31,236	2,214
Other assets	2,500	4,595	3,000	10,111
Total assets	23,688	81,808	42,430	12,826
Current liabilities	37,920	79,101	34,913	52,172
Other liabilities	138	8,843	9,763	2,465
Members' equity	174,104	222,797	197,543	172,679
Deficit	(188,474)	(228,933)	(199,789)	(214,490)
Total liabilities & members' equity	23,688	81,808	42,430	12,826

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

6. INVESTMENT IN JOINT VENTURES (continued)*Sun Valley Certification Clinics Holdings, LLC (continued)**Statements of Financial Position (continued)*

	Sun Valley Nevada Clinic	Sun Valley Mesa Clinic	Sun Valley Tucson Clinic	Sun Valley Hollywood Clinic
<i>As at December 31, 2017</i>				
	USD \$	USD \$	USD \$	USD \$
Cash	6,115	6,643	9,077	4,209
Fixed assets	18,334	82,034	33,918	2,465
Other assets	2,500	4,594	7,333	52,500
Total assets	26,949	93,271	50,328	59,174
Current liabilities	23,820	50,312	12,057	31,857
Other liabilities	554	10,785	11,212	2,984
Members' equity	174,103	222,797	197,543	172,679
Deficit	(171,528)	(190,623)	(170,484)	(148,346)
Total liabilities & members' equity	26,949	93,271	50,328	59,174

Statements of Loss and Comprehensive Loss

	Sun Valley Nevada Clinic	Sun Valley Mesa Clinic	Sun Valley Tucson Clinic	Sun Valley Hollywood Clinic
<i>Three months ended March 31, 2018</i>				
	USD \$	USD \$	USD \$	USD \$
Revenue	55,483	50,595	62,615	13,090
Total expenses	(72,429)	(88,905)	(91,920)	(79,234)
Net loss and comprehensive loss for the period	(16,946)	(38,310)	(29,305)	(66,144)

	Sun Valley Nevada Clinic
<i>Three months ended March 31, 2017</i>	
	USD \$
Revenue	51,975
Total expenses	(76,772)
Net loss and comprehensive loss for the period	(24,797)

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable of the Company are principally comprised of amounts outstanding for trade purchases relating to regular business activities and amounts payable for financing activities. The usual credit period taken for purchases is between 30 and 90 days.

The following is an aged analysis of the accounts payable and accrued liabilities:

	March 31, 2018	December 31, 2017
	\$	\$
Less than 90 days	270,130	303,945
Greater than 90 days	179,940	229,455
Total accounts payable and accrued liabilities	450,070	533,400

The Company has estimated a late filing tax penalty of \$25,788 in relation to filing of Form 5472 for Green Global in fiscal year 2016. The amount has been included in accrued liabilities as at March 31, 2018 (December 31, 2017– \$25,959).

8. SHARE CAPITAL

Authorized share capital

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

Common shares issued and outstanding are as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Issued: 16,630,000 common shares		
(December 31, 2017 – 16,630,000)	410,749	410,749

9. RESERVE FOR SHARE-BASED PAYMENTS

The Company established a stock option plan (the “Plan”) to provide additional incentive to its officers, directors, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. Options vest immediately and expire two years from the going public transaction date or five years from the date of issuance, whichever is earlier.

The maximum number of common shares reserved for issuance for options that may be granted under the Plan is 10% of the total issued and outstanding common shares. As at March 31, 2018, the Company had 63,000 stock options that are available for issuance under the Plan.

Option grants for the three months ended March 31, 2018

There were no option activities during the three months ended March 31, 2018.

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

9. RESERVE FOR SHARE-BASED PAYMENTS (continued)*Option grants for the three months ended March 31, 2017*

On January 4, 2017, the Company granted 1,600,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.10 expiring two years after the Company completes a going public transaction or five years from the date of grant, whichever is earlier. The options vested immediately on grant. The fair value of these options was estimated on the date of grant at \$80,000 using the Black-Scholes valuation model with the following assumptions:

Market price	\$0.075
Expected volatility	123%
Risk-free interest rate	0.73%
Expected life	2.72 years
Expected dividend yield	0%

The following table is a summary of the options outstanding as at March 31, 2018:

	March 31, 2018	December 31, 2017
	\$	\$
Issued: 1,600,000 stock options		
(December 31, 2017 – 1,600,000)	80,000	80,000

10. RESERVE FOR WARRANTS

The following summarizes the warrants outstanding as at March 31, 2018:

	March 31, 2018	December 31, 2017
	\$	\$
Issued: 3,875,000 warrants		
(December 31, 2017 – 3,875,000)	188,922	188,922

As at March 31, 2018, the Company had the following common share purchase warrants outstanding:

Number of outstanding warrants	Exercise price	Expiry date
#	\$	
500,000	0.10	December 9, 2021
3,275,000	0.15	December 9, 2021
20,000	1.00	April 20, 2019
80,000	0.60	December 22, 2017
3,875,000		

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

11. CONVERTIBLE DEBENTURES

(a) November 2016 Debentures

On November 14, 2016, the Company closed a non-brokered private placement of an unsecured convertible debenture for total proceeds of \$155,832 (USD \$120,000). The debenture matures 24 months from the closing date. The Company intends to list its shares on a suitable stock exchange in Canada (the "Exchange"). Subject to the approval of the selected Exchange as required, on or after November 14, 2017 and prior to the maturity date, the principle together with accrued and unpaid interest on the principle amount shall be convertible, at the option of the holder, into units of the Company at a price equal to \$0.05, which will result in the issuance of 3,116,640 units. Each unit is comprised of one (1) common share of the Company and one-half (1/2) of a warrant, exercisable until the earlier of (a) five years from the date of issuance or (b) two years from the date of listing of the common shares of the Company on any Exchange, into one (1) common share of the Company at an exercise price of \$0.075 per common share (the "Warrant Share") for a total of 1,558,320 Warrant Shares.

On November 14, 2016, USD \$100,000 was transferred to the Company, and the remaining USD \$20,000 was held by the debenture holder for legal expenses of the issuance. On March 28, 2017, the holder of the convertible debentures paid the remaining balance of \$10,601 to the Company. The amount represents the balance of the USD \$20,000 (\$26,936) after deduction of legal expenses of \$16,335.

The convertible debentures bear interest at 12% per annum, payable on the maturity date. Interest on any overdue interest and all other amounts due from the Company to the debenture holder shall be calculated and payable at the same rate and in the same manner if not paid when due. In consideration of the debenture holder providing the loan to the Company, the Company issued 4,000,000 common shares to the debenture holder.

The convertible debentures are classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debentures being less than the face value. The discount is being accreted over the term of the debentures utilizing the effective interest rate method at a 26.7% effective interest rate.

(b) April 2017 Debentures

On April 20, 2017, the Company closed a non-brokered private placement of an unsecured convertible debenture (the "Unsecured Debentures") for total proceeds of \$300,000. The Unsecured Debentures bear interest at a rate of 12% per annum and matures 24 months from the closing date. At the option of the holder, the Unsecured Debentures are convertible into units of the Company at a conversion price which shall be the lower of (i) \$0.60 per share and (ii) the price equal to 75% of the liquidity event price. Each unit is comprised of one (1) common share of the Company and one-half (1/2) of a common share purchase warrant, exercisable until 12 months from a liquidity event. One whole warrant entitles the holder to purchase one additional common share of the Company at a purchase price of \$1.00. Total costs of raising the debt includes cash paid for commissions and legal costs of \$20,263 and the issuance of 20,000 broker warrants with a fair value of \$116.

The discount is being accreted over the term of the Unsecured Debentures utilizing the effective interest rate method at a 18.5% effective interest rate.

The conversion feature meets the definition of a derivative liability instrument because the conversion rate is variable and therefore does not meet the "fixed-for-fixed" criteria outlined under IFRS. As a result, the conversion feature is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income. On April 20, 2017, the value of the derivative liability was \$8,500. As at March 31, 2018, the derivative liability was valued at \$2,350 (December 31, 2017 – \$3,800) and a gain of \$1,450 was included in fair value change in derivative liability for the three months ended March 31, 2018 (2017 – \$nil).

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

11. CONVERTIBLE DEBENTURES (continued)*(c) December 2017 Debentures*

On December 22, 2017, the Company closed a non-brokered private placement of a secured convertible debenture (the “Secured Debentures”) for total proceeds of \$600,000. The Secured Debentures bear interest at a rate of 12% per annum and matures 24 months from the closing date. The Secured Debentures are convertible at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price which shall be the lower of (i) \$0.60 per share and (ii) the price equal to 75% of a liquidity event price. The Secured Debentures will rank subordinate to all existing and future senior secured and senior unsecured indebtedness of the Corporation including all trade creditors, and will rank pari passu to all existing and future subordinated unsecured indebtedness. Total costs of raising the debt includes cash paid for commissions and legal costs of \$15,292, the issuance of 80,000 common shares with a value of \$6,000 for commissions and the issuance of 80,000 broker warrants with a fair value of \$800.

The conversion feature and the debts component of the Secured Debentures had been classified as financial liabilities. The discount is being accreted over the term of the Secured Debentures utilizing the effective interest rate method at a 15.4% effective interest rate.

The conversion feature meets the definition of a derivative liability instrument because the conversion rate is variable and therefore does not meet the “fixed-for-fixed” criteria outlined under IFRS. As a result, the conversion feature is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income. On December 22, 2017, the value of the derivative liability was \$9,600. As at March 31, 2018, the derivative liability was valued at \$7,200 (December 31, 2017 – \$9,400) and a gain of \$2,200 was included in fair value change in derivative liability for the three months ended March 31, 2018 (2017 – \$nil).

The following table reflects the continuity of convertible debentures as at March 31, 2018:

	\$
Balance, December 31, 2016 and March 31, 2017	129,983
Debentures issued	900,000
Derivative liability component	(18,100)
Cost of issuance	(41,540)
Interest and accretion expense	74,984
Foreign exchange gain	(12,505)
Balance, December 31, 2017	1,032,822
Interest and accretion expense	49,180
Foreign exchange loss	4,616
Balance, March 31, 2018	1,086,618

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

During the three months ended March 31, 2018, no management compensation was paid to the Chief Executive Officer (the "CEO") and the Chief Operating Officer (the "COO") (2017 – \$72,000). As at March 31, 2018, amounts of \$91,802 and \$88,020 (December 31, 2017 – \$91,802 and \$88,020) owing to the CEO and the COO, respectively, were included in accounts payable and accrued liabilities. Also included in other receivables as at March 31, 2018 was \$4,798 (December 31, 2017 – \$4,798) due from the CEO for an advance made in respect of expenses to be incurred on behalf of the Company.

During the three months ended March 31, 2018, the Company incurred professional fees of \$12,000 (2017 – \$12,000) from Branson Corporate Services Inc. ("Branson"), which provides CFO services to the Company, as well as other accounting and administrative services. As at March 31, 2018, \$9,040 (December 31, 2017 – \$13,587) owing to Branson was included in accounts payable and accrued liabilities, and \$6,356 (December 31, 2017 – \$6,356) was included in shares to be issued to settle with Branson.

During the three months ended March 31, 2017, the Company granted 1,280,000 options to directors and officers of the Company to purchase common shares of the Company at the exercise price of \$0.10 expiring two years after the Company completes a going public transaction or five years from the date of grant, whichever is earlier (see Note 9). The options vested immediately on grant. Total share-based compensation expense attributable to related parties for the three months ended March 31, 2017 was \$59,000.

13. SEGMENTED INFORMATION

As at March 31, 2018, the Company's operations were comprised of a single reporting operating segment engaged in the development and acquisition of medical marijuana health certification clinics in the US.

The breakdown between operations in Canada and the US are as follows:

Statements of Financial Position

<i>As at March 31, 2018</i>	Canada	US	Total
	\$	\$	\$
Current assets	439,196	4,013	443,209
Investment in joint venture	-	338,571	338,571
Total assets	439,196	342,584	781,780
Current liabilities	424,283	25,788	450,071
Long-term liabilities	1,096,168	-	1,096,168
Total liabilities	1,520,451	25,788	1,546,239

Statements of Loss and Comprehensive Loss

<i>Three months ended March 31, 2018</i>	Canada	US	Total
	\$	\$	\$
Operating expenses	7,968	15,000	22,968
Other expenses	30,572	56,511	87,083
Net loss and comprehensive loss	(38,540)	(71,511)	(110,051)

AURA HEALTH CORP.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

14. COMMITMENTS

Two founders of the Company have compensation contracts effective September 1, 2016, in the amount of \$12,000 per month, with \$6,000 per month to be paid immediately and \$6,000 per month to be paid subject to available financing. Upon the successful completion of an investment into a fifth clinic, the compensation amount will be increased to \$18,000 per month, with \$9,000 per month to be paid immediately and \$9,000 per month to be paid subject to available financing. Effective September 1, 2017, the CEO and COO agreed to defer the accrual of any salary or consulting fees until a public listing is obtained by the Company. As at March 31, 2018, total accrued salary was \$168,000 (December 31, 2017 – \$168,000).

15. SUBSEQUENT EVENTS

On May 31, 2018, the Company and Lamêlée entered into a Securities Exchange Agreement (the “Agreement”) to give effect to the Transaction, which was amended on June 21, 2018. Pursuant to the amended Agreement, Aura Shareholders will exchange their Aura shares for Lamêlée shares such that, following completion of the Transaction, Aura Shareholders (including the purchasers of the Financing Units) will hold approximately 82.28% of the Resulting Issuer shares assuming Minimum Offering, or 86.77% assuming Maximum Offering, in each case on a non-diluted basis. The Transaction will result in Aura becoming the reverse takeover acquiror of Lamêlée.

In accordance with the amended Agreement, each Aura Shareholder will be entitled to receive one Resulting Issuer share for each Aura share held by such Aura Shareholder (the “Exchange Ratio”). In addition, the Aura convertible securities shall be exchanged for Lamêlée replacement convertible securities, adjusted based on the Exchange Ratio.

In connection with the Transaction, the Company will use best efforts to complete a non-brokered private placement financing (the “Financing”) immediately prior to the completion of the Transaction. The Financing will be a minimum of \$1,000,000 in Financing Units (the “Minimum Offering”) and a maximum of \$5,000,000 in Financing Units (the “Maximum Offering”) at \$0.49 per Financing Unit. Each Financing Unit will be comprised of one Aura share and one purchase warrant (a “Financing Warrant”), with each Financing Warrant entitling the holder to purchase one Aura share at \$0.75 per share for a period of two years following closing. On completion of the Transaction, the Aura shares resulting from the Financing Units sold in the Financing will be exchanged based on the Exchange Ratio, into 2,040,816 Resulting Issuer shares in case of Minimum Offering and 10,204,081 Resulting Issuer shares in case of Maximum Offering. The Financing Warrants will be exchanged and replaced based on the Exchange Ratio into a minimum of 2,040,816 Resulting Issuer warrants in case of the Minimum Offering and a maximum of 10,204,081 Resulting Issuer warrants in case of the Maximum Offering, with each Resulting Issuer warrants entitling the holder to purchase one Resulting Issuer Share at \$0.75 per share for a period of two years following closing.

SCHEDULE "F"

CARVE-OUT FINANCIAL STATEMENTS OF AURA CLINIC LLCs

SUN VALLEY CLINICS

COMBINED JOINT VENTURE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017 AND

FOR THE PERIOD FROM AUGUST 30, 2016 (date of formation) to DECEMBER 31, 2016

(EXPRESSED IN UNITED STATES DOLLARS)

Independent Auditors' Report

To the Members of Sun Valley Clinics:

We have audited the accompanying financial statements of Sun Valley Clinics, which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of loss and other comprehensive loss, changes in equity and cash flows for the year then ended and for the period from August 30, 2016 (date of formation) to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sun Valley Clinics as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the year then ended and for the period from August 30, 2016 (date of formation) to December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes the material uncertainties that may cast significant doubt about the Clinic's ability to continue as a going concern.

Toronto, Ontario
May 31, 2018

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

MNP

SUN VALLEY CLINICS

Combined Joint Venture Statements of Financial Position

(Expressed in United States Dollars)

	As at December 31, 2017	As at December 31, 2016
	\$	\$
ASSETS		
Current assets		
Cash	26,044	26,711
Due from a related party (Note 7)	49,333	-
	75,377	26,711
Deposits	17,594	2,500
Property and equipment (Note 6)	136,751	25,149
	229,722	54,360
LIABILITIES		
Current liabilities		
Accrued liabilities	8,487	-
Due to related parties (Note 7)	109,559	9,419
Lease inducement - current portion	1,766	-
	231,137	9,419
Lease inducement - non-current portion	23,770	-
	23,770	9,419
MEMBERS' EQUITY		
Members' units (Note 8)	767,121	100,000
Accumulated deficit	(680,981)	(55,059)
	(680,981)	44,941
Total Liabilities and Members' Equity	0	54,360

Nature of operations and going concern (Note 1)

Lease (Note 9)

Contingency (Note 10)

Approved on behalf of the Board of Members:

"Chris Carl"Chris Carl
Member"Andrea Klein"Andrea Klein
Member

SUN VALLEY CLINICS

Combined Joint Venture Statements of Loss and Comprehensive Loss

For the year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

	2017	Period from August 30, 2016 (date of formation) to December 31, 2016
	\$	\$
Revenue	378,148	31,280
Expenses		
Salaries, wages and benefits	573,690	43,195
Office expenses	133,326	24,465
Rent and utilities	113,570	5,129
Advertising expenses	77,933	4,117
Management fees	60,000	6,667
Depreciation (Note 6)	23,551	697
Professional fees	13,700	1,450
Bank fees and interest expense	8,300	619
Total Expenses	1,004,070	86,339
Net Loss and Comprehensive Loss	-625,922)	55,059)

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

SUN VALLEY CLINICS

Combined Joint Venture Statements of Cash Flows

For the year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

	2017	Period from August 30, 2016 (date of formation) to December 31, 2016
	\$	\$
Operating activities		
Net loss for the year/period	(625,922)	(55,059)
Adjustments:		
Depreciation (Note 6)	23,551	697
	(602,371)	(54,362)
Net changes in non-cash working capital items:		
Deposits	(15,094)	(2,500)
Accrued liabilities	8,487	-
Due to related parties (Note 7)	50,807	9,419
Lease inducement - operating lease expense payment	25,536	-
Net change in non-cash working capital items	69,736	6,919
Net cash flows used in from operating activities	(532,635)	(47,443)
Financing activities		
Proceeds received from members' units issued (Note 8)	667,121	100,000
Net cash flows from financing activities	667,121	100,000
Investing activities		
Purchases of property and equipment (Note 6)	(135,153)	(25,846)
Net cash flows used in investing activities	(135,153)	(25,846)
(Decrease) increase in cash	(667)	26,711
Cash, beginning of year/period	26,711	-
Cash, end of year/period	26,044	26,711

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

SUN VALLEY CLINICS

Combined Joint Venture Statements of Changes in Members' Equity

For the year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

	Number of units	Members' units	Accumulated deficit	Total
	#	\$	\$	\$
Balance, August 30, 2016	-	-	-	-
Issuance of members' units (Note 8)	1,000	100,000	-	100,000
Net loss and comprehensive loss for the period	-	-	(55,059)	(55,059)
Balance, December 31, 2016	1,000	100,000	(55,059)	44,941
Issuance of members' units (Note 8)	4,714	667,121	-	667,121
Net loss and comprehensive loss for the year	-	-	(625,922)	(625,922)
Balance, December 31, 2017	5,714	767,121	(625,922)	41,199

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

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Sun Valley Clinics (“Sun Valley” or the “Clinics”) consist of Sun Valley Alternative Health Centers NV L.L.C. (“Sun Valley Nevada Clinic”), Sun Valley Alternative Health Centers Mesa L.L.C. (“Sun Valley Mesa Clinic”), Sun Valley Alternative Health Centers NV Tucson L.L.C. (“Sun Valley Tucson Clinic”) and Sun Valley Alternative Health Centers Hollywood, L.L.C. (“Sun Valley Hollywood Clinic”). The Clinics provide cannabis certification and medical care to patients in the United States (“US”) and operate the four Medical Marijuana Patient Testing clinics in the States of Nevada, Arizona and Florida. The Clinics are established as separate Limited Liability Companies (“LLC”), which are governed by their Operating Agreements and are managed by their owners (“Members”). Profit and loss allocations and cash distributions of each LLC are in accordance with their ownership percentages.

On November 11, 2016, Sun Valley Certification Clinics Holdings, LLC (“Sun Valley Holdings”) entered into a Purchase Option Agreement with Green Global Properties Inc. (“Green Global”), a wholly-owned subsidiary of Aura Health Corp. (“Aura”), whereby Green Global has the option to acquire a 30% interest in each of the next ten clinics that Sun Valley Holdings opens in the US for \$100,000 per clinic. Provided that Green Global already owns 30% of a clinic, it has a further option within 18 months from the opening date of each clinic to acquire an additional 21% of that clinic for \$100,000 and increase its ownership to 51%. The Purchase Option Agreement between Sun Valley Holdings and Green Global on the Clinics is considered to be a joint venture.

As at December 31, 2017, the Clinics had a working capital deficiency of \$44,435 (December 31, 2016 – working capital of \$17,292), had not yet achieved profitable operations and had accumulated losses of \$680,981 (December 31, 2016 – \$55,059). There is no assurance that the Clinics can obtain additional financing and if the Clinics’ operations will be profitable, and as such, there is an uncertainty with respect to the Clinics’ ability to continue as a going concern.

These combined joint venture financial statements have been prepared on the basis that the Clinics will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Clinics were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

The combined joint venture financial statements of the Clinics have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These combined joint venture financial statements were reviewed, approved and authorized by the Board of Members of the Clinics on May 31, 2018.

b) Basis of presentation

These combined joint venture financial statements are presented in US dollars, which is the Clinics’ functional currency. These combined joint venture financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these combined joint venture financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

2. BASIS OF PRESENTATION (continued)

c) Basis of combination

These combined joint venture financial statements include the accounts of:

- Sun Valley Alternative Health Centers NV, L.L.C. (“Sun Valley Nevada Clinic”) ⁽¹⁾;
- Sun Valley Alternative Health Centers Mesa, L.L.C. (“Sun Valley Mesa Clinic”) ⁽²⁾;
- Sun Valley Alternative Health Centers Tucson, L.L.C. (“Sun Valley Tucson Clinic”) ⁽³⁾, and
- Sun Valley Alternative Health Centers Hollywood, L.L.C. (“Sun Valley Hollywood Clinic”) ⁽⁴⁾.

(1) Sun Valley Nevada Clinic was formed as a LLC on August 30, 2016 and began operations on September 21, 2016.

(2) Sun Valley Mesa Clinic was formed as a LLC on January 4, 2017 and began operations on April 24, 2017.

(3) Sun Valley Tucson Clinic was formed as a LLC on January 4, 2017 and began operations on May 22, 2017.

(4) Sun Valley Hollywood Clinic was formed as a LLC on May 12, 2017 and began operations on August 11, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through profit or loss. As at December 31, 2017, the Clinics’ cash is classified as FVTPL.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost. The Clinics’ due from related party and deposits are classified as loans and receivables. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. As at December 31, 2017, the Clinics had not classified any financial assets as available-for-sale or held-to-maturity.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the assets.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Clinics’ accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statements of loss. As at December 31, 2017 and 2016, the Clinics had not classified any financial liabilities as FVTPL.

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair value hierarchy

The Clinics classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2017, the Clinics did not have any financial instruments measured at fair value after initial recognition.

c) Property and equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis as follows:

- Computer equipment: 5 years
- Furniture and fixtures: 7 years
- Leaseholds improvements: 15 years (Sun Valley Nevada Clinic) and lease term of 39 years; 5 years (Sun Valley Mesa Clinic) and lease term of 3 years; and 5.5 years (Sun Valley Tucson Clinic) and lease term of 3 years, whichever is shorter.

An asset's residual value, useful life and depreciation method are reviewed at each reporting date and adjusted if appropriate. When parts of an item of equipment have different useful lives, the components are accounted for as separate items of equipment.

d) Impairment of financial assets

The Clinics assess at each financial reporting date whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue recognition

Revenue from patient examination and the issuance of medical-use certificates is recognized when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Clinics;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received, net of discounts and sales taxes.

f) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

g) Provisions

Provisions are recognized when the Clinics have a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provisions due to passage of time is recognized as interest expense.

As at December 31, 2017 and 2016, the Clinics had no material provisions.

h) Income taxes

The Clinics file as a partnership for federal income tax purpose and thus are not considered taxable entities for federal income tax purposes. The results of its operations are included in the federal tax returns of the Partners. Accordingly, federal income taxes are not reflected in the combined joint venture financial statements.

i) Significant accounting judgments and estimates

The preparation of these combined joint venture financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the combined joint venture financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. The most significant judgments and estimates include, but are not limited to, assets' carrying values and impairment charges and assessment of functional currency.

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Adoption of new and revised standards and interpretations

New standards and interpretations

The Clinics had adopted the following new standards, effective January 1, 2017. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Clinics' combined joint venture financial statements:

- IAS 7 – Statement of Cash Flows (“IAS 7”) was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences.

Recent accounting pronouncements

The IASB and the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2018. Many are not applicable or do not have a significant impact to the Clinics and have been excluded from the list below. The Clinics had not early adopted and are currently assessing the impact of adopting these standards or amendments will have on the combined joint venture financial statements and related note disclosures.

- IFRS 9 – Financial Instruments (“IFRS 9”) was issued in final form in July 2014 by the IASB and will replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Clinics do not expect the adoption of this standard to have a material impact on the combined joint venture financial statements.
- IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) was issued by IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Clinics do not expect the adoption of this standard to have a material impact on the combined joint venture financial statements.

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Adoption of new and revised standards and interpretations (continued)

Recent accounting pronouncements (continued)

- IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases (“IAS 17”). Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset’s use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 is also applied. The Company is currently assessing the impact, if any, of this standard on the combined joint venture financial statements.

4. CAPITAL MANAGEMENT

The Clinics manage their capital structure and make adjustments to them, based on the funds available to the Clinics, in order to support the development of their planned business activities. The Board of Managers does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Clinics will spend their existing working capital and raise additional funds as needed. Management reviews their capital management approach on an ongoing basis and believes that this approach, given the relative size of the Clinics, is reasonable. The Clinics are not subject to externally imposed capital requirements.

The Clinics consider their capital to be members’ equity, which is comprised of members’ units issued and accumulated deficit, which as at December 31, 2017, was \$86,140 (December 31, 2016 – \$44,941).

The Clinics’ objective when managing capital is to obtain adequate levels of funding to support their business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of their business. The Clinics raise capital from their Members, as necessary, to meet their needs and take advantage of perceived opportunities and, therefore, do not have a numeric target for their capital structure. There can be no assurance that the Clinics will be able to continue raising equity capital in this manner.

5. RISK FACTORS

Fair value

The carrying amount of cash, due from/to related parties, accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

5. RISK FACTORS (continued)

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Clinics' credit risks are primarily attributable to cash and deposits. Cash is held with reputable financial institutions in the US. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Clinics will not have sufficient cash resources to meet its financial obligations as they come due. The Clinics currently generate cash flow primarily from financing activities. As at December 31, 2017, the Clinics had combined current assets of \$75,377 (December 31, 2016 – \$26,711) to settle combined current liabilities of \$119,812 (December 31, 2016 – \$9,419). The current liabilities are due within one year of the reporting date.

6. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
	\$	\$	\$	\$
Cost at:				
August 30, 2016	-	-	-	-
Additions	4,780	5,618	15,448	25,846
December 31, 2016	4,780	5,618	15,448	25,846
Additions	12,890	10,604	111,659	135,153
December 31, 2017	17,670	16,222	127,107	160,999
Accumulated depreciation at:				
August 30, 2016	-	-	-	-
Additions	239	201	257	697
December 31, 2016	239	201	257	697
Additions	2,431	2,363	18,757	23,551
December 31, 2017	2,670	2,564	19,014	24,248
Net book value at:				
December 31, 2016	4,541	5,417	15,191	25,149
December 31, 2017	15,000	13,658	108,093	136,751

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes the Clinics' Board of Managers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

Total key management compensation paid to the Board of Managers amounts to \$nil for the year ended December 31, 2017 (2016 – \$nil).

The Clinics entered into management agreements with Sun Valley Alternative Health Centers L.L.C. The Clinics and Sun Valley Alternative Health Centers L.L.C. are parties under common control. The Clinics will pay Sun Valley Alternative Health Centers L.L.C. a monthly management fee in exchange for services provided to the Clinics, equal to \$2,000 per clinic for a total of \$8,000 per month. For the year ended December 31, 2017, the management fee expensed to Sun Valley Alternative Health Centers L.L.C. was \$60,000 (2016 – \$6,667). As at December 31, 2017, the amount due to Sun Valley Alternative Health Centers L.L.C., including the management fee of \$66,667 (December 31, 2016 - \$6,667), was \$109,559 (December 31, 2016 – \$9,419).

On December 30, 2016, Green Global paid a non-refundable deposit of \$50,000 for the acquisition of a 15% interest in the Sun Valley Mesa Clinic under the terms of the option agreement.

On March 7, 2017, Green Global completed its acquisition of a 30% interest in the Sun Valley Mesa Clinic by paying the remaining \$50,000 of acquisition cost under the terms of the option agreement.

The Clinics had a receivable from Sun Valley Holdings for a total amount of \$49,333 as at December 31, 2017 (December 31, 2016 – \$nil), representing funds that Green Global advanced under the terms of the Option Agreement for the issuance of the new units on December 28, 2017. These funds were subsequently transferred to the Clinics as of February 2018.

8. MEMBERS' UNITS

Based on the Operating Agreement between Green Global and Sun Valley Holdings, the Clinics have total authorized members' units of 2,040.90 each or total of 8,163.60 as at December 31, 2017 (December 31, 2016 – 1,428.60 each). As at December 31, 2017, the Clinics had a total of 5,714.40 members' units (December 31, 2016 – 1,000 units) issued and outstanding, respectively.

The following outlines the members' units that are issued and outstanding for all clinics:

	2017		2016	
	# *	\$	#	\$
Balance, beginning of year/period	1,000	100,000	1,000	100,000
New units issued from the initial completion of 30% interest – Green Global	900	300,000	-	-
New units issued – Green Global	514	110,094	-	-
New units issued – Sun Valley	3,300	257,027	-	-
Balance, end of year/period	5,714	767,121	1,000	100,000

*Rounded to the nearest number.

On November 17, 2016, Green Global completed its acquisition of a 30% interest in the Sun Valley Nevada Clinic for \$100,000 under the terms of the option agreement.

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

8. MEMBERS' UNITS (continued)

On December 20, 2016, Green Global paid a deposit of \$50,000 to acquire a 15% interest in the Sun Valley Mesa Clinic. On March 7, 2017, Green Global completed its acquisition of a 30% interest under the terms of the option agreement by making a payment of \$50,000.

On March 14, 2017, Green Global advanced an initial \$50,000 deposit for a 15% interest in the Sun Valley Tucson Clinic. On April 18, 2017, Green Global completed its acquisition of a 30% interest in the Sun Valley Tucson Clinic under the terms of the option agreement by making a payment of \$50,000.

On July 24, 2017, Green Global advanced an initial \$50,000 deposit for a 15% interest in the Sun Valley Hollywood Clinic. On August 2, 2017, the Green Global advanced an additional \$50,000 and completed its acquisition of a 30% interest in the Sun Valley Hollywood Clinic under the terms of the option agreement.

On December 28, 2017, each clinic authorized the issuance of 612.30 new units, as consideration for the capital contributed by Green Global and Sun Valley Holdings for total proceeds of \$110,094 and \$257,027, respectively, in a manner consistent with the Operating Agreement between Green Global and Sun Valley Holdings.

9. LEASES

The Clinics entered into lease agreements for the premises that the Clinics currently operate for the following terms:

Location	Year opened	Term	Option to renew
Nevada	2016	3 years and 1 month	None
Mesa	2017	5 years	5 years
Tucson	2017	5 years and 5 months	5 years
Florida	2017	5 years	5 years

As at December 31, 2017, the future minimum lease payments under the non-cancellable operating leases are payable as follows:

2018	\$	28,408
2019		29,403
2020		30,432
2021		31,497
2022		18,743
Thereafter		-
	\$	<u>138,483</u>

10. CONTINGENCY

On August 25, 2017, the City of Fort Lauderdale (the "City") initiated a code enforcement case, Case No. CE17082150 (the "Case") against 3267 Davie Boulevard (the "Property") based upon an unspecified complaint. The Property is leased by Sun Valley Hollywood Clinic. On November 8, 2017, the City conducted an initial inspection of the Property and advised the onsite manager of Sun Valley Hollywood Clinic that a Business Tax Receipt ("BTR") is required before any business can operate. A BTR is a tax and is not regulatory in nature. City records also indicate that the Property did not have sign permits as required.

SUN VALLEY CLINICS

Notes to the Combined Joint Venture Financial Statements

Year ended December 31, 2017 and

for the period from August 30, 2016 (date of formation) to December 31, 2016

(Expressed in United States Dollars)

10. CONTINGENCY (continued)

On December 6, 2017, Sun Valley Hollywood Clinic sent a letter of response to the Code Enforcement Division regarding the Case. As at December 31, 2017, the City considered the Case open and was pursuing it; however, at that time the City had not issued a formal Notice of Violation which could result in per diem fines.

As at December 31, 2017, the City indicated it believed it had claims against the Sun Valley Hollywood Clinic for violation of Code §§15-39 (operating without a BTR), 47-22.3 (window signs exceeding code limitations), 47-22.9 (unpermitted signs), and 47-18.46 (operation of a medical cannabis dispensing facility). Management believes that it has viable defenses to any claim for violation of Code §47-18.46.

Subsequent to year-end, Sun Valley Hollywood Clinic obtained its business license, is currently working on the sign permits and submitted application for new permits that are currently under review by the City. If these permits are approved, the Case against Sun Valley Hollywood Clinic will be closed.

SUN VALLEY CLINICS

CONDENSED INTERIM COMBINED JOINT VENTURE FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2018

(EXPRESSED IN UNITED STATES DOLLARS)

SUN VALLEY CLINICSUnaudited Condensed Interim Combined Joint Venture Statements of Financial Position
(Expressed in United States Dollars)

	As at March 31, 2018	As at December 31, 2017
	\$ (Unaudited)	\$ (Audited)
ASSETS		
Current assets		
Cash	15,124	26,044
Due from a related party (Note 8)	-	49,333
	15,124	75,377
Deposits	20,205	17,594
Property and equipment (Note 7)	125,423	136,751
	160,752	229,722
Total Assets	160,752	229,722
LIABILITIES		
Current liabilities		
Accrued liabilities	4,295	8,487
Due to related parties (Note 8)	195,654	109,559
Lease inducement - current portion	4,158	1,766
	204,107	119,812
Lease inducement - non-current portion	21,210	23,770
	225,317	143,582
Total Liabilities	225,317	143,582
MEMBERS' DEFICIENCY		
Members' units (Note 9)	767,121	767,121
Accumulated deficit	(831,686)	(680,981)
	(64,565)	86,140
Total Members' (Deficiency) Equity	(64,565)	86,140
Total Liabilities and Members' Equity	160,752	229,722

Nature of operations and going concern (Note 1)

Lease (Note 10)

Contingency (Note 11)

Approved on behalf of the Board of Members:

"Chris Carl"Chris Carl
Member"Andrea Klein"Andrea Klein
Member

The accompanying notes are an integral part of these unaudited condensed interim combined joint venture financial statements.

SUN VALLEY CLINICS

Unaudited Condensed Interim Combined Joint Venture Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2018 and 2017
(Expressed in United States Dollars)

	Three months ended March 31, 2018	Three months ended March 31, 2017
	\$	\$
Revenue	181,783	51,975
Expenses		
Salaries, wages and benefits	198,691	40,012
Rent and utilities	37,757	13,511
Office expenses	35,756	11,454
Management fees	24,000	6,000
Advertising expenses	20,443	3,986
Depreciation (Note 7)	11,328	697
Bank fees and interest expense	3,681	980
Professional fees	832	132
Total Expenses	332,488	76,772
Net Loss and Comprehensive Loss	(150,705)	24,797

The accompanying notes are an integral part of these unaudited condensed interim combined joint venture financial statements.

SUN VALLEY CLINICS

Unaudited Condensed Interim Combined Joint Venture Statements of Cash Flows

For the three months ended March 31, 2018 and 2017

(Expressed in United States Dollars)

	Three months ended March 31, 2018	Three months ended March 31, 2017
	\$	\$
Operating Activities		
Net loss for the period	(150,705)	(24,797)
Adjustments:		
Depreciation (Note 7)	11,328	697
	(139,377)	(24,100)
Net changes in non-cash working capital items:		
Deposits	(2,611)	(7,594)
Accrued liabilities	(4,192)	6,000
Due to related parties (Note 8)	135,428	(14,466)
Lease inducement - operating lease expense payment	(168)	2,717
Net change in non-cash working capital items	128,457	13,343
Net cash flows (used in) operating activities	(10,920)	(10,757)
Financing Activities		
Proceeds received from members' units issued (Note 9)	-	150,000
Net cash flows from financing activities	-	150,000
Investing Activities		
Purchases of property and equipment (Note 7)	-	(101,735)
Net cash flows used in investing activities	-	(101,735)
(Decrease) increase in cash	(10,920)	37,508
Cash, beginning of period	26,044	-
Cash, end of period	15,124	37,508

The accompanying notes are an integral part of these unaudited condensed interim combined joint venture financial statements.

SUN VALLEY CLINICS

Unaudited Condensed Interim Combined Joint Venture Statements of Changes in Members' Equity

For the three months ended March 31, 2018 and 2017

(Expressed in United States Dollars)

	Number of units	Members' units	Accumulated deficit	Total
	#	\$	\$	\$
Balance, December 31, 2016	1,000	100,000	(55,059)	44,941
Issuance of members' units (Note 9)	1,000	150,000	-	150,000
Net loss and comprehensive loss for the period	-	-	(24,797)	(24,797)
Balance, March 31, 2017	1,500	250,000	(79,856)	170,144
Balance, December 31, 2017	5,714	767,121	(680,981)	86,140
Net loss and comprehensive loss for the period	-	-	(150,705)	(150,705)
Balance, March 31, 2018	5,714	767,121	(831,686)	(64,565)

The accompanying notes are an integral part of these unaudited condensed interim combined joint venture financial statements.

SUN VALLEY CLINICS

Notes to the Unaudited Condensed Interim Combined Joint Venture Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Sun Valley Clinics (“Sun Valley” or the “Clinics”) consist of Sun Valley Alternative Health Centers NV L.L.C. (“Sun Valley Nevada Clinic”), Sun Valley Alternative Health Centers Mesa L.L.C. (“Sun Valley Mesa Clinic”), Sun Valley Alternative Health Centers NV Tucson L.L.C. (“Sun Valley Tucson Clinic”) and Sun Valley Alternative Health Centers Hollywood, L.L.C. (“Sun Valley Hollywood Clinic”). The Clinics provide cannabis certification and medical care to patients in the United States (“US”) and operate the four Medical Marijuana Patient Testing clinics in the States of Nevada, Arizona and Florida. The Clinics are established as separate Limited Liability Companies (“LLC”), which are governed by their Operating Agreements and are managed by their owners (“Members”). Profit and loss allocations and cash distributions of each LLC are in accordance with their ownership percentages.

On November 11, 2016, Sun Valley Certification Clinics Holdings, LLC (“Sun Valley Holdings”) entered into a Purchase Option Agreement with Green Global Properties Inc. (“Green Global”), a wholly-owned subsidiary of Aura Health Corp. (“Aura”), whereby Green Global has the option to acquire a 30% interest in each of the next ten clinics that Sun Valley Holdings opens in the US for \$100,000 per clinic. Provided that Green Global already owns 30% of a clinic, it has a further option within 18 months from the opening date of each clinic to acquire an additional 21% of that clinic for \$100,000 and increase its ownership to 51%. The Purchase Option Agreement between Sun Valley Holdings and Green Global on the Clinics is considered to be a joint venture.

As at March 31, 2018, the Clinics had a working capital deficiency of \$188,983 (December 31, 2017 – working capital deficiency of \$44,435), had not yet achieved profitable operations and had accumulated losses of \$831,686 (December 31, 2017 – accumulated losses of \$680,981). There is no assurance that the Clinics can obtain additional financing and if the Clinics’ operations will be profitable, and as such, there is an uncertainty with respect to the Clinics’ ability to continue as a going concern.

The Clinics are dependent upon the achievement of profitable operations or the obtaining of additional financing to support operations and to discharge their liabilities as they come due. These unaudited condensed interim combined joint venture financial statements have been prepared on the basis that the Clinics will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Clinics were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited condensed interim combined joint venture financial statements have been prepared in conformity with IAS 34 – Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements, and should be read in conjunction with the Clinics’ combined joint venture financial statements for the year ended December 31, 2017.

These unaudited condensed interim combined joint venture financial statements were reviewed, approved and authorized by the Board of Members of the Clinics on July 26, 2018.

b) Basis of presentation

These unaudited condensed interim combined joint venture financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

SUN VALLEY CLINICS

Notes to the Unaudited Condensed Interim Combined Joint Venture Financial Statements
For the three months ended March 31, 2018 and 2017
(Expressed in United States Dollars)

2. BASIS OF PRESENTATION (continued)

c) Functional currency

These unaudited condensed interim combined joint venture financial statements are presented in US dollars, which is the Clinics' functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of combination

These unaudited condensed interim combined joint venture financial statements include the accounts of:

- Sun Valley Alternative Health Centers NV, L.L.C. ("Sun Valley Nevada Clinic")⁽¹⁾;
- Sun Valley Alternative Health Centers Mesa, L.L.C. ("Sun Valley Mesa Clinic")⁽²⁾;
- Sun Valley Alternative Health Centers Tucson, L.L.C. ("Sun Valley Tucson Clinic")⁽³⁾, and
- Sun Valley Alternative Health Centers Hollywood, L.L.C. ("Sun Valley Hollywood Clinic")⁽⁴⁾.

(1) Sun Valley Nevada Clinic was formed as a LLC on August 30, 2016 and began operations on September 21, 2016.

(2) Sun Valley Mesa Clinic was formed as a LLC on January 4, 2017 and began operations on April 24, 2017.

(3) Sun Valley Tucson Clinic was formed as a LLC on January 4, 2017 and began operations on May 22, 2017.

(4) Sun Valley Hollywood Clinic was formed as a LLC on May 12, 2017 and began operations on August 11, 2017.

b) Financial instruments

Financial assets

All financial assets are initially classified as financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income (loss) and financial assets at amortized costs, as appropriate.

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through profit or loss. As at March 31, 2018, the Clinics' cash is classified as FVTPL.

Financial assets classified as loans and receivables are measured at amortized cost. The Clinics' due from related party and deposits are classified as loans and receivables.

Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company's financial liabilities consist of accounts payable and accrued liabilities and unearned interest revenue.

Other financial liabilities

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

SUN VALLEY CLINICS

Notes to the Unaudited Condensed Interim Combined Joint Venture Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in United States Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair value hierarchy

The Clinics classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2018 and December 31, 2017, the Clinics did not have any financial instruments measured at fair value after initial recognition.

d) Property and equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis as follows:

- Computer equipment: 5 years
- Furniture and fixtures: 7 years
- Leaseholds improvements: 15 years (Sun Valley Nevada Clinic) and lease term of 39 years; 5 years (Sun Valley Mesa Clinic) and lease term of 3 years; and 5.5 years (Sun Valley Tucson Clinic) and lease term of 3 years, whichever is shorter.

An asset's residual value, useful life and depreciation method are reviewed at each reporting date and adjusted if appropriate. When parts of an item of equipment have different useful lives, the components are accounted for as separate items of equipment.

e) Revenue recognition

Revenue from patient examination and the issuance of medical-use certificates is measured based on the consideration or prices charged and collected by the Clinics from its customers, net of discounts and sales taxes. The revenue generated by the Clinics and the service delivery occur at the same time. There is no incremental cost of obtaining a contract and no cost directly related to fulfilling a contract with a customer. The adoption of IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) has no significant impact to the Clinics’ unaudited condensed interim combined joint venture financial statements.

f) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

SUN VALLEY CLINICS

Notes to the Unaudited Condensed Interim Combined Joint Venture Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in United States Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Provisions

Provisions are recognized when the Clinics have a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provisions due to passage of time is recognized as interest expense.

As at March 31, 2018 and December 31, 2017, the Clinics had no material provisions.

h) Income taxes

The Clinics file as a partnership and thus are not considered taxable entities. The results of its operations are included in the tax returns of the Partners. Accordingly, income taxes are not reflected in the unaudited condensed interim combined joint venture financial statements.

i) Adoption of new and revised standards and interpretations

New standards and interpretations

The Clinics had adopted the following new standards, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Clinics' unaudited condensed interim combined joint venture financial statements:

- IFRS 9 – Financial Instruments (“IFRS 9”) was issued in final form in July 2014 by the IASB and replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions.
- IFRS 15 was issued by IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers.

Recent accounting pronouncements

At the date of authorization of these unaudited condensed interim combined joint venture financial statements, the IASB and the IFRS Interpretations Committee have issued certain new and revised standards and interpretations which are not yet effective. Many are not applicable or do not have a significant impact to the Clinics and have been excluded from the list below.

SUN VALLEY CLINICS

Notes to the Unaudited Condensed Interim Combined Joint Venture Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in United States Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Adoption of new and revised standards and interpretations (continued)

Recent accounting pronouncements (continued)

- IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases (“IAS 17”). Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset’s use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 is also applied.

The Clinics had not early adopted and are still assessing the impact of the adoption of this standard to the unaudited condensed interim combined joint venture financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these unaudited condensed interim combined joint venture financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim combined joint venture financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions.

Areas where significant judgment is involved in making estimates include the forecasting of future cash flows for assessing the going concern assumption.

5. CAPITAL MANAGEMENT

The Clinics manage their capital structure and make adjustments to them, based on the funds available to the Clinics, in order to support the development of their planned business activities. The Board of Managers does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Clinics will spend their existing working capital and raise additional funds as needed. Management reviews their capital management approach on an ongoing basis and believes that this approach, given the relative size of the Clinics, is reasonable.

The Clinics consider their capital to be members’ equity, which is comprised of members’ units issued and accumulated deficit, which as at March 31, 2018, was at a deficiency amount of \$64,565 (December 31, 2017 – \$86,140).

SUN VALLEY CLINICS

Notes to the Unaudited Condensed Interim Combined Joint Venture Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in United States Dollars)

5. CAPITAL MANAGEMENT (continued)

The Clinics' objective when managing capital is to obtain adequate levels of funding to support their business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of their business. The Clinics raise capital from their Members, as necessary, to meet their needs and take advantage of perceived opportunities and, therefore, do not have a numeric target for their capital structure. There can be no assurance that the Clinics will be able to continue raising equity capital in this manner.

The Clinics are not subject to externally imposed capital requirements.

6. RISK FACTORS

Fair value

The carrying amount of cash, due from/to related parties, accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Clinics' credit risks are primarily attributable to cash and deposits. Cash is held with reputable financial institutions in the US. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Clinics will not have sufficient cash resources to meet its financial obligations as they come due. The Clinics currently generate cash flow primarily from financing activities. As at March 31, 2018, the Clinics had combined current assets of \$15,124 (December 31, 2017 – \$75,377) to settle combined current liabilities of \$204,107 (December 31, 2017 – \$119,812). The current liabilities are due within one year of the reporting date.

Foreign currency risk

The Sun Valley Clinics operate in US Dollars and have no foreign operations or reporting subsidiaries.

SUN VALLEY CLINICS

Notes to the Unaudited Condensed Interim Combined Joint Venture Financial Statements
For the three months ended March 31, 2018 and 2017
(Expressed in United States Dollars)

7. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
	\$	\$	\$	\$
Cost at:				
December 31, 2017	17,670	16,222	127,107	160,999
Additions	-	-	-	-
March 31, 2018	17,670	16,222	127,107	160,999
Accumulated depreciation at:				
December 31, 2017	2,670	2,564	19,014	24,248
Additions	1,278	800	9,250	11,328
March 31, 2018	3,948	3,364	28,264	35,576
Net book value at:				
December 31, 2017	15,000	13,658	108,093	136,751
March 31, 2018	13,722	12,858	98,843	125,423

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes the Clinics' Board of Managers who has authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The Clinics entered into management agreements with Sun Valley Alternative Health Centers L.L.C. The Clinics and Sun Valley Alternative Health Centers L.L.C. are parties under common control. The Clinics will pay Sun Valley Alternative Health Centers L.L.C. a monthly management fee in exchange for services provided to the Clinics, equal to \$2,000 per clinic for a total of \$8,000 per month. For the three months ended March 31, 2018, the management fee expensed to Sun Valley Alternative Health Centers L.L.C. was \$24,000 (2017 – \$6,000). As at March 31, 2018, the amount due to Sun Valley Alternative Health Centers L.L.C., including total accrued management fees of \$90,667 (December 31, 2017 – \$66,667), was \$195,654 (December 31, 2017 – \$109,559).

Total key management compensation paid to the Board of Managers amounts to \$nil for the three months ended March 31, 2018 (2017 – \$nil).

As at December 31, 2017, the Clinics had a receivable from Sun Valley Holdings for a total amount of \$49,333, representing funds that Green Global advanced under the terms of the Option Agreement for the issuance of the new units on December 28, 2017. During the three months ended March 31, 2018, these funds had been transferred to the Clinics.

SUN VALLEY CLINICS

Notes to the Unaudited Condensed Interim Combined Joint Venture Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in United States Dollars)

9. MEMBERS' UNITS

Based on the Operating Agreement between Green Global and Sun Valley Holdings, the Clinics have total authorized members' units of 2,040.90 each or total of 8,163.60 as at March 31, 2018 (December 31, 2017 – 2,040.90 each). As at March 31, 2018, the Clinics had a total of 5,714.40 members' units (December 31, 2017 – 5,714.40 units) issued and outstanding, respectively.

The following outlines the members' units that are issued and outstanding for all clinics as at March 31, 2018 and 2017:

	March 31, 2018		March 31, 2017	
	# *	\$	#	\$
Balance, beginning of year	5,714	767,121	1,000	100,000
New units issued from the initial completion of 30% interest – Green Global	-	-	1,500	150,000
Balance, end of period	5,714	767,121	2,500	250,000

*Rounded to the nearest number.

On November 17, 2016, Green Global completed its acquisition of a 30% interest in the Sun Valley Nevada Clinic for \$100,000 under the terms of the option agreement.

On December 30, 2016, Green Global paid a non-refundable deposit of \$50,000 for the acquisition of a 15% interest in the Sun Valley Mesa Clinic under the terms of the option agreement. On March 7, 2017, Green Global completed its acquisition of a 30% interest in the Sun Valley Mesa Clinic by paying the remaining \$50,000 of acquisition cost under the terms of the option agreement.

On March 14, 2017, Green Global advanced an initial \$50,000 deposit for a 15% interest in the Sun Valley Tucson Clinic. On April 18, 2017, Green Global completed its acquisition of a 30% interest in the Sun Valley Tucson Clinic under the terms of the option agreement by making a payment of \$50,000.

On July 24, 2017, Green Global advanced an initial \$50,000 deposit for a 15% interest in the Sun Valley Hollywood Clinic. On August 2, 2017, the Green Global advanced an additional \$50,000 and completed its acquisition of a 30% interest in the Sun Valley Hollywood Clinic under the terms of the option agreement.

On December 28, 2017, each clinic authorized the issuance of 612.30 new units, as consideration for the capital contributed by Green Global and Sun Valley Holdings for total proceeds of \$110,094 and \$257,027, respectively, in a manner consistent with the Operating Agreement between Green Global and Sun Valley Holdings.

10. LEASES

The Clinics entered into lease agreements for the premises which they currently operate for the following terms:

Location	Year opened	Term	Option to renew
Las Vegas, Nevada	2016	3 years and 1 month	None
Mesa, Arizona	2017	5 years	5 years
Tucson, Arizona	2017	5 years and 5 months	5 years
Hollywood, Florida	2017	5 years	5 years

SUN VALLEY CLINICS

Notes to the Unaudited Condensed Interim Combined Joint Venture Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in United States Dollars)

10. LEASES (continued)

As at March 31, 2018, the future minimum lease payments under the non-cancellable operating leases are payable as follows:

2019	\$	85,629
2020		80,800
2021		78,102
2022		80,668
Thereafter		21,872
	\$	<u>347,071</u>

11. CONTINGENCY

On August 25, 2017, the City of Fort Lauderdale (the “City”) initiated a code enforcement case, Case No. CE17082150 (the “Case”) against 3267 Davie Boulevard (the “Property”) based upon an unspecified complaint. The Property is leased by the Sun Valley Hollywood Clinic. On November 8, 2017, the City conducted an initial inspection of the Property and advised the onsite manager of the Sun Valley Hollywood Clinic that a Business Tax Receipt (“BTR”) is required before any business can operate. A BTR is a tax and is not regulatory in nature. City records also indicate that the Property did not have sign permits as required.

On December 6, 2017, the Sun Valley Hollywood Clinic sent a letter of response to the Code Enforcement Division regarding the Case. As at December 31, 2017, the City considered the Case open and was pursuing it; however, at that time the City had not issued a formal Notice of Violation which could result in per diem fines.

As at December 31, 2017, the City indicated it believed it had claims against the Sun Valley Hollywood Clinic for violation of Code §§15-39 (operating without a BTR), 47-22.3 (window signs exceeding code limitations), 47-22.9 (unpermitted signs), and 47-18.46 (operation of a medical cannabis dispensing facility). Management believes that it has viable defenses to any claim for violation of Code §47-18.46.

Subsequent to March 31, 2018, the Sun Valley Hollywood Clinic obtained its business license and the sign permits. As these permits are approved, the Case against Sun Valley Hollywood Clinic had been closed.

SCHEDULE "G"

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS OF LAMÉLÉE IRON ORE LTD.

AURA HEALTH CORP. and LAMELEE IRON ORE LTD.

Pro Forma Consolidated Statement of Financial Position

As at March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

AURA HEALTH CORP. and LAMELEE IRON ORE LTD.
Pro Forma Consolidated Statement of Financial Position
March 31, 2018 – (Unaudited)
(Expressed in Canadian Dollars)

	AURA HEALTH Corp. As at March 31, 2018	LAMELEE IRON ORE LTD. As at March 31, 2018	Pro Forma adjustments - Cash		Pro Forma adjustments - Equity	Consolidated Aura Health Corp. As at March 31, 2018
	(Audited)	(Unaudited)	(Unaudited)	Note	(Unaudited)	(Unaudited)
ASSETS						
Current						
Cash (Note 4)	388,986	3,513				392,499
Concurrent Financing, net			850,000	4a		850,000
Finder's Fee - Cash						-
Net Cash						
HST receivable and other receivables	19,128	1,658				20,786
Prepaid expenses	35,094	5,000				40,094
Total Current Assets	443,208	10,171	850,000			1,303,379
Investment in joint ventures	338,571					338,571
Exploration & evaluation assets	-	90,000		4d	(90,000)	-
TOTAL ASSETS	781,779	100,171	850,000		(90,000)	1,641,950
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current						
Accounts payable and accrued liabilities	450,070	135,053				585,123
Due to an officer	-	282				282
Convertible debentures	175,077					175,077
Non-current						
Convertible debentures	911,541		-			911,541
Derivative liability	9,550					9,550
TOTAL LIABILITIES	1,546,238	135,335	-			1,681,573
SHAREHOLDERS' EQUITY						
Share capital (Note 4)	410,749	6,034,332	1,000,000	4a		7,445,081
Shares Issued as Finder's Fee			147,763	4b		147,763
Expenses Related to Concurrent Financing			(150,000)	4a		(150,000)
Net Assets of Lamalee				4d	2,502,469	2,502,469
Retained capital				4d	(6,034,332)	(6,034,332)
Equity component of convertible debentures	32,043					32,043
Reserve for share-based payments	80,000					80,000
Reserve for warrants	188,922					188,922
Reserve for foreign exchange translation						-
Shares to be issued	6,356					6,356
Contributed Surplus		5,146,104		4d	(5,146,104)	-
Finder's Fee			(147,763)	4b		(147,763)
Accumulated Other Comprehensive Loss	(7,998)					(7,998)
Accumulated deficit (Note 4)	(1,474,531)	(11,215,600)	-	4d	8,587,967	(4,102,164)
TOTAL SHAREHOLDERS' EQUITY	(764,459)	(35,164)	850,000		(90,000)	(39,623)
LIABILITIES AND SHAREHOLDERS' EQUITY	781,779	100,171	850,000		(90,000)	1,641,950

AURA HEALTH CORP. and LAMELEE IRON ORE LTD.
Notes to the Pro Forma Consolidated Statement of Financial Position
March 31, 2018 – (Unaudited)
(Expressed in Canadian Dollars)

1. Basis of presentation

The unaudited pro forma consolidated statement of financial position of Aura Health Corp. ("Aura" or the "Company") as at March 31, 2018 has been prepared by management after giving effect to the proposed transaction (the "Transaction") between Aura and Lamêlée Iron Ore Ltd. ("Lamêlée"). The unaudited pro forma consolidated statement of financial position has been derived by combining the unaudited condensed interim consolidated statement of financial position of Aura as at March 31, 2018 and the unaudited condensed interim statement of financial position of Lamêlée as at March 31, 2018, each prepared in accordance with International Financial Reporting Standards ("IFRS").

It is management's opinion that the pro forma consolidated statement of financial position includes all adjustments necessary for the fair presentation, in all material respects, of the Transaction described in Notes 3 and 4, assumptions and adjustments described in accordance to IFRS. The pro forma consolidated statement of financial position is not intended to reflect the financial position which would have actually resulted if the events reflected herein had been in effect at the dates indicated. Actual amounts recorded once the Transaction is completed are likely to differ from those recorded in the unaudited pro forma consolidated financial statements. Any potential synergies that may be realized and integration costs that may be incurred upon consummation of the Transaction have been excluded from the unaudited pro forma consolidated statement of financial position. Further, this unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position that may be obtained in the future.

The unaudited pro forma consolidated statement of financial position should be read in conjunction with the historical financial statements and notes thereto of Aura and Lamêlée. Unless where otherwise noted, the pro forma consolidated statement of financial position and accompanying notes are presented in Canadian dollars.

2. Significant accounting policies

The unaudited pro forma consolidated statement of financial position has been compiled using the significant accounting policies as set out in the audited consolidated financial statements of Aura as at and for the year ended December 31, 2017 and the unaudited condensed interim financial statements of Lamêlée as at and for the second quarter ended March 31, 2018. In preparing the unaudited pro forma consolidated financial information, consideration was given to identify accounting policy differences between Aura and Lamêlée where the impact was potentially material and could be reasonably estimated. Accounting policy differences may be identified after consummation and integration of the Transaction. However, the significant accounting policies of Lamêlée, after giving effect to the pro forma adjustments, are believed to conform in all material respects to those of Aura.

3. Business acquisition

Aura and Lamêlée have entered into a letter of intent dated January 23, 2018, whereby the parties will complete the Transaction by way of a reverse takeover of Lamêlée by Aura. Pursuant to the Transaction, Lamêlée will first apply to delist from the TSX Venture Exchange (the "TSXV"), then on closing of the Transaction (the "Closing") all of the issued and outstanding common shares of Aura (the "Aura Shares") will be exchanged for common shares of Lamêlée (the "LIR Shares"), which will result in Aura becoming a

AURA HEALTH CORP. and LAMELEE IRON ORE LTD.
Notes to the Pro Forma Consolidated Statement of Financial Position
March 31, 2018 – (Unaudited)
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wholly-owned subsidiary of Lam  lee or otherwise combining its corporate existence with a wholly-owned subsidiary of Lam  lee. The resulting issuer that will exist upon completion of the Transaction (the "Resulting Issuer") will change its business from mining to investment in businesses that provide services to the Marijuana Industry and shall become listed on the Canadian Securities Exchange (the "CSE"). The final structure of the Transaction will be determined by the parties following receipt of tax, corporate and securities law advice.

The Transaction is an arm's length transaction.

Upon Closing and subject to receipt of approvals of the TSXV for the delisting of the LIR Shares from the TSXV (the "TSXV Delisting") and the CSE for the listing of the LIR Shares on the CSE (the "CSE Listing"), the listing of LIR Shares will be transferred from the TSXV to the CSE.

The TSXV Delisting is subject to the Company receiving approval from the TSXV and the CSE Listing is subject to the Company receiving approval from the CSE. There can be no assurance that the TSXV will approve the proposed TSXV Delisting or that the CSE will approve the listing of the Resulting Issuer's shares. Non-approval of the transfer of the listing will prohibit or negatively impact closing of the Transaction with the result that the Company may need to seek and secure another acquisition of a business or assets to ensure that the Company will meet the TSXV's continued listing requirements.

Shareholder Approval for TSXV Delisting and Name Change

On April 4, 2018, LIR convened a meeting of its shareholders and approved, among other matters, (i) the TSXV Delisting, by a majority of the minority; (ii) the election of nominees of Aura to the board of directors of LIR effective upon Closing; and (iii) the change of name of LIR to "Aura Health Inc." or such name as is acceptable to management of Aura and applicable regulatory authorities effective upon Closing.

The Transaction and the CSE Listing are not subject to shareholder approval. LIR will, however, prepare and file with the CSE a CSE Form 2A listing statement or other principal disclosure document (the "Listing Statement") providing comprehensive disclosure on Aura and the Transaction in connection with the CSE Listing.

Securities Exchange Agreement

On May 31, 2018, Aura and Lam  lee entered into a Securities Exchange Agreement (the "Exchange Agreement") to give effect to the Transaction, which was amended by Aura and Lam  lee on June 21, 2018. Pursuant to the amended Exchange Agreement, Aura Shareholders will exchange their Aura Shares for LIR Shares such that, following completion of the Transaction, Aura Shareholders (including the purchasers of the Financing Units) will hold approximately 82.28% of the Resulting Issuer Shares assuming Minimum Offering, or 86.77% assuming Maximum Offering, in each case on a non-diluted basis. The Transaction will result in Aura becoming the reverse takeover acquiror of Lam  lee.

In accordance with the amended Exchange Agreement, each Aura Shareholder will be entitled to receive one Resulting Issuer share for each Aura share held by such Aura Shareholder (the "Exchange Ratio"). In addition, the Aura convertible securities shall be exchanged for Lam  lee replacement convertible securities, adjusted based on the Exchange Ratio.

AURA HEALTH CORP. and LAMELEE IRON ORE LTD.
Notes to the Pro Forma Consolidated Statement of Financial Position
March 31, 2018 – (Unaudited)
(Expressed in Canadian Dollars)

In connection with the Transaction, the Company will use best efforts to complete a non-brokered private placement financing (the "Aura Private Placement") immediately prior to the completion of the Transaction. The Aura Private Placement will be a minimum of \$1,000,000 in financing units (the "Minimum Offering") and a maximum of \$5,000,000 in financing units (the "Maximum Offering") at \$0.49 per financing unit. Each financing unit will be comprised of one Aura share and one purchase warrant (a "Financing Warrant"), with each Financing Warrant entitling the holder to purchase one Aura share at \$0.75 per share for a period of two years following closing.

4. Pro forma assumptions and adjustments

The pro forma consolidated statement of financial position includes the effects of the following pro forma assumptions and adjustments as if they had occurred at March 31, 2018.

- a) Prior to or concurrently with Closing, Aura will complete the Aura Private Placement of a minimum \$1,000,000 and a maximum of \$5,000,000 at a targeted price of \$0.49 per Aura security. The private placement is assumed to be \$1,000,000 for the purpose of the pro forma consolidated statement of financial position.

Final terms of the Aura Private Placement such as pricing, financing structure, commission and finder's or agent's fees will be subject to final approval by Aura, the CSE and/or other applicable regulatory authorities. Net proceeds of the minimum private placement are assumed to be \$850,000 after costs for the Transaction completion.

All Aura Shares issued in the Aura Private Placement will be exchanged into additional LIR Shares upon completion of the Transaction at the Exchange Ratio, and all Aura convertible securities issued in the Aura Private Placement shall be exchanged, at the Exchange Ratio, for an equivalent number of LIR convertible securities on the same terms and conditions with the exercise/conversion price adjusted based on the Exchange Ratio.

- b) Subject to regulatory approval and compliance with applicable securities law, LIR will pay a finder's fee in the aggregate amount of 300,000 LIR Shares, at a deemed value of \$0.49 per share for an aggregate deemed value of \$147,763 to an arm's length finder on successful completion of the Transaction.
- c) Pursuant to the Transaction, all of the existing 16,630,000 Aura Shares will be acquired by LIR in consideration of LIR issuing one (1) LIR Share for each one (1) Aura Share issued and outstanding immediately prior to Closing, at a deemed value of \$0.49 per LIR Share, for a total of 16,630,000 LIR Shares.
- d) The RTO agreement occurred as described in Note 3 and the net assets of Lamêlée were effectively recorded as a charge to the shareholder's equity, after eliminating \$90,000 attributed to Exploration Assets. The adjusted assets acquired, and liabilities assumed are to be recorded at their fair values which are the same as their carrying values. Aura is deemed to have acquired the net assets of Lamêlée as follows:

AURA HEALTH CORP. and LAMELEE IRON ORE LTD.
Notes to the Pro Forma Consolidated Statement of Financial Position
March 31, 2018 – (Unaudited)
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<u>Purchase price consideration paid</u>	
Fair value of common shares	<u>\$2,502,469</u> ⁽ⁱ⁾
<u>Net identifiable assets</u>	
Cash	\$ 3,513
Accounts receivable	1,658
Prepaid expenses	5,000
Accounts payable	(135,053)
Due to officer	<u>(282)</u>
Net liabilities assumed	(125,164)
RTO transaction costs	<u>2,627,633</u> ⁽ⁱⁱ⁾
	<u>\$2,502,469</u>

(i) The fair value of the 5,107,080 common shares, retained by the LIR shareholders, was determined to be \$2,502,469 based on a deemed value of \$0.49 per LIR share.

(ii) The transaction costs relating to the RTO plus the aggregate of the fair value of the consideration paid has been recognized and expensed as reverse take-over acquisition costs.

e) In addition, Aura has convertible securities to potentially purchase a total of 15,189,755 Aura Shares. If any of the Aura's existing convertible securities are converted or exercised into Aura Shares on or before Closing, such Aura Shares will be acquired by LIR on Closing by issuing additional LIR Shares at the Exchange Ratio, and all remaining Aura Convertible Securities shall be exchanged, at the Exchange Ratio, for an equivalent number of LIR options and warrants on Closing on the same terms and conditions with the exercise/conversion price adjusted based on the Exchange Ratio.

Further, following Closing, the outstanding LIR Options and Warrants will remain in effect.

f) The net current assets of the combined corporation, as reflected in this pro forma statement of financial position is:

Total Current Assets	\$ 1,303,379
Less: Current Liabilities	<u>(760,482)</u>
Net Current Assets	<u>\$ 542,897</u>

CERTIFICATE OF LAMÊLÉE IRON ORE LTD

Pursuant to a resolution duly passed by its Board of Directors, Lamêlée Iron Ore Ltd. hereby applies for the listing of the above mentioned securities on CSE. The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, the 31st day of July, 2018.

(signed) "Stéphane Leblanc"

Stéphane Leblanc

Chief Executive Officer and Chief
Financial Officer

(signed) "Hubert Vallée"

Hubert Vallée

Director

(signed) "Jimmy Gravel"

Jimmy Gravel

Director

CERTIFICATE OF AURA HEALTH CORP.

The foregoing contains full, true and plain disclosure of all material information relating to AURA Health Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, the 31st day of July, 2018.

(signed) "Chris Carl"

Chris Carl

Chief Executive Officer

(signed) "Keith Li"

Keith Li

Chief Financial Officer

(signed) "David Posner"

David Posner

Director

(signed) "Robert Schwartz"

Robert Schwartz

Director