

## **Management's Discussion and Analysis**

**AURA HEALTH INC.**  
**(Formerly Lam  lee Iron Ore Ltd.)**

**June 30, 2018**

# **AURA HEALTH INC.**

## **(Formerly Lamêlée Iron Ore Ltd.)**

Management's Discussion and Analysis  
For the period ended June 30, 2018

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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 Aura Health Inc. (formerly Lamêlée Iron Ore Ltd.) ((the "Company") was written on August 29, 2018, for the quarter ended June 30, 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.

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**

Aura Health Inc. (formerly Lamêlée Iron Ore Ltd., an exploration Company with activities in Canada) (the «Company») operates marijuana health clinics in the United States.

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 June 30, 2018, the Company has a deficit of \$11,336,954 (September 30, 2017 – \$11,101,209). 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 OVERVIEW**

As at June 30, 2018, the Company had a working capital deficiency of \$156,018.

As at June 30, 2018, the Company had \$1,751 in cash, \$37,500 in cash held in trust and \$14,239 in sales taxes receivable.

During the quarter, the Meston Lake West Property was impaired for an amount of \$90,000 because no further exploration and evaluation expenditures in the area were planned or budgeted.

#### **1.5 POST REPORTING DATE EVENT**

On August 9, 2018, the Company completed its previously announced reverse take-over transaction (the "**RTO Transaction**") with Aura Health Corp. ("**Aura**"). Aura is a Toronto based company that has investments in four operating medical marijuana patient assessment clinics in Arizona, Nevada and Florida.

Aura completed the RTO Transaction with the Company, providing for the acquisition by the Company of all of the issued and outstanding common shares of Aura, whereby the shareholders of Aura will hold a majority of the outstanding common shares of the Resulting Issuer. Pursuant to the Securities Exchange Agreement, all Aura shares were exchanged for common shares of the Company. In connection with the RTO Transaction, the Company completed a continuance from the Canada Business Corporations Act to the Business Corporations Act (Ontario). Concurrent with the closing of the RTO Transaction, the Resulting Issuer is continuing on with the business of Aura and changed its name to Aura Health Inc.

#### **Aura Financing**

Immediately prior to the completion of the RTO Transaction, Aura completed a non-brokered private placement (the "**Aura Financing**") for gross proceeds of \$1.13 million of 2,301,873 units of Aura which upon completion of the RTO Transaction were collectively exchanged for an aggregate of 2,301,873 units of the Company (each a "**Replacement Unit**"), at a deemed price of \$0.49 per Replacement Unit, with each Replacement Unit comprised of one common share of the Company and one common share purchase warrant (a "**Replacement Warrant**"). Each Replacement Warrant is exercisable to purchase one common share of the Company at \$0.75 per share for a period of 24 months following completion of the RTO Transaction.

In addition, Aura paid five registered dealers who acted as finders in the Aura Financing (the "**Finders**") a cash finders' fee equal to 8% of the gross proceeds from the Aura financing to subscribers introduced by the Finders and issued a total of 78,015 finder options (the "**Finder Options**") which upon completion of the RTO Transaction were collectively exchanged for an aggregate of 78,015 finder options of the Company (the "**Replacement Finder Options**"), each entitling the holder to purchase one Replacement Unit at a price of \$0.49 per Replacement Unit for a period of 24 months following completion of the RTO Transaction.

#### **Issuance of Securities in the RTO Transaction**

Aura shareholders who held Aura shares prior to completion of the Aura Financing (including (i) holders of Aura Series A convertible debentures which were automatically converted into an aggregate of 816,327 Aura shares and 408,164 Aura warrants; and (ii) a financial advisor to Aura who was issued 300,000 Aura shares at \$0.49 per share in satisfaction of a financial advisory fee of \$147,000) (the "**Original Aura Shareholders**") received a total of 17,746,327 common shares with a deemed value of \$0.49 per share as consideration for transferring their Aura Shares to the Company. The subscribers in the Aura Financing received 2,301,873 common shares at a deemed value of \$0.49 per share. All Aura's convertible securities outstanding immediately prior to the closing of the RTO were replaced by convertible securities of the Company with similar terms.

In addition, the Company issued 300,000 common shares to a finder of the Company (the "**LIR Finder**") at \$0.49 per share, which shares are subject to a resale hold period expiring December 10, 2018.

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**1.5 POST REPORTING DATE EVENT (Continued)**

**Capitalization**

On a non-diluted basis, upon completion of the RTO Transaction, the Company had a total of 24,309,784 common shares outstanding, of which 3,961,584 (16.30%) were held by existing shareholders of the Company, 17,746,327 (73.00%) were held by the Original Aura Shareholders, 2,301,873 (9.47%) were held by subscribers in the Aura Financing, and 300,000 (1.23%) were held by the LIR Finder.

On a fully-diluted basis, upon completion of the RTO Transaction, the Company had a total of 40,353,960 common shares outstanding, of which 85,107,080 (12.66%) were held by existing security holders of the Company, 30,187,104 (74.81%) were held by the Original Aura Shareholders, 4,759,776 (11.80%) were held by subscribers and Finders in the Aura Financing, and 300,000 (0.74%) were held by the LIR Finder.

The total deemed transaction value for Aura in the RTO Transaction was approximately \$9.82 million.

**1.6 SUMMARY OF QUARTER RESULTS**

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

Three-month period ended	Net loss and total comprehensive loss for the period	Loss per share
	\$	\$
June 30, 2018	(121,354)	(0.03)
March 31, 2018	(80,738)	(0.02)
December 31, 2017	(33,653)	(0.01)
September 30, 2017	(10,462)	(0.01)
June 30, 2017	(23,511)	(0.01)
March 31, 2017	(26,554)	(0.01)
December 31, 2016	(54,312)	(0.02)
September 30, 2016	(163,693)	(0.05)

**1.7 NET LOSS AND COMPREHENSIVE LOSS**

The net loss and comprehensive loss for the three-month period ended June 30, 2018 for an amount of \$121,354 is comprised mainly of the impairment of exploration and evaluation assets for an amount of \$90,000, transaction fees for an amount of \$12,299, professional fees for an amount of \$9,746 and shareholders' relations for an amount of \$7,978.

During the three-month period ended June 30, 2018, the Company recorded a net loss and comprehensive loss of \$121,354 compared to \$23,511 for the same period in 2017. The difference is mainly explained by the increase of the impairment of exploration and evaluation assets for an amount of \$90,000 and transaction fees for an amount of \$12,299.

During the nine-month period ended June 30, 2018, the Company recorded a net loss and comprehensive loss of \$235,745 compared to \$104,377 for the same period in 2017. The difference is mainly explained by the increase of the impairment of exploration and evaluation assets for an amount of \$90,000 and transaction fees of \$62,395 offset by the decrease of professional fees for an amount of \$17,522.

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**1.8 SELECTED ANNUAL INFORMATION**

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
	\$	\$
Net loss and comprehensive loss	(235,745)	(104,377)
Loss per share	(0.06)	(0.03)
Cash	1,751	22,358
Exploration and evaluation assets	-	90,000
Total assets	53,490	121,237
Total liabilities	210,008	31,867
Equity (deficiency)	(156,518)	89,370

**1.9 FINANCIAL SITUATION**

**WORKING CAPITAL**

The working capital deficiency as at June 30, 2018 was \$156,518.

**ASSETS**

As of June 30, 2018, the Company had \$53,490 in total assets mainly represented by cash held in trust of \$37,500 and sales taxes receivable of \$14,239.

**LIABILITIES**

As at June 30, 2018, the Company had \$210,008 in total liabilities represented by the trade and other payables of \$172,508 and due to a company of \$37,500.

**EQUITY**

As at June 30, 2018, the equity deficiency was \$156,518 represented by \$6,034,332 in share capital, \$5,146,104 in contributed surplus and (\$11,336,954) in deficit.

**1.10 CASH FLOW**

As of June 30, 2018, the Company had \$1,751 in cash.

**OPERATING ACTIVITIES**

During the three-month period ended June 30, 2018, cash flows used by operating activities was \$38,980 compared to an amount of \$69,216 for the three-month period ended June 30, 2017, which represents a decrease of \$30,236.

During the nine-month period ended June 30, 2018, cash flows used by operating activities was \$36,535 compared to an amount of \$108,286 for the six-month period ended June 30, 2017, which represents a decrease of \$71,751.

This decrease in cash flows used is mainly explained by the increase of trade and other payables and the cash held in trust.

### 1.10 CASH FLOW (Continued)

#### FINANCING ACTIVITIES

During the three-month period ended June 30, 2018, cash flows from financing activities was \$37,218 compared to an amount of \$81,516 for the three-month period ended June 30, 2017, which represents a decrease of \$44,298.

During the nine-month period ended June 30, 2018, cash flows from financing activities was \$37,218 compared to an amount of \$118,060 for the six-month period ended June 30, 2017, which represents a decrease of \$80,842.

This decrease in cash flows generated is mainly explained by the decrease of the issuance of units offset by the decrease of the due to a director and officer and the increase of the due to a company.

### 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:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
	\$	\$
Transaction fees	18,000	-
Share-based payments	264	3,139

The Company incurred respectively \$5,740 and \$42,396 (\$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 June 30, 2018, an amount owing to this firm of \$61,283 (\$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.

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**1.13 OTHER**

- a) Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com).
- b) Disclosure of Outstanding Securities as at August 29, 2018.

Common shares: 24,309,784  
Warrants: 6,041,483  
Outstanding options: 16,000,000

**1.14 EXPLORATION AND EVALUATION ASSETS**

The carrying amount can be analyzed as follows:

	Balance as at October 1, 2017	Additions	Impairment	Balance as at June 30, 2018
Quebec	\$	\$	\$	\$
Meston Lake West Property				
Mining rights	90,000	-	(90,000)	-
Exploration and evaluation	-	-	-	-
	<u>90,000</u>	<u>-</u>	<u>(90,000)</u>	<u>-</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 (commitment not fulfilled) as at June 30, 2018. During the quarter, the property was impaired because no further exploration and evaluation expenditures in the area were planned or budgeted. Furthermore, the claims were not renewed subsequent to the quarter.

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**1.15 SHARE-BASED PAYMENTS**

The Company's share options are as follows for the reporting periods presented:

<i>Administration</i>	June 30, 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

The table below summarizes the information related to share options as at June 30, 2018:

<i>Administration</i>	Outstanding options and exercisable		
	Number of options	Exercise price	Remaining life (years)
		\$	
	17,500	1.00	6.49
	12,500	2.80	5.63
	<u>62,500</u>	2.90	5.52
	<u>92,500</u>		



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**1.16 WARRANTS**

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	<u>June 30, 2018</u>		<u>September 30, 2017</u>	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
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>June 30, 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>

**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.

**(s) Daniel Cohen**, Chief Executive Officer

**(s) Keith Li**, Chief Financial Officer

Toronto (Ontario), August 29, 2018