No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws. These securities may not be offered or sold in the United States of America or to, or for the benefit of, a U.S. person.

PROSPECTUS

Initial Public Offering by way of Distribution as a Return of Capital August 14, 2018

AUSTRALIS CAPITAL INC.

Distribution by Aurora Cannabis Inc. of Units of the Company as a Return of Capital

Aurora Cannabis Inc. ("**Aurora**") is distributing to holders of its common shares ("**Aurora Shares**"), as a return of capital (the "**Distribution**"), units ("**Units**") of its subsidiary, Australis Capital Inc. (the "**Company**"). Each Unit will consist of one common share in the capital of the Company (a "**Unit Share**") and one common share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share of the Company (a "**Warrant Share**") at an exercise price of $0.25 per Warrant Share on or prior to 4:00 p.m. (Eastern Time) on the date that is one year from the date of the Distribution. The Warrants will be issued under a warrant indenture to be entered into with Computershare Trust Company of Canada (the "**Warrant Indenture**").

The Distribution will be paid on the basis of one Unit for every 34 Aurora Shares which are outstanding on the record date to be fixed by the board of directors of Aurora (the "**Record Date**"). The number of Units to be distributed to an Aurora shareholder will be rounded down to the nearest whole number of Units. As of August 13, 2018, there were 952,433,322 Aurora Shares issued and outstanding.

Neither Aurora nor the Company will receive any proceeds as a result of the distribution of the Units. This Prospectus qualifies the distribution of the Units forming the Distribution.

Notice to Aurora Shareholders

Holders of Aurora Shares are not required to pay for the Units to be received by them by way of the Distribution, or tender or surrender their Aurora Shares or take any other action in connection with the Distribution, other than providing a declaration of residency. If a shareholder fails to provide a declaration of Canadian residency, the shareholder will be deemed to be a Non-Resident (as defined herein), or if the broker through which a shareholder holds its Aurora Shares fails to provide a declaration of Canadian residency on behalf of the shareholder, the shareholder may be deemed to be a Non-Resident (see "Notice Regarding Declaration of Residency"). All registered shareholders are urged to provide the necessary residency declaration and all shareholders who hold their shares through a brokerage or other account are urged to contact their brokers to ensure the brokers provide the necessary residency declaration, where available.

There is no market through which the common shares of the Company (the "Shares") or the Warrants may be sold and holders may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the Shares and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Shares and Warrants, and the extent of issuer regulation. See "Risk Factors".

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United

States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

The Company has applied to the Canadian Securities Exchange (the "**CSE**") for the listing of the Shares and the Warrants. The CSE has conditionally approved the listing of the Shares or the Warrants. Listing is subject to the Company fulfilling all the requirements of the CSE, including meeting all minimum listing requirements. There is no guarantee that the CSE will provide final approval for the listing of the Shares or the Warrants. Neither the Shares or the Warrants have been listed or quoted on any stock exchange or market.

This Prospectus qualifies the distribution of securities of an entity that is expected to indirectly derive a portion of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. The Company may become indirectly involved (through its investments) in the cannabis industry in the United States where local state laws permits such activities. Currently, the Company is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the United Sates, nor is the Company directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in the United States. See "General Development and Business of the Company – United States Cannabis-Related Assets".

Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the *Controlled Substances Act* (the "CSA") in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

As a result of the conflicting views between state legislatures and the federal government of the United States regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the CSA with respect to cannabis (and 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, which may adversely affect the current and future investments of the Company in the United States. As such, there are a number of risks associated with the Company's existing and future investments in the United States.

For the reasons set forth above, the Company's existing and proposed interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada.

There are a number of risks associated with the business of the Company. See "Risk Factors".

The Units distributed pursuant to this Prospectus will not be registered under the laws of any foreign jurisdiction, including the *United States Securities Act of 1933*, as amended. Consequently, no Units will be delivered to any registered or beneficial holder of Aurora Shares who is, or who appears to the Company or Computershare Trust Company of Canada, as custodian (the "**Custodian**") to be, a non-resident of Canada ("**Non-Residents**") within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**"). Such Units will be delivered by the Company to the Custodian for sale by the Custodian on behalf of all Non-Residents. Such Units will be sold by the Custodian through a registered securities broker or dealer (the "**Selling Agent**") retained for the purpose of effecting a sale of such Units on behalf of Non-Residents. Such Non-Residents will receive from the Custodian their pro rata share of the cash proceeds from the sales of such Units, less any commissions, expenses and any applicable withholding taxes. Holders of Aurora Shares, or their brokers, will have to provide a declaration of Canadian residency to

Computershare Trust Company of Canada, as registrar and transfer agent of the Aurora Shares (the "**Transfer Agent**") or CDS Clearing and Depository Services Inc. (the "**Depository**" or "**CDS**"), failing which, such holders will be deemed to be Non-Residents. See "Notice Regarding Declaration of Residency". There may be adverse tax consequences to Non-Residents from this sale process – see "Certain United States Federal Income Tax Considerations for U.S. Holders". Non-Residents who desire certainty with respect to the value to be received from the spin-off or who wish to avoid these tax consequences may wish to consult their advisors regarding a sale of their Aurora Shares, through the Toronto Stock Exchange ("**TSX**") or otherwise, prior to the Record Date. See also "Certain Canadian Federal Income Tax Considerations."

Scott Dowty, a director of the Company, resides outside of Canada. Although Scott Dowty has appointed McMillan LLP as his agent for service of process in each province and territory of Canada in which the Units are to be distributed, it may not be possible for investors to enforce judgments obtained in Canada against Scott Dowty.

There are risks inherent in the Company's business that may adversely affect the value of the Units. See "Risk Factors".

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. No underwriter has been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

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INTERPRETATION

Unless the context otherwise requires, all references in this Prospectus to "we", "our", "Australis Capital" or the "Company" refer to Australis Capital Inc. (the "**Company**") and, to the extent references in this Prospectus are made to matters undertaken by a predecessor in interest to the Company or its subsidiaries, include such predecessor in interest to the Company or its subsidiaries, include such predecessor in interest.

NOTICE REGARDING DECLARATION OF RESIDENCY

The Units issuable pursuant to this Prospectus will not be registered under the laws of any foreign jurisdiction, including the *United States Securities Act of 1933*, as amended. Consequently, no Units will be delivered to any registered or beneficial holder of Aurora Shares who is, or who appears to the Company or the Custodian to be, a Non-Resident. Such Units will be delivered by the Company to the Custodian for sale by the Custodian on behalf of Non-Residents. The Unit Shares and the Warrants comprising the Units will be sold by the Custodian through the Selling Agent for the purpose of effecting sales of the Unit Shares and Warrants on behalf of Non-Residents. Such Non-Residents will receive from the Custodian their pro rata share of the cash proceeds from the sale of such Unit Shares and Warrants, less commissions, expenses and any applicable withholding taxes. All Unit Shares and Warrants will be pooled and sold as soon as practicable in transactions effected on an applicable stock exchange. In exercising the sale of any Unit Shares and Warrants, the Selling Agent will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. None of the Company, Aurora, the Custodian nor the Selling Agent will be liable for any loss arising out of any sale of such Unit Shares and Warrants relating to the manner or timing of such sales, the prices at which Unit Shares and Warrants are sold or otherwise. The sale price of Unit Shares and Warrants sold on behalf of such persons will fluctuate with the market price of the Unit Shares and the Warrants and no assurance can be given that any particular price will be received upon any such sale. Registered holders of Aurora Shares will receive a form of declaration of residency from Computershare Trust Company of Canada, as registrar and transfer agent of the Aurora Shares (the "**Transfer Agent**"). The brokers through which beneficial holders of Aurora Shares hold their Aurora Shares will receive a form of declaration of residency from CDS Clearing and Depository Services Inc. (the "**Depository**"). The Company understands that such brokers should provide the necessary declaration on behalf of their clients; however, beneficial holders of Aurora Shares are urged to contact their brokers or other Depository participant through which they hold their Aurora Shares in respect of this residency declaration requirement. If an Aurora Shareholder fails to declare that the shareholder is not a Non-Resident on or before September 7, 2018, the Aurora Shareholder may be deemed to be a Non-Resident on that date. Unless the Company or Aurora has actual knowledge to the contrary, all registered holders of Aurora Shares whose address on the shareholder register on the Record Date is outside of Canada will be deemed to be Non-Residents on September 7, 2018. If a broker or other Depository participant fails to provide the necessary declaration of Canadian residency on behalf of their clients on or before September 7, 2018, the applicable beneficial holders of Aurora Shares will be deemed to be Non-Residents on that date. There may be adverse tax consequences to Non-Residents from this sale process - see "Certain United States Federal Income Tax Considerations for U.S. Holders". Non-Residents who desire certainty with respect to the value to be received from the spin-off or who wish to avoid these tax consequences may wish to consult their advisors regarding a sale of their Aurora Shares, through the TSX or otherwise, prior to the Record Date. See also "Certain Canadian Federal Income Tax Considerations".

CURRENCY AND EXCHANGE RATE INFORMATION

Unless otherwise indicated all references to "$" or "dollars" in this Prospectus mean Canadian dollars. References to "US$" or "US dollars" mean United States dollars.

The Company's accounts are maintained in Canadian dollars.

The following table reflects the low and high rates of exchange for one United States dollar, expressed in Canadian dollars, during the periods noted, the rates of exchange at the end of such periods and the average rates of exchange during such periods, based on the daily exchange rate, as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars.

	Year ended December 31			Six months ended June 30, 2018[1]
	2017[1]	2016[2]	2015[2]	
High for the period	C$1.3743	C$1.4589	C$1.3990	C$1.3387
Low for the period	C$1.2128	C$1.2544	C$1.1728	C$1.2248
Average rate for the period	C$1.2986	C$1.3248	C$1.2787	C$1.2787
Rate at the end of the period	C$1.2545	C$1.3427	C$1.3840	C$1.3132

(1) As of March 1, 2017, the Bank of Canada began to publish new foreign exchange rates once a day, by 16:30 ET, in the form of a single indicative rate per currency pair, which represents a daily average rate for that currency against the Canadian dollar. The Bank of Canada ceased to publish the noon rate as of April 28, 2017.

(2) Based on the noon rate published by the Bank of Canada.

On August 13, 2018 the daily exchange rate for United States dollars expressed in terms of the Canadian dollar, as reported by the Bank of Canada, was US$1.00 – $1.3136.

FORWARD-LOOKING INFORMATION

This Prospectus contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Wherever possible, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify forward-looking information.

Forward-looking information in this Prospectus may include, but is not limited to:

- statements related to the completion of the Distribution and the events related thereto and contingent thereon;
- statements related to the terms and completion of the Private Placement;
- statements related to the listing of the Shares and Warrants on the CSE;
- information with respect to our future financial and operating performance;
- statements related to our investment objectives;
- adequacy of financial resources and future financing; and
- statements related to our expected executive compensation.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: our ability to carry on exploration and development activities, the timely receipt of required approvals, the price of minerals and other metals, our ability to operate in a safe, efficient and effective manner and our ability to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking

information, including risks associated with the available funds of the Company and the anticipated use of such funds; the availability of financing opportunities; legal and regulatory risks inherent in the cannabis industry; the Company's dependence on management, directors and the members of the Advisory Committee; risks associated with economic conditions, dependence on management, and currency risk; and other risks described in this Prospectus and described from time to time in documents filed by the Company with Canadian securities regulatory authorities. See "Risk Factors".

Our forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Tax Act and the Regulations thereunder in force on the date hereof and any relevant Proposed Amendments,

(a) the Shares would be a "qualified investment" for a trust governed by a "registered retirement savings plan", "registered retirement income fund", "tax-free savings account", "registered education savings plan" and "registered disability savings plan", as those terms are defined in the Tax Act (collectively, the "**Plans**") if and provided that the Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE) at the relevant time, and

(b) the Warrants would be a "qualified investment" for such Plans if and provided that the Shares are so listed as described in (a) above at the relevant time and neither the Company, nor any person with whom the Company does not deal at arm's length, is an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Plan.

The Shares are not currently listed on a "designated stock exchange", and the timing of such a listing, if any, cannot be guaranteed. The Canada Revenue Agency's published policy is that in order for a security to qualify for this purpose, the listing must be full and unconditional, and that a mere approval or conditional approval is insufficient. It is our understanding that the Company has applied to list the Shares on the CSE as of a time that is shortly before the Distribution is effected. However, listing will be subject to the Company fulfilling all of the requirements of the CSE. In addition, there can be no guarantee that CSE approval of a listing (if at all) as of a time that is shortly before the Distribution is effected would be granted or would be in a form that is, or is acceptable to the Canada Revenue Agency as, a full and unconditional listing. No legal opinion or advance tax ruling has been sought or obtained in respect of the listing application or the status of the Shares as listed on a designated stock exchange as of any particular time. If the Shares are not appropriately listed on the CSE at the effective time of the Distribution (and the Company is not otherwise a "public corporation" at that time), neither the Shares nor the Warrants will be qualified investments for the Plans at that time. In general terms, adverse consequences under the Tax Act, not discussed in this summary, apply to a Plan and/or its annuitant, subscriber or holder (as the case may be) where a Plan acquires or holds a non-qualified investment. **Holders who would receive Shares and Warrants within a Plan upon the Distribution should consult their own tax advisors in this regard in advance of the Distribution.**

Notwithstanding that Shares and Warrants may become a qualified investment for a Plan, the holder, subscriber or annuitant of the Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act if such securities are a "prohibited investment" for the Plan for purposes of the Tax Act. A security will generally be a "prohibited investment" for a Plan if the holder, subscriber or annuitant, as the case may be, does not deal at arm's length with the Company for the purposes of the Tax Act or has a "significant interest" (as defined in the Tax Act) in the Company. Holders who would receive Shares and Warrants within a Plan upon the Distribution should consult their own tax advisors in this regard in advance of the Distribution.

PROSPECTUS SUMMARY

The following is only a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Certain capitalized terms used in this summary are defined under "Definitions" and "Glossary of Technical Terms".

The Company

The Company is an investment company primarily focusing on investments in the cannabis and real estate industries in Canada and the United States. The Company's investments may include the acquisition of equity, debt or other securities of publicly traded or private companies or other entities, financing in exchange for pre-determined royalties or distributions and the acquisition of all or part of one or more businesses, portfolios or other assets, in each case that the Company believes will enhance value for the shareholders of the Company in the long term.

See "General Development and Business of the Company".

The Reorganization and Distribution

As part of a Reorganization and spin out of certain U.S. assets, Aurora is distributing to holders of the Aurora Shares, as a return of capital, Units of its subsidiary, Australis Capital Inc. The Distribution will be paid on the basis of one Unit for every 34 Aurora Shares which are outstanding on the record date to be fixed by the board of directors of Aurora.

Each Unit will consist of one Unit Share and one Warrant. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of $0.25 per Warrant Share on or prior to 4:00 p.m. (Eastern Time) on the date that is one year from the date of the Distribution. The Warrants will be issued under a Warrant Indenture to be entered into with the Warrant Agent. The number of Units to be distributed to an Aurora shareholder will be rounded down to the nearest whole number of Units. As of August 13, 2018, there are 952,433,322 common shares of Aurora issued and outstanding. Neither Aurora nor the Company will receive any proceeds as a result of the distribution of the Units.

In connection with the proposed Distribution, on June 13, 2018, Aurora completed a series of intercorporate transactions involving Aurora and its subsidiaries. These transactions resulted in Aurora holding a direct interest in 100% of the issued and outstanding Shares and Warrants of the Company and the Company holding the following assets:

- a 50% joint venture interest in Australis Holdings, a limited liability partnership organized under the laws of Washington State, which holds two parcels of land totaling 24.5 acres in Whatcom county, Washington (the "**Whatcom Land**"), along with approximately $3,156,402 of loans (including interest as of June 13, 2018) owing from Australis Holdings;

- the SubTerra Assets, which consist of (a) a royalty of five percent (5%) of the gross revenues of SubTerra earned annually from any sale of cannabis and cannabis based products grown and/or processed at its facility until May 31, 2028; (b) a payment of $150,000 annually during the period commencing June 1, 2018 and ending May 31, 2028; and (c) a two-year option to purchase the White Pine Parcel for $3,000.

Aurora and the Company entered into the Funding Agreement on June 14, 2018 pursuant to which Aurora has agreed to advance $500,000 to the Company, in consideration for which the Company will issue to Aurora (a) a warrant to purchase a number of Shares equal to 20% of the issued and outstanding Shares as of the date on which the Shares commence trading on the CSE, which will be exercisable for a period of ten years from the date of issue at an exercise price of $0.20 per Share, and (b) a warrant to purchase a number of Shares equal to 20% of the number of Shares issued and outstanding as of the date of exercise, which will be exercisable for a period of ten years from the date of issue at an exercise price equal to the five day volume weighted average trading price of the Shares on the CSE or such other stock exchange on which the Shares may then be listed at the time of exercise, or if the Shares are not then listed on a stock exchange at the fair market value of the Shares at the time of exercise. Aurora will be prohibited from exercising this Restricted Back-in Right unless all of the Company's business

operations in the United States are legal under applicable federal and state laws and Aurora has received the consent of the TSX and any other stock exchange on which Aurora may be listed, as required. As disclosed elsewhere in this Prospectus, cannabis continues to be categorized as a controlled substance in the United States under the federal Controlled Substances Act and as such, cannabis-related practices or activities (including without limitation, the manufacture, importation, possession, use or distribution of cannabis) are illegal under United States federal law.

Pursuant to the Funding Agreement, Aurora will also fund the Company's transaction costs in connection with the Reorganization in the amount of $200,000 in consideration for the issuance by the Company of 1,176,470 Units to Aurora at a price of $0.17 per Unit and will purchase from the Company, at a price of $0.17 per Unit, such additional number of Units that would result in Aurora holding a sufficient number of Units to pay out the Distribution on the basis of one Unit for every 34 Aurora Shares which are outstanding on the Record Date. Based on 952,433,322 Aurora Shares outstanding as of August 13, 2018, Aurora would be required to purchase approximately an additional 33,911 Units for $5,765 under the Funding Agreement in order to hold sufficient Units for the Distribution.

On July 20, 2018, the Company, through its wholly-owned subsidiary Australis Nevada, acquired the remaining 50% joint venture interest in Australis Holdings for US$500,000, resulting in the Company holding a 100% interest in the Whatcom Land.

See "Reorganization and Distribution".

Private Placement

The Company completed a non-brokered private placement (the "**Private Placement**") with directors and officers of the Company and certain arm's length purchasers (the "**Subscribers**") in two tranches on July 5, 2018 and August 3, 2018. The Company issued and sold to the Subscribers on a private placement basis, and the Subscribers subscribed for an aggregate of 85,000,000 Shares at an offering price of $0.20 per Share for gross proceeds to the Company of $17,000,000. This Prospectus does not qualify the distribution of the Shares issuable pursuant to the Private Placement. The Shares issued pursuant to the Private Placement are subject to a statutory hold period of four months and a day from the date of issuance.

See "General Development and Business of the Company – Private Placement".

Management Team

The investments, borrowings and operations of the Company are subject to control and direction of the Company's management and board of directors, which includes several individuals with extensive experience in investing in the cannabis industry. The initial members of our management and board of directors are Scott Dowty (CEO and director), Arlene Dickinson (director), John Dover (director), Roger Swainson (director) and Campbell Birge (CFO and Corporate Secretary).

See "Directors and Executive Officers".

Use of Proceeds

The Company will not realize any proceeds from the Distribution. Proceeds advanced by Aurora pursuant to the Funding Agreement and from the Private Placement will be used to fund the Company's investments going forward and for general corporate purposes.

See "Use of Proceeds".

Summary of Selected Audited Financial Information of the Company

The selected financial information set out below is based on and derived from the audited financial statements of the Company as of the dates and for the periods indicated and should be read in conjunction with "Management's Discussion and Analysis" and the audited financial statements and the accompanying notes which are included elsewhere in this Prospectus.

	As of March 31, 2018 ($)	As of March 31, 2017 ($)
Assets	3,010,501	1,726,823
Liabilities	3,173,423	1,847,048
Shareholders' equity		
Share capital	100	100
Deficit	(163,022)	(120,325)

	For the year ended March 31, 2018 ($)	For the year ended March 31, 2017 ($)
Expenses	(91,584)	(91,753)
Other income	1,723	-
Interest income	47,164	41,233
Net loss for the year	(42,697)	(50,520)

See "Management's Discussion and Analysis".

Certain Canadian Federal Income Tax Considerations

Provided that the fair market value of the Units does not exceed the paid-up capital of the Aurora Shares and that the other assumptions set out in "Certain Canadian Federal Income Tax Considerations" are correct, the distribution of the Units is intended to be a non-taxable return of capital for Canadian income tax purposes. As a return of capital, Aurora Shareholders would be required to reduce the adjusted cost base of their Aurora Shares by an amount equal to the fair market value of the Units distributed to or for their benefit, and Aurora Shareholders who are non-residents of Canada should not be subject to a withholding tax under Part XIII of the Tax Act. This summary of certain Canadian federal income tax considerations is qualified in its entirety by the assumptions,

provisos and discussion contained herein under "Certain Canadian Federal Income Tax Considerations", and all Aurora Shareholders should read the discussion contained therein and consult with their own tax advisors. See "Certain Canadian Federal Income Tax Considerations".

Certain United State Federal Income Tax Considerations

The Distribution will be effected under applicable provisions of Canadian corporate law, which are technically different from analogous provisions of U.S. corporate law. Therefore, the U.S. federal income tax consequences of certain aspects of the Distribution are not certain. A U.S. Holder (as defined herein) is expected to be required to include the fair market value of the Units received by the Custodian for the benefit of the Shareholders pursuant to the Distribution (without reduction for any Canadian income tax withheld, if any) in gross income as a dividend to the extent of the current or accumulated "earnings and profits" of Aurora. To the extent the fair market value of the Units distributed pursuant to the Distribution exceeds Aurora's adjusted tax basis in such Units (as calculated for U.S. federal income tax purposes), the Distribution can be expected to generate additional earnings and profits for Aurora. To the extent that the fair market value of the Units exceeds the current and accumulated "earnings and profits" of Aurora, the distribution of the Units pursuant to the Distribution will be treated: (a) first, as a tax free return of capital to the extent of a U.S. Holder's tax basis in the Aurora Shares; and (b) thereafter, as gain from the sale or exchange of such Aurora Shares. Aurora may not calculate its earnings and profits in accordance with U.S. federal income tax principles and as a result, each U.S. Holder may have to assume that the Distribution by Aurora constitutes ordinary dividend income.

The foregoing discussion is qualified in its entirety by the more detailed discussion of the U.S. federal income tax consequences of the Distribution in this Prospectus, and all Aurora Shareholders should read the discussion contained therein and consult with their own tax advisors. See "Certain United States Federal Income Tax Considerations for U.S. Holders".

Risk Factors

An investment in the Units is subject to certain risks that should be considered by prospective investors and their advisors, including:

- The businesses in which the Company invests in the United States ("**U.S. Investees**") may violate U.S. federal laws and regulations.
- U.S. federal trademark and patent protection may not be available for the intellectual property of the Company's U.S. Investees due to the current classification of cannabis as a Schedule I controlled substance.
- U.S. Investees contracts may not be legally enforceable in the United States.
- The Company's investments in the United States will be subject to applicable anti-money laundering laws and regulations.
- There are risks associated with removal of U.S. Federal Budget Rider Protections.
- Laws and regulations affecting the cannabis industry are constantly changing.
- The Company's directors, officers and employees may face challenges entering the United States.
- There may be a possible failure to realize expected returns on the Company's investments.
- The market price of the Shares and Warrants is volatile and may not accurately reflect the long-term value of the Company.
- The Company's businesses require compliance with regulatory or agency proceedings, investigations and audits.

- The Company faces liquidity and funding risks.
- The Company has a limited operating history.
- The Company may require additional financing.
- There is no assurance that the Company will turn a profit or generate immediate revenues.
- The Company may incur significant tax liabilities if the Internal Revenue Service continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the Internal Revenue Code of 1986, as amended.
- The Company's insurance coverage may not be adequate to cover all risks and hazards.
- The Company and its U.S. Investees may become party to litigation from time to time.
- The Company's investments are exposed to currency fluctuations.
- The Company's management may have conflicts of interest.
- The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.
- There are risks inherent in an agricultural business.
- The Company is vulnerable to rising energy costs.
- The Company may be vulnerable to unfavorable publicity or consumer perception.
- The Company may modify its Investment Policy.
- The Company has a small investment portfolio.
- The Company's assumptions relating to the tax treatment of the Distribution may prove to be incorrect.

See "Risk Factors".

DEFINITIONS

In this Prospectus, the following words and phrases have the following meanings unless the context otherwise requires:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**Advisory Committee**" means a committee engaged by the Board to assist in administering the Investment Policy;

"**AJR**" means AJR Builders Group LLC, Aurora's former joint venture partner in Australis Holdings;

"**allowable capital loss**" has the meaning ascribed thereto under the heading "Certain Canadian Federal Income Tax Considerations – Resident Holders – Disposition of Shares";

"**Audit Committee**" means the Audit Committee of the Board;

"**Aurora**" means Aurora Cannabis Inc., a corporation organized under the laws of British Columbia;

"**Aurora Marijuana**" means Aurora Marijuana Inc., a corporation organized under the laws of Alberta;

"**Aurora Shareholders**" means holders of Aurora Shares;

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

"**Australis Nevada**" means Australis Capital (Nevada) Inc., a corporation organized under the laws of Nevada;

"Company" means Australis Capital Inc., a corporation organized under the laws of Alberta;

"**Australis Holdings**" means Australis Holdings LLP, a limited liability partnership organized under the laws of Washington State;

"**BCSC**" means the British Columbia Securities Commission;

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

"**CanniMed**" means CanniMed Therapeutics Inc., a corporation organized under the laws of Canada;

"**CBCA**" means the *Canada Business Corporations Act*, as amended, including all regulations promulgated thereunder;

"**CRA**" means the Canada Revenue Agency;

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

"**Custodian**" means Computershare Trust Company of Canada, in its capacity as custodian for the Unit Shares of Non-Residents;

"**Definitive Certificates**" mean one or more certificates in registered and definitive form;

"**Depository**" means CDS Clearing and Depository Services Inc.;

"**Distribution**" means the distribution by Aurora of Units to Aurora Shareholders as a return of capital;

"**Funding Agreement**" means the agreement dated June 14, 2018 between the Company and Aurora, pursuant to which Aurora agreed to advance $500,000 to the Company in consideration for the Restricted Back-In Right;

"**Gross income**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations to U.S. Holders - Passive Foreign Investment Company Rules";

"**Holder**" has the meaning ascribed thereto under the heading "Certain Canadian Federal Income Tax Consideration";

"**IFRS**" means International Financial Reporting Standards;

"**Investment Policy**" means the policy adopted by the Board in respect of the Company's investments, which is attached hereto as Appendix B;

"**Mark-to-Market Election**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations to U.S. Holders - Passive Foreign Investment Company Rules - Default PFIC Rules Under Section 1291 of the Code";

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*;

"**Non-Electing U.S. Holder"** has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations to U.S. Holders - Passive Foreign Investment Company Rules - Default PFIC Rules Under Section 1291 of the Code";

"**Non-Resident Holders**" has the meaning ascribed thereto under the heading "Certain Canadian Federal Income Tax Considerations – Non-Resident Holders";

"**Non-Residents**" means any registered or beneficial holder of Aurora Shares who is, or who appears to the Company or the Custodian to be, a non-resident of Canada within the meaning of the Tax Act;

"**Options**" means stock options granted pursuant to the Company's Share Option Plan;

"**persons**" includes an individual, partnership, association, body corporate, trustee, executor, administrator or legal representative;

"**PFIC**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations to U.S. Holders";

"**PFIC asset test**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations to U.S. Holders – Passive Foreign Investment Company Rules";

"**PFIC income test**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations to U.S. Holders – Passive Foreign Investment Company Rules";

"**Prairie Plant**" means Prairie Plant Systems Inc., a corporation organized under the laws of Saskatchewan;

"**Proposed Amendments**" has the meaning ascribed thereto under the heading "Certain Canadian Federal Income Tax Considerations";

"**PUC**" has the meaning ascribed thereto under the heading "Certain Canadian Federal Income Tax Considerations – Assumptions Regarding Return of Capital";

"**QEF Election**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations to U.S. Holders – Passive Foreign Investment Company Rules - Default PFIC Rules Under Section 1291 of the Code";

"**Record Date**" means the record date set by the board of directors of Aurora to determine the Aurora Shareholders entitled to receive the Distribution;

"**Regulations**" has the meaning ascribed thereto under the under heading "Certain Canadian Federal Income Tax Considerations";

"**Reorganization**" means the business changes intended to divest Aurora of its non-core U.S. assets and maximize the overall value of the Aurora assets for Aurora Shareholders, including the transfer of Prairie Plant's interests in the SubTerra Assets to the Company, the disposition by Aurora of certain intercompany debt owed by Aurora Marijuana, the transfer of Units to Aurora by Aurora Marijuana, the Funding Agreement between Aurora and the Company, the Distribution and the related transactions as described under the heading "Reorganization and Distribution";

"**Resident Holders**" has the meaning ascribed thereto under the heading "Certain Canadian Federal Income Tax Considerations – Resident Holders"

"**Restricted Back-in Right**" has the meaning ascribed thereto under the heading "Reorganization and Distribution – Funding Agreement and Restricted Back-in Right";

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, accessible through the internet at www.sedar.com;

"**Selling Agent**" means the registered securities broker or dealer retained by the Custodian for the purpose of effecting a sale of Shares and Warrants on behalf of Non-Residents as described under "Notice Regarding Declaration of Residency";

"**Share Option Plan**" means the Company's Share Option Plan discussed under "Options to Purchase Securities – Share Option Plan";

"**Shares**" has the meaning ascribed thereto on the face page of the Prospectus;

"**Subsidiary PFIC**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations to U.S. Holders - Passive Foreign Investment Company Rules";

"**SubTerra**" means SubTerra LLC, a limited liability company organized under the laws of Michigan State;

"**SubTerra Assets**" means: (i) a royalty of five percent (5%) of any gross revenues of SubTerra earned annually from any sale of cannabis and cannabis based products grown and/or processed at its facility until May 31, 2028; (ii) a payment of $150,000 annually during the period commencing June 1, 2018 and ending May 31, 2028; and (iii) a two-year option to purchase the White Pine Parcel for US$3,000, as described in more detail under "General Development and Business of the Company – Investments – Details of SubTerra Assets";

"**SubTerra Purchase Agreement**" means the securities purchase agreement among SubTerra, Prairie Plant and Mr. Brent Zettl dated May 18, 2018, pursuant to which Prairie Plant sold its remaining 19.9% interest in SubTerra to Mr. Brent Zettl;

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

"**taxable capital gain**" has the meaning ascribed thereto under the heading "Certain Canadian Federal Income Tax Considerations – Resident Holders – The Distribution";

"**Transfer Agent**" means Computershare Investor Services Inc., in its capacity as registrar and transfer agent for the Aurora Shares;

"**TSX**" means the Toronto Stock Exchange;

"**Units**" means units of the Company, each consisting of one Unit Share and one Warrant;

"**Unit Shares**" means the Shares that form part of the Units;

"**U.S. Holder**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations to U.S. Holders";

"**Warrant**" has the meaning ascribed thereto on the face page of the Prospectus;

"**Warrant Agent**" means Computershare Investor Services Inc., in its capacity as warrant agent for the Warrants;

"**Warrant Indenture**" has the meaning ascribed thereto on the face page of the Prospectus; and

"**Warrant Share**" has the meaning ascribed thereto on the face page of the Prospectus.

Words importing the singular number only, include the plural and vice versa, and words importing any gender include all genders.

CORPORATE STRUCTURE

Australis Capital Inc. was incorporated under the *Business Corporations Act* (Alberta) on February 6, 2015.

Australis has the following subsidiaries:

- Australis Capital (Nevada) Inc., a corporation organized under the laws of Nevada, in which Australis holds a 100% ownership interest; and

- Australis Holdings LLP, a limited liability partnership in the State of Washington, 50% of which is held by Australis and 50% of which is held by Australis' wholly-owned subsidiary, Australis Nevada.

Our head office is at Suite 900, 510 Seymour Street, Vancouver, British Columbia, V6B 1V5. Our registered and records office is at 2200, 10155 – 102 Street, Commerce Place, Edmonton, Alberta, Canada, T5J 4G8.

GENERAL DEVELOPMENT AND BUSINESS OF THE COMPANY

Overview

The Company is an investment company that carries on business with the objective of enhancing shareholder value. The Company will seek to accomplish this objective by making use of the experience, expertise and opportunity flow of its management and Board to opportunistically make investments in the cannabis and real estate sectors in the United States. Such investments may include the acquisition of equity, debt or other securities of publicly traded or private companies or other entities, financing in exchange for pre-determined royalties or distributions and the acquisition of all or part of one or more businesses, portfolios or other assets, in each case that the Company believes will enhance value for the shareholders of the Company in the long term.

Strategy and Objectives

The Company's short-term objectives are to: (i) identify investment opportunities in accordance with the objectives set out in the company's Investment Policy, as described below under the heading "Investment Policy", and (ii) obtain a listing of its Shares and Warrants on the CSE.

Employees

As at the date of this Prospectus, we have no employees other than our directors and officers. See "Directors and Executive Officers".

Competitive Conditions

Within the short period of legal adult use, increasing cannabis sales and further steps toward industry regulation and legalization have prompted a push toward increasingly bigger waves of investment and innovation in the cannabis industry. There is also a strong opportunity for products, brands, research, and related services that will complement the cannabis market. The Company will seek to leverage its operational expertise and industry knowledge to capitalize on the so-called "green-rush" in the legal cannabis industry. Cannabis production opportunities are becoming increasingly available as new jurisdictions move towards establishing new or improved regulated cannabis regimes. Despite the fast-growing market for cannabis in the United States, there remains a significant lack of traditional sources of bank lending or venture and private equity capital, as well as an absence of traditional management expertise and advisory services. This is primarily because of the regulatory and legal challenges that cannabis continues to pose in the United States.

Investment Policy

The Company has adopted the Investment Policy to govern its investment activities. The Investment Policy sets out, among other things, the investment objectives and strategy of the Company based on certain fundamental principles. The Company's Investment Policy is attached as Appendix B.

The Company expects that its investment portfolio will, from time to time, be comprised of securities of both public and private companies or other entities in the cannabis and real estate sectors in the United States. The Company will invest opportunistically in securities, with a preference for securities in equity, equity-related securities, and royalty securities. However, the Company may invest in a wide range of other instruments including, without limitation, preferred shares, warrants, convertible debentures, secured or unsecured debt, and bridge financing or other short term capital**.**

The Company has engaged the Advisory Committee to assist in monitoring its investment portfolio on an ongoing basis and to review the status of each investment at least once a month or on an as-needed basis. Members of the Advisory Committee shall be appointed by the Board and may be removed or replaced by the Board. Officers and directors of the Company may be members of the Advisory Committee, but members of the Advisory Committee need not be officers or directors of the Company.

The initial Advisory Committee is comprised of Graham Saunders, Neil Belot and Desmond Balakrishnan. These individuals have a broad range of business experience and their own networks of business partners, financiers, venture capitalists and finders through whom potential investments may be identified. See "Directors and Officers" for biographies of each of the members of the Advisory Committee.

Notwithstanding the foregoing, the Company's investment objectives, investment strategy and investment restrictions may be amended from time to time as approved by the Board**,** in consultation with the Advisory Committee. Additionally, notwithstanding the Investment Policy, the Board, in consultation with the Advisory Committee, may, from time to time, authorize such additional investments outside of the disciplines set forth in the Investment Policy as it sees fit for the benefit of the Company and its shareholders.

Voluntarily Adopted Investment Measures

In order to address certain securities regulatory or public interest policy objectives, the Company will voluntarily adopt a number of measures that will define its business and the scope of its operations. These voluntarily adopted measures include:

(a) $12,000,000 of available funds (the "**Restricted Funds**") will be set aside and will be deposited into escrow with Computershare Trust Company of Canada (the "**Escrow Agent**") pending deployment. The terms of the escrow will provide that in order for any funds to be released from escrow, the Company must certify to the Escrow Agent that such funds are being used for investments ("**Eligible Investments**") made in accordance with the Company's Investment Policy and not in contravention of any of the Investment Restrictions, as described below;

(b) the Company's investments will be subject to the following investment restrictions, and any changes to such investment restrictions will require approval of the Company's shareholders by

way of either an "ordinary resolution" as such term is defined in the ABCA or a written consent of shareholders of the Company representing a majority of the Shares:

(i) the Company will invest at least 75% of the Restricted Funds in a minimum of three different Eligible Investments on or before the third anniversary of the date of this Prospectus, except where the Board determines, acting reasonably and in good faith, that satisfying such a commitment would result in a breach of the Board's fiduciary duties as directors under applicable corporate law,

(ii) the Company's investments will be subject to a concentration restriction that prohibits the Company from making an investment if, after giving effect to such investment, such investment would exceed 33 $^{1}/_{3}$% of the Company's total assets; provided, however, that the Company will nonetheless be permitted to complete up to one investment where, after giving effect to each such investment, the total amount of such investment would be equal to no more than 50% of the Company's total assets, and provided further that the foregoing restriction will cease to apply in the event that the total value of the Company's investments exceeds $50,000,000,

(iii) the Company may not make investments other than Eligible Investments made in accordance with the Company's Investment Policy, and

(iv) the Company may not invest in cannabis-related assets or securities of issuers involved in the U.S. cannabis industry that are in breach of applicable state or local cannabis regulatory framework,

(collectively, the "**Investment Restrictions**");

provided, however, that the Investment Restrictions will cease to apply once either (A) all of the Restricted Funds have been deployed in Eligible Investments, or (B) the Company obtains approval of the Company's shareholders to remove the Investment Restrictions by way of an "ordinary resolution" as such term is defined in the ABCA or a written consent of shareholders of the Company representing a majority of the Shares;

(c) the Company has included a risk factor in this Prospectus under "Risk Factors" that cautions potential investors that although the Company has voluntarily adopted certain investor protection features, (i) shareholders will not have the right to pre-approve any investments except as may be required under applicable stock exchange requirements or pursuant to the Investment Restrictions, and (ii) there may be no mechanism for the Company to return funds to shareholders, including purchasers in the Company's Private Placement, in the event that any of the Restricted Funds are not deployed in accordance with the Investment Policy. See "Risk Factors – Risks Relating to the Company's Business – The Company has a small investment portfolio";

(d) the Board will consist of a majority of independent directors in accordance with the recommendation of the Canadian securities regulatory authorities set forth in Section 3.1 of National Policy 58-201 – *Corporate Governance Guidelines* (see "Directors and Executive Officers");

(e) although the Company is not a non-redeemable investment fund under Canadian securities laws, it will nonetheless voluntarily provide in its management's discussion and analysis ("**MD&A**") required by National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") certain disclosure only required to be provided by investment funds pursuant to Form 81-101F2, specifically: (i) item 3(5) with respect to fundamental changes to the Company's investment objectives; and (ii) item 4(1) with respect to investment restrictions (including details of the Investment Restrictions and the Company's investment objectives); and

(f) until the Company has invested at least 50% of the Restricted Funds, the Company will voluntarily provide, in its management's discussion and analysis required by NI 51-102, summary financial information prepared in accordance with IFRS for all of its investments in respect of which it has

previously filed a business acquisition report in accordance with section 8.2 of NI 51-102 ("BAR"). As such, notwithstanding the fact that the Company does not intend to utilize the equity method of accounting, it will nonetheless treat each investment for which it has filed a BAR as a ''significant equity investee'' for purposes of Section 5.7 of NI 51-102.

Initial Investments

Australis Holdings LLP

Australis Holdings is a Washington Limited Liability Partnership, which was formed on April 7, 2015 when the Company entered into a Limited Liability Partnership Agreement with AJR. The principal place of business of Australis Holdings is 4222 Dumas Ave., Bellingham, Washington 98229.

In 2015, Australis Holdings purchased two parcels of land totaling 24.5 acres in Whatcom County, Washington (the "**Washington Property**") for US$2,300,000 to construct a new cannabis production and processing facility. The parties subsequently decided not to move forward with US medical cannabis production at the Washington Property. Pursuant to a promissory note dated April 10, 2015, the Company loaned $1,644,831 to Australis Holdings to fund the purchase of the Washington Property, bearing interest at a rate of 5% per annum and on October 31, 2017, the Company also advanced a further $1,235,221 to Australis Holdings as an interest free loan.

On July 20, 2018, the Company, through its wholly-owned subsidiary Australis Nevada, bought out the 50% interest of its joint venture partner, AJR, for US$500,000, resulting in the Company holding a 100% interest in Australis Holdings.

SubTerra Assets

SubTerra is a limited liability company organized under the laws of the State of Michigan. SubTerra operates a research facility located in White Pine, Michigan and has applied for a State of Michigan Class C Grower License and a State of Michigan Processor License for the production and processing of cannabis, respectively. At present, SubTerra is not engaged in the production or processing of cannabis.

On March 2, 2018, Prairie Plant, an indirect wholly-owned subsidiary of Aurora, sold 80.1% of its interest in SubTerra to Mr. Brent Zettl ("**Zettl**"), CanniMed's former Chief Executive Officer. On May 18, 2018, Prairie Plant sold its remaining 19.9% interest in SubTerra to Zettl pursuant to the SubTerra Purchase Agreement. In addition, under the SubTerra Purchase Agreement promissory notes and accounts for an aggregate of US$3,579,848.17 that had been extended by Prairie Plant to SubTerra, along with general security interests securing such promissory notes, were surrendered and cancelled. In exchange for selling its remaining interest in SubTerra to Zettl and for cancellation of the notes, Prairie Plant received the following:

(a) $78,336.69;

(b) the right to receive, during the period commencing June 1, 2018 and ending May 31, 2028:

  (i) five percent (5%) of any gross revenues of SubTerra earned annually from any sale of cannabis and cannabis-based products grown and/or processed at its facility;

  (ii) a payment of $150,000 annually; and

(c) a two-year option to purchase a parcel of land located in White Pine, Michigan for a period of two years for a price of US$3,000 (the "**White Pine Parcel**"), granted pursuant to an option agreement dated May 18, 2018.

The transactions contemplated by the SubTerra Purchase Agreement were completed on May 18, 2018.

On June 13, 2018, in connection with the Reorganization, the Company acquired the above assets (excluding the $78,336.69 cash payment) in consideration for the issuance of a promissory note for $1,400,000 in favour of Prairie Plant. See "Reorganization and Distribution – Preliminary Steps of the Reorganization".

Private Placement

The Company completed a non-brokered private placement (the "**Private Placement**") with directors and officers of the Company and certain arm's length purchasers (the "**Subscribers**") in two tranches on July 5, 2018 and August 3, 2018. The Company issued and sold to the Subscribers on a private placement basis, and the Subscribers subscribed for an aggregate of 85,000,000 Shares at an offering price of $0.20 per Share for gross proceeds to the Company of $17,000,000. This Prospectus does not qualify the distribution of the Shares issuable pursuant to the Private Placement. The Shares issued pursuant to the Private Placement are subject to a statutory hold period of four months and a day from the date of issuance.

United States Cannabis-Related Assets

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

As a result of the Company's interests in the SubTerra Assets and the Company's stated objective to invest in the United States cannabis industry in the future, the Company is subject to Staff Notice 51-352 and accordingly provides the following disclosure.

United States Legal Framework

Although there is growing support in the United States supporting the legalization of cannabis for medical, as well as non-medical purposes, the cultivation, distribution, possession, sale and consumption of cannabis remains illegal under U.S. federal law pursuant to the U.S. *Controlled Substances Act of 1970*, as amended. Further, there is no guarantee 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.

Formerly, the enforcement priorities of the U.S. federal government for cannabis were set out in the memorandum dated August 29, 2013 addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States, and having the subject line "Guidance Regarding Marijuana Enforcement" (the "**Cole Memorandum**"). On January 4, 2018, the Cole Memorandum was revoked by the memorandum dated January 4, 2018 addressed to "All United States Attorneys" from Jefferson B. Sessions, Attorney General of the United States, and having the subject line "Marijuana Enforcement" (the "**Sessions Memorandum**"). As a result of the Sessions Memorandum, federal prosecutors will now be free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions.

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 Company's investments in such businesses would be materially and adversely affected. See "Risk Factors".

Investment in SubTerra Assets

As described above under the heading "General Development and Business of the Company – Initial Investments – SubTerra Assets," the Company holds interests in the SubTerra Assets, including a five percent (5%) royalty on any gross revenues of SubTerra earned annually from the sale of cannabis and cannabis-based products grown and/or processed at its facility in the State of Michigan. SubTerra does not currently produce, process or sell cannabis but intends to in the future subject to receiving the requisite licenses. As such, the Company's statements of financial position and statements of comprehensive loss currently have no exposure to U.S. cannabis-related activities.

For the purposes of Staff Notice 51-352, and once SubTerra commences its cannabis operations in the State of Michigan, the Company's interest in the SubTerra Assets may be classified as indirect involvement in the United States cultivation or distribution industry.

In September 2016, Michigan signed into law three bills that created a licensing and regulatory framework for medical marijuana. Starting December 15, 2017, the Bureau of Medical Marihuana Regulation ("**BMMR**") began administering the Medical Marihuana Facilities Licensing Act ("**MMFLA**"). There are five types of marijuana licenses offered in Michigan: a) Class A, B, or C Grower Licenses, b) Processor Licenses, c) Provisioning Center Licenses that allow for the operation of a dispensary, d) Secure Transporter Licenses that allow businesses to transport marijuana between grower, processors, testers and dispensaries, and e) Safety Compliance Facility Licenses that tallow businesses to perform tests certifying the quality of the marijuana. Recreational marijuana remains illegal in Michigan.

The BMMR has been accepting applications of medical marijuana licenses since December 15, 2017. The application consists of two steps: 1) a pre-qualification stage that includes a full background check and an application fee of US$6,000, and 2) a license qualification stage which requires information specific to the physical location of the applicant's business as well as the type of facility license the potential licensee is applying for. A license may not be issued unless the municipality in which the licensee is intending to operate in has enacted an ordinance authorizing marijuana facilities under the MMFLA.

SubTerra has applied for a State of Michigan Class C Grower License and a State of Michigan Processor License for the production and processing of cannabis, respectively. As SubTerra is not currently engaged in the production or processing of cannabis, the Company is not aware of any non-compliance by SubTerra with applicable laws regulating cannabis in the State of Michigan.

Investments in United States Cannabis-Related Assets

As described under the heading "General Development and Business of the Company – Investment Policy", the Company anticipates that it may in the future invest in cannabis-related assets in the United States. While the Company does not have a current intention to acquire a controlling interest in any United States cannabis-related assets, the Company may in the future acquire such an interest. In accordance with Staff Notice 51-352, the Company intends to supplement its public disclosure in the event that it acquires any additional United States cannabis-related assets.

Ability to Access Public and Private Capital

The Company expects in the future to raise equity and/or financing in public markets in Canada. If the Company's ability to raise equity and/or debt financing was no longer available in the public markets in Canada due to changes in applicable law, then the Company expects that it may have to raise equity and/or debt financing privately. However, commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to businesses engaged in cannabis-related activities. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See "Risk Factors".

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis (the "**MD&A**") reports on the financial condition and operating results of the Company for the three and twelve months ended March 31, 2018 and is prepared as of the date of this Prospectus. It should be read in conjunction with the sections entitled "Prospectus Summary – Summary of Selected Audited Financial Information of the Company" and "Risk Factors" and our audited financial statements for the year ended March 31, 2018 and the accompanying notes (the "**Financial Statements**") contained elsewhere in this Prospectus. Our financial statements are prepared in accordance with IFRS.

Certain information contained herein is forward-looking and based upon assumptions and anticipated results that are subject to risks, uncertainties and other factors. Readers are cautioned to review "Forward-Looking Information" and "Risk Factors". Certain forward-looking statements in this MD&A include, but are not limited to the following:

- statements related to the completion of the Reorganization of the Company and the events related thereto and contingent thereon;
- information with respect to our future financial and operating performance; and
- adequacy of financial resources.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. Such factors include but are not limited to the Company's ability to obtain the necessary financing and other risks as set out under "Risk Factors". The results for the period presented are not necessarily indicative of the results that may be expected for any future period.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars, except for share and per share amounts, and where indicated otherwise.

Business Overview

The Company is an investment company focusing on investments in the cannabis and real estate industries in the United States. The Company's investments may include the acquisition of equity, debt or other securities of publicly traded or private companies or other entities, financing in exchange for pre-determined royalties or distributions and the acquisition of all or part of one or more businesses, portfolios or other assets, in each case that the Company believes will enhance value for the shareholders of the Company in the long term.

As of March 31, 2018, the Company's primary asset consisted of a 50% interest in a joint venture company, Australis Holdings. Subsequent to March 31, 2018, the Company acquired the SubTerra Assets and, through its wholly-owned Nevada subsidiary, acquired the 50% interest of its joint venture partner, AJR, in Australis Holdings. The Company's principal assets currently consist of its 100% interest in Australis Holdings, the SubTerra Assets and cash. See "General Development and Business of the Company".

Selected Annual Information

	March 31, 2018	March 31, 2017	March 31, 2016
	$	$	$
Revenue	-	-	-
Net and comprehensive loss	(42,697)	(50,520)	(69,806)
Basic and diluted loss per share	(427)	(505)	(698)
Total assets	3,010,501	1,726,823	1,685,038
Total long-term liabilities	-	-	-

Total assets increased during the year primarily due to the additional $1,235,221 loan advanced to Australis Holdings and accrued interest income.

Net and comprehensive loss decreased in the year due to a decrease in professional fees and an increase in interest income.

Net and comprehensive loss decreased from 2016 to 2017 primarily due to a decrease in professional fees of $22,016. Professional fees were higher during the year ended March 31, 2016 due to legal fees incurred for the formation of the Australis Holdings joint venture arrangement.

Summary of Quarterly Results

The following table presents selected financial information from continuing operations for the most recent eight quarters:

Quarter ended	Revenue	Net Loss	Loss per share
	$	$	$
March 31, 2018	-	(5,485)	(55)
December 31, 2017	-	(12,485)	(125)
September 30, 2017	-	(12,483)	(125)
June 30, 2017	-	(12,244)	(122)
March 31, 2017	-	(11,457)	(115)
December 31, 2016	-	(16,435)	(164)
September 30, 2016	-	(11,402)	(114)
June 30, 2016	-	(11,226)	(112)

Net loss for the quarter ended March 31, 2018 decreased primarily due to increased interest income earned from loans receivable and other income.

Net loss for the quarter ended December 31, 2016 increased due to professional fees incurred for tax return services for fiscal periods 2015 and 2016.

Results of Operations

Interest expense increased by $1,059 and $4,291 during the three and twelve months ended March 31, 2018. The increase was due to the compounding of interest on the loan principal and interest balance outstanding.

Professional fees increased by $736 and decreased by $4,297 during the three and twelve months ended March 31, 2018. The decrease was due to the Company incurring tax return services in the prior period for the completion of the Company's 2015 and 2016 tax returns.

Interest income increased by $6,044 and $5,931 during the three and twelve months ended March 31, 2018. The increase was due to the compounding of interest on the loan principal and interest balance receivable.

Liquidity and Capital Resources

The Company has incurred operating losses over the past fiscal years, has limited resources and no sources of operating cash flow.

Working capital deficiency as of March 31, 2018 was $163,022 as compared to a deficiency of $120,325 at March 31, 2017. The increase in working capital deficiency of $42,697 was largely attributable to an increase in interest payable.

Cash on hand decreased by $552 from $552 as at March 31, 2017 to $nil as at March 31, 2018. The decrease in cash and cash equivalents resulted mainly from bank indebtedness of $67 offset by net cash used for operations of $619.

On October 31, 2017, the Company received a loan of $1,235,221 from Aurora. The loan was due on demand, unsecured and bears no interest.

On October 31, 2017, the Company loaned Australis Holdings a further $1,235,221. The loan was due on demand, unsecured and bears no interest. The loan proceeds were used by Australis Holdings to fully repay the remaining loan on the Property.

The Company has financed its operations to date through loans received from Aurora.

The Company is not exposed to any externally imposed capital requirements.

Operating Activities

For the twelve months ended March 31, 2018, cash flows used for operating activities were $619 compared to cash generated from operating activities of $552 for the twelve months ended March 31, 2017. During the twelve months ended March 31, 2018, cash flows used for operations resulted primarily from cash flows used for operating expenses of $42,697 offset by $42,078 related to changes in non-cash working capital.

Financing Activities

Net cash flows provided by financing activities for the year ended March 31, 2018 were $67, compared to $nil for the year ended March 31, 2017, and was generated from bank indebtedness.

Off-Balance Sheet Arrangements

As at the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions

The Company incurred the following transactions with related parties during the years ended March 31, 2018 and 2017:

	2018	2017
	$	$
Interest income from Australis Holdings earned from loans receivable	47,164	41,233
Interest expense accrued to Aurora for loans payable	90,543	86,252

Related party balances

The following related party amounts were included in (i) due from a shareholder, (ii) loans receivable, (iii) & (v) accounts payable and accrued liabilities and (iv) loans payable:

	2018	2017
	$	$
(i) Due from a shareholder	100	100
(ii) Loan to Australis Holdings	3,008,556	1,726,171
(iii) Payable to Australis Holdings [(1)]	624	624
(iv) Loan from Aurora	3,137,061	1,811,297
(v) Advances from companies with common directors and officers [(1)]	35,684	33,101

[(1)] The amount is unsecured, non-interest-bearing and has no fixed repayment terms.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets. The most significant judgments in applying the Company's financial statements include the

assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

New Accounting Pronouncements

There were no new standards effective April 1, 2017 that had an impact on the Company's consolidated financial statements. The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 7 Financial instruments: Disclosure

IFRS 7 Financial instruments: Disclosure, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

(ii) IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Financial Instruments and Risk Management

Fair value of financial instruments

The Company's financial instruments consist of cash, loans receivable, due from shareholder, accounts payable and accrued liabilities, bank indebtedness and loans payable. The carrying values of these financial instruments approximate their fair values as at March 31, 2018.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the year.

The following table summarizes the Company's financial instruments as at March 31, 2018:

	Available-for-sale financial assets	Loans and receivables	Financial assets at FVPTL	Other financial liabilities	Total
	$	$	$	$	$
Financial Assets					
Loans receivable	-	3,008,556	-	-	3,008,556
Due from shareholder	-	100	-	-	100
Total Financial Assets	-	3,008,656	-	-	3,008,656

Financial Liabilities	-	-	-		
Bank indebtedness	-	-	-	67	67
Accounts payable and accrued liabilities	-	-	-	36,295	36,295
Loans payable	-	-	-	3,137,061	3,137,061
Total Financial Liabilities	-	-	-	3,173,423	3,173,423

Financial instruments risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its loan receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. Credit risk from the loans receivable arises from the possibility that principal and/or interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationships.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

As at March 31, 2018, the Company has the following contractual obligations:

	Total	<1 year	1 - 3 years	3 -5 years
	$	$	$	$
Bank indebtedness	67	67	-	-
Accounts payable and accrued liabilities	36,295	36,295	-	-
Loans payable	3,137,061	3,137,061	-	-
	3,173,423	3,173,423	-	-

Market risk

a) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risks.

At March 31, 2018, the Company holds cash, loans receivable, due from shareholder, bank indebtedness, accounts payables and accrued liabilities, and loans payable in Canadian dollars. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bear interest at market rates. The Company's loan receivable and loan payable have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

Outstanding Share Data

As of the date of this Prospectus, the Company had the following securities issued and outstanding:

Securities	
	#
Shares	111,802,364
Warrants	26,802,364
Options	7,200,000

REORGANIZATION AND DISTRIBUTION

As part of a Reorganization and spin out of its interests in Australis Holdings and the SubTerra Assets, Aurora is distributing the Units to holders of the Aurora Shares as a return of capital. The Distribution will be paid on the basis of one Unit for every 34 Aurora Shares which are outstanding on the Record Date to be fixed by the board of directors of Aurora.

Preliminary Steps of the Reorganization

In connection with the proposed Distribution, on June 13, 2018 Aurora completed a series of intercorporate transactions involving Aurora and its subsidiaries, as follows:

- the Company issued 18,567,070 Units to Aurora Marijuana, a subsidiary of Aurora, in satisfaction of $3,156,402 of intercorporate debt at a deemed price of $0.17 per Unit;

- the Company repurchased 100 Shares of the Company from Aurora Marijuana for $0.17 per Share, which were cancelled and returned to treasury;

- Aurora Marijuana transferred 18,567,070 Units, being all of the issued and outstanding Units, to Aurora in satisfaction of $3,156,402 of intercorporate debt at a deemed price of $0.17 per Unit, resulting in the Company becoming a direct wholly-owned subsidiary of Aurora;

- in consideration for a promissory note in the amount of $1,400,000, the Company acquired from Prairie Plant, a indirect wholly-owned subsidiary of Aurora, the SubTerra Assets;

- Prairie Plant transferred the $1,400,000 promissory note to its sole shareholder, CanniMed, which then transferred the promissory note to its sole shareholder, Aurora; and

- the Company issued 8,235,294 Units to Aurora in satisfaction of the $1,400,000 promissory note at a deemed price of $0.17 per Unit.

The Reorganization resulted in the Company holding a direct interest in 100% of the outstanding Shares and Warrants and the Company holding all of the United States assets of Aurora and its subsidiaries, consisting of the following:

- a 50% joint venture interest in Australis Holdings, a limited liability partnership organized under the laws of Washington State, which holds two parcels of land totaling 24.5 acres in Whatcom County, Washington (the "**Whatcom Land**"), along with approximately $3,156,402 of loans (including interest as of June 13, 2018) owing from Australis Holdings; and

- the SubTerra Assets, which consist of (a) a royalty of five percent (5%) of the gross revenues of SubTerra earned annually from any sale of cannabis and cannabis based products grown and/or processed at its facility until May 31, 2028; (b) a payment of $150,000.00 annually during the period commencing June 1, 2018 and ending May 31, 2028; and (c) a two-year option to purchase the White Pine Parcel for fair market value as agreed to by the parties to the SubTerra Purchase Agreement.

On July 20, 2018, the Company, through its wholly-owned subsidiary Australis Nevada, acquired the remaining 50% joint venture interest in Australis Holdings for US$500,000, resulting in the Company holding a 100% interest in the Whatcom Land

Funding Agreement and Restricted Back-in Right

Aurora and the Company entered into the Funding Agreement on June 14, 2018 pursuant to which Aurora will advance $500,000 to the Company, in consideration for which the Company will provide Aurora with the Restricted Back-in Right, by issuing to Aurora (a) a warrant to purchase a number of Shares equal to 20% of the issued and outstanding Shares as of the date on which the Shares commence trading on the CSE, which will be exercisable for a period of ten years from the date of issue at an exercise price of $0.20 per Share, and (b) a warrant to purchase a number of Shares equal to 20% of the number of Shares issued and outstanding as of the date of exercise, which will be exercisable for a period of ten years from the date of issue at an exercise price equal to the five day volume weighted average trading price of the Shares on the CSE or such other stock exchange on which the Shares may then be listed at the time of exercise, or if the Shares are not then listed on a stock exchange at the fair market value of the Shares at the time of exercise (collectively, the "**Restricted Back-in Right**"). Aurora will be prohibited from exercising the Restricted Back-in Right unless all of the Company's business operations in the United States are legal under applicable federal and state laws and Aurora has received the consent of the TSX and any other stock exchange on which Aurora may be listed, as required. As disclosed elsewhere in this Prospectus, cannabis continues to be categorized as a controlled substance in the United States under the federal Controlled Substances Act and as such, cannabis-related practices or activities (including without limitation, the manufacture, importation, possession, use or distribution of cannabis) are illegal under United States federal law.

Pursuant to the Funding Agreement, Aurora will also fund the Company's transaction costs in connection with the Reorganization in the amount of $200,000 in consideration for the issuance by the Company of 1,176,470 Units to Aurora at a price of $0.17 per Unit and will purchase from the Company, at a price of $0.17 per Unit, such additional number of Units that would result in Aurora holding a sufficient number of Units to pay out the Distribution on the basis of one Unit for every 34 Aurora Shares which are outstanding on the Record Date. Based on 952,433,322 Aurora Shares outstanding as of August 13, 2018, Aurora would be required to purchase an additional 33,911 Units for $5,765 under the Funding Agreement in order to hold sufficient Units for the Distribution.

Mechanics of the Distribution

To complete the Reorganization, Aurora will distribute, as a return of capital, all of the Units that it holds to Aurora Shareholders as of the Record Date at a ratio of one Unit for every 34 Aurora Shares. Aurora is not expected to hold any Shares or Warrants, other than the Restricted Back-in Right, upon completion of the Distribution.

Fractional Units will not be issued. The number of Units to be distributed to an Aurora shareholder will be rounded down to the nearest whole number of Units.

In connection with the Distribution, Aurora intends to effect a reduction in the capital of the Aurora Shares in an amount equal to the aggregate fair market value of the Units distributed. The shareholders of Aurora passed a special resolution approving the reduction of capital at a special meeting of shareholders held on July 18, 2018.

The Warrants will be governed by the terms of the Warrant Indenture between the Company and Computershare that will be entered into on the Closing Date. This may affect the trading price of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation.

The Company has applied to the CSE for the listing of the Shares and the Warrants. The CSE has conditionally approved the listing of the Shares or the Warrants. Listing is subject to the Company fulfilling all the requirements of the CSE, including meeting all minimum listing requirements. There is no guarantee that the CSE will provide final approval for the listing of the Shares or the Warrants. Neither the Shares or the Warrants have been listed or quoted on any stock exchange or market.

Registration

Book-Entry Global Certificates

The Unit Shares and Warrants comprising the Units will be issued in book-entry form to each holder who holds Aurora Shares in book-entry form as of the Record Date and will be represented by one or more fully registered book-entry global certificates (a "**Global Certificate**") held by, or on behalf of, the Depository or a successor thereto as custodian for its participants, subject to the residency declaration requirements described under "Notice Regarding Declaration of Residency".

Such holders will not receive the Unit Shares and Warrants in definitive certificate form. Rather, Unit Shares and Warrants will be represented in book-entry form. Beneficial interests in the Unit Shares and Warrants, constituting ownership thereof by such beneficial holders, will be represented through book-entry accounts of institutions acting on behalf of beneficial owners, as direct and indirect participants ("**Participants**") of the Depository. Each holder of Unit Shares and Warrants represented by a Global Certificate is expected to receive a customer confirmation from their respective Participant in accordance with the practices and procedures of the Participants, subject to the residency declaration requirements described under "Notice Regarding Declaration of Residency". The Depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Global Certificate. The ability of a beneficial owner of an interest in the Unit Shares and Warrants represented by a Global Certificate to pledge the Unit Shares or Warrants or otherwise take action with respect to such owner's interest in the Unit Shares and Warrants represented by a Global Certificate (other than through a Participant) may be limited due to the lack of a physical certificate.

The Company does not and will not have any liability for (i) the records maintained by the Depository relating to beneficial interests in Global Certificates or the book-entry accounts maintained by the Depository, (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or (iii) any advice or representation made or given by the Depository or made or given herein with respect to the rules and regulations of the Depository or any action to be taken by the Depository or at the direction of its Participants.

If the Depository is no longer willing or able to discharge properly its responsibilities as Depository with respect to the Global Certificates and the Company is unable to locate a qualified successor, or the Company has elected to terminate the book-entry only system through the Depository, beneficial owners of Shares represented by Global Certificates at such time will receive Shares in registered and definitive form ("**Definitive Certificates**").

Definitive Certificates

The Unit Shares and Warrants will be issued in Definitive Certificate or direct registration form to each holder who holds Aurora Shares in definitive certificate or direct registration form as of the Record Date, subject to the residency declaration requirements described under "Notice Regarding Declaration of Residency".

Transfer and Exchange of Shares

On the exercise of the Warrants issued under the Global Certificate, it is anticipated that the Warrant Shares will be issued in CDS form and registered in the name of the subscribers. No certificates evidencing Unit Shares, Warrants or Warrant Shares will be issued to holders. Holders of Unit Shares, Warrants and Warrant Shares will receive only a customer confirmation which describes the Unit Shares, Warrants and Warrant Shares issued to them.

Transfers of beneficial ownership in Unit Shares and Warrants represented by Global Certificates will be effected through records maintained by the Depository for such Global Certificates (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Unless Definitive Certificates are prepared and delivered, beneficial owners who are not Participants in the Depository's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of an interest in a Global Certificate, may do so only through Participants in the Depository's book-entry system.

Registered holders of Definitive Certificates may transfer such Unit Shares and Warrants upon the payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Shares to the registrar (or such other person as may be designated by the Company) for the Unit Shares and Warrants at its principal office in the City of Vancouver, or such other city or cities as may from time to time be

designated by the Company, whereupon new Unit Shares and Warrants will be issued in authorized denominations in the same aggregate amount as the Unit Shares and Warrants so transferred, registered in the names of the transferees.

Qualification of Securities

This Prospectus qualifies the distribution of the Shares and Warrants forming the Distribution.

USE OF PROCEEDS

Funds Available

As of August 13, 2018, the Company had working capital of $16,305,000. As at the date of payment of the Distribution, the Company anticipates having working capital of approximately $16,811,000, inclusive of approximately $506,000 to be invested by Aurora into the Company pursuant to the Funding Agreement prior to the Distribution. The Company will not realize any proceeds from the Distribution.

Principal Purposes

The available funds will be used by the Company for (a) general and administrative expenses, estimated at approximately $1,105,000 for the 12 months following the date of the Distribution, and consisting of audit ($30,000), transfer agent ($15,000), travel and related expenses ($70,000), lease and related expenses ($150,000), consulting fees ($30,000), regulatory expenses ($80,000), legal fees ($50,000) and wages and executive compensation ($680,000); (b) analysis and due diligence on potential investments; and (c) the acquisition of future investments. The amount of funds to be allocated to the evaluation and acquisition of new investments will be dependent on the investment opportunities which are identified by the Company.

$12,000,000 of the available funds will be set aside and will be deposited into escrow with the Escrow Agent pending deployment. The terms of the escrow will provide that in order for any funds to be released from escrow, the Company must certify to the Escrow Agent that such funds are being used for Eligible Investments made in accordance with the Company's Investment Policy and not in contravention of any of the Investment Restrictions. See " General Development of the Business of the Company – Voluntarily Adopted Investment Measures".

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. The Company may require additional funds in order to fulfill all of the Company's expenditure requirements and to meet its objectives, in which case the Company expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Company will be available if required.

Business Objectives and Milestones

The Company's short-term objectives are to: (i) identify investment opportunities in accordance with the objectives set out in the company's Investment Policy, as described under the heading "General Development of the Business – Investment Policy", and (ii) obtain a listing of the Shares and the Warrants on the CSE.

The timing of the Company's listing on the CSE will be dependent on the timing of the CSE's review, and there are no assurances that the Company will be successful in obtaining a listing of the Shares on the CSE. The Distribution is not conditional on the Company obtaining a listing on the CSE. The costs associated with the Reorganization and seeking a listing on the CSE are estimated to be approximately $200,000, which will be funded by Aurora pursuant to the Funding Agreement. The costs and timing of future investments will be dependent on the investment opportunities which are identified by the Company.

DIVIDEND POLICY

The Company has not paid any dividends on the Shares. We currently intend to retain future earnings, if any, to finance the expansion of our business and do not anticipate paying dividends in the foreseeable future. Any

decision to pay dividends on the Shares in the future will be made by the Board on the basis of the earnings and financial requirements of the Company as well as other conditions existing at such time.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information regarding our directors and executive officers:

Name, Age and Municipality of Residence	Current or Proposed Office with the Company	Date of Appointment	Principal Occupation During Five Preceding Years	Number and Percentage of Shares held as of the date of this Prospectus
Scott Dowty Age 50 Las Vegas, Nevada	Director and Chief Executive Officer	June 15, 2018	Chief Revenue Officer of Apriva LLC and CardConnect	1,125,000[(1)] (1.0%)
Arlene Dickinson Age 61 Calgary, AB	Director	June 15, 2018	Owner and CEO of Venture Communications	1,625,000[(2)] (1.5%)
John Dover Age 58 Edmonton, AB	Director	June 15, 2018	CEO of Nelcorp Inc.	1,125,000[(3)] (1.0%)
Roger Swainson Age 59 Edmonton, AB	Director	June 15, 2018	Lawyer at Brownlee LLP	500,000[(4)] (0.4%)
Campbell Birge Age 64 Victoria, BC	Chief Financial Officer and Corporate Secretary	June 15, 2018	President and Director of CTT Pharmaceutical Holdings Inc.	1,125,000[(5)] (1.0%)

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Notes:

(1) These Shares are held by Wyvern Capital Inc., over which Mr. Dowty has control and direction. Mr. Dowty also holds 2,500,000 Options, each exercisable at $0.20 per Share at any time prior to August 13, 2023, with 1/3 of such Options vesting each year after the date of grant.

(2) Ms. Dickinson also holds 900,000 Options, each exercisable at $0.20 per Share at any time prior to August 13, 2023, with 1/3 of such Options vesting each year after the date of grant.

(3) These Shares are held by Jax Financial Inc., over which Mr. Dover has control and direction. Mr. Dover also holds 900,000 Options, each exercisable at $0.20 per Share at any time prior to August 13, 2023, with 1/3 of such Options vesting each year after the date of grant.

(4) Mr. Swainson also holds 900,000 Options, each exercisable at $0.20 per Share at any time prior to August 13, 2023, with 1/3 of such Options vesting each year after the date of grant.

(5) Mr. Birge also holds 200,000 Options, each exercisable at $0.20 per Share at any time prior to August 13, 2023, with 1/3 of such Options vesting each year after the date of grant.

As of the date hereof, as a group, our directors and executive officers beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 5,500,000 Shares and 5,400,000 Options, equal to 4.9% of the Shares on a non-diluted basis and 7.4% of the Shares on a fully-diluted basis.

The members of the Audit Committee and the Compensation and Corporate Governance Committee consist of John Dover, Roger Swainson and Arlene Dickinson.

Biographies

The following are brief biographies of the above individuals and the current members of our Advisory Committee:

Scott Dowty, Chief Executive Officer and Director

Mr. Dowty has over 25 years of experience evaluating companies and markets to identify key business drivers and spur rapid revenue and profit growth in competitive and highly regulated global markets. Mr. Dowty has held senior executive and corporate officer positions with numerous publicly traded U.S. based companies, and is currently the Chief Revenue Officer of Apriva LLC, a leading provider of omnichannel payment solutions and secure mobile communications. Mr. Dowty started his payments career after nearly ten years of founding, building and successfully selling startups in Canada. He spent five years as director of CIBC Card Products and general manager and senior vice president at First Data International in Toronto, Canada between 1995 and 2005. Mr. Dowty transitioned to Las Vegas, Nevada in November 2005 serving Global Cash Access (NYSE:EVRI) as chief marketing officer (Section 16 Officer) and executive vice president responsible for all International business and much of the domestic operations. Prior to his position with Apriva LLC, Mr. Dowty was with CardConnect where he served as Chief Revenue Officer and Executive Vice president through their acquisition by Fintech Development Corp to CareConnect Inc (NASDAQ:CCN) which was subsequently acquired by First Data Corp (NYSE:FDC). Mr. Dowty is also the Founder and CEO of Passport Technology Inc., a leading developer of technology-based products and services for worldwide payments, gaming and financial services markets.

Mr. Dowty is not party to a written employment agreement with the Company. It is expected that Mr. Dowty will devote approximately 80% of his time to the business of the Company to effectively fulfill his duties as CEO and a Director.

Arlene Dickinson, Director

Arlene Dickinson is the owner and CEO of Venture Communications, a marketing and communications company she grew from a small, local firm to one of the largest independent agencies in Canada. Her marketing firm and Venture fund are focused on helping market, fund and grow entrepreneurs and entrepreneurial companies. She is a two time best-selling author, accomplished public speaker, and is best known for her role as a Dragon/Venture Capitalist for ten seasons on the award-winning television series Dragons Den. Ms. Dickinson’s leadership has been recognized many times, including Canada’s Most Powerful Women Top 100, the Pinnacle Award for Entrepreneurial Excellence, as well as PROFIT and Chatelaine’s Top 100 Women Business Owners. She is also a Marketing Hall of Legends inductee.

Ms. Dickinson is not party to a written employment agreement with the Company. It is expected that Ms. Dickinson will devote approximately 10% of her time to the business of the Company to effectively fulfill her duties as Director.

John Dover, Director

John Dover is CEO of NelCorp Inc., a Canada-based operations management consultancy which specializes in enhancing organizational performance and/or establishing effective Supply Chain Management (SCM) Programs for small to medium sized firms across North America. In addition, Mr. Dover has broad experience in asset based and structured financing transactions specific to more complex supply chain strategies. Mr. Dover is working towards obtaining an executive MBA.

Mr. Dover is not party to a written employment agreement with the Company. It is expected that Mr. Dover will devote approximately 10% of his time to the business of the Company to effectively fulfill his duties as Director.

Roger Swainson, Director

Mr. Swainson is a partner in Brownlee LLP's business law group. His practice focuses primarily on commercial lending and finance transactions, assisting lenders, mortgage brokers and mortgage servicers in structuring complex commercial loans and financings. Mr. Swainson's practice area also includes commercial real estate, advising buyers and sellers of commercial properties of all types, including office, industrial, retail and multi-residential. He has extensive experience in creating and developing all types of condominium projects, including phased and mixed-use developments, as well as in condominium governance and operation. He led the team that revised the Alberta Condominium Property Act and Regulations in 2002. Mr. Swainson graduated from the University of Alberta in 1983 with a law degree (LL.B.), and was called to the bar in Alberta (1984), Northwest Territories (1996) and Nunavut (2000). He joined Brownlee LLP in 1992.

Mr. Swainson is not party to a written employment agreement with the Company. It is expected that Mr. Swainson will devote approximately 10% of his time to the business of the Company to effectively fulfill his duties as Director.

Campbell Birge, Chief Financial Officer and Corporate Secretary

Mr. Birge has over 20 years of experience advising and working with public and private companies in Canada, the United States and Mexico. He also has over 20 years of experience in public and private education, including five years as Adjunct Professor of Business and twice elected Head of the Graduate Business Department of the Academic Council at United States International University, Mexico City campus.

He is currently President and Director of U.S. listed CTT Pharmaceutical Holdings Inc. and previously served with other U.S. based public companies as CEO, CFO and as a Director. He was the founder of Industrial Minerals Inc., the original owner of the Bissett Creek graphite project, and was responsible for the management change that led to the formation of Northern Graphite Corporation for which he is a Director. Mr. Birge previously was the Vice-President of the Trust for Sustainable Development and was instrumental in successfully negotiating the $3 billion Loreto Bay project with the Mexican federal government. Mr. Birge is well connected both in capital markets and within the cannabis and other sectors.

Mr. Birge is not party to a written employment agreement with the Company. It is expected that Mr. Birge will devote approximately 60% of his time to the business of the Company to effectively fulfill his duties as CFO, Corporate Secretary and Director.

Desmond Balakrishnan, Member of the Advisory Committee

Mr. Balakrishnan has been a member of the Law Society of British Columbia since 1998 and has been a partner at McMillan LLP where he has practised law since 2002 as a member of the firm's Corporate Finance/Securities Law Group. He is Co-Chair of McMillan LLP's Cannabis Practice Group and is Co-Chair of McMillan LLP's Gaming group. He has previously served as a director and officer of numerous listed companies listed on the New York Stock Exchange, Toronto Stock Exchange, TSX Venture Exchange and Canadian Securities Exchange. Mr. Balakrishnan received his Law Degree (with Distinction) from the University of Alberta in 1997 and was called to the British Columbia Bar in 1998.

Neil Belot, Member of the Advisory Committee

Mr. Belot has been the Chief Global Business Development Officer at Aurora since March 2017, where he focuses on developing business opportunities that drive Aurora's international growth. Prior to this, he held the position of Chief Brand Officer at Aurora since September 2015 with operational oversight of brand, sales, marketing, client care, and digital technology. Mr. Belot has been deeply involved with Canada's medical cannabis industry and community for more than seven years. Prior to joining Aurora, he was the Executive Director of the trade association for commercial licensed producers known as the Canadian Medical Cannabis Industry Association since February 2015. Before joining the industry association, he managed one of Canada's largest programs for the

legislated bulk trading, pricing, hedging, transporting, and supply of energy to a portfolio of over 40 municipal corporate clients with over 15,000 points of distribution since January 2013. Mr. Belot earned an international finance-focused MBA while studying at Dalhousie University and Copenhagen Business School.

Graham Saunders, Member of the Advisory Committee

Mr. Saunders has served as Vice Chairman, Head of Capital Markets Origination at Canaccord Genuity Corp. since January 2016. Mr. Saunders has been instrumental in Canaccord Genuity's entry and expansion into the cannabis sector. Prior to his current role, Mr. Saunders acted as Co-Head of Institutional Equity Sales and Managing Director at Canaccord Genuity Corp. Mr. Saunders' exposure to both the U.S. and Canadian markets, and Canaccord Genuity's track record as the number one investment bank in the Cannabis sector results in heavy exposure to Cannabis opportunities, which Australis anticipates will contribute to the quality of the opportunities under review.

Corporate Cease Trade Orders

To the best of our knowledge no current director or executive officer of the Company is, as at the date of this Prospectus, or was, within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above paragraphs, "order" means a cease trade order, an order similar to a cease trade order; or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Bankruptcies

To the best of our knowledge no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 director, executive officer or shareholder.

Penalties or Sanctions

To the best of our knowledge no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) 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

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of our knowledge there are no known existing or potential material conflicts of interest among the Company and the Company's directors, officers or other members of management, as a result of their outside business interests except that certain of our directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such companies. In the event of such a conflict of interest, the Company will follow the requirements and procedures of applicable corporate and securities legislation and applicable exchange policies, including the relevant provisions of the ABCA.

Indemnification and Insurance

It is anticipated that the Company will obtain customary insurance for the benefit of its directors and officers and that the Company will enter into indemnification agreements with each director and officer.

EXECUTIVE COMPENSATION

For the purposes of this section:

"**NEO**" means, in relation to a company, each of the following individuals:

(a) any individual who acted as CEO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,

(b) any individual who acted as CFO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,

(c) each of the three most highly compensated executive officers, or the three most highly compensated individuals 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, as determined in accordance with subsection 1.3(6) of Form 51-102F6 Statement of Executive Compensation – Venture Issuers, 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 the company, nor acting in a similar capacity, at the end of that financial year; and

"**Compensation Securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted share units granted or issued by a company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to a company or any of its subsidiaries (if any).

Compensation Discussion and Analysis

During the years ended March 31, 2018 and March 31, 2017 the Company's only NEOs were Terry Booth and Steve Dobler, who served as CEO and President, respectively, of Aurora and the Company. The Company did not pay compensation to Terry Booth or Steve Dobler in their roles as officers and directors of the Company.

Effective June 15, 2018, the board of directors and management of the Company was reconstituted to consist of Scott Dowty (CEO and director), Arlene Dickinson (director), John Dover (director), Roger Swainson (director) and Campbell Birge (CFO and Corporate Secretary).

The Company's compensation policies and programs will be designed to recognize and reward executive performance consistent with the success of the Company's business. These policies and programs will be intended to attract and retain capable and experienced people. The Board's role and philosophy will be to ensure that the Company's compensation goals and objectives, as applied to the actual compensation paid to the Company's CEO and other executive officers, are aligned with the Company's overall business objectives and with shareholder interests.

The Board will consider a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-range interests of the Company and its shareholders, overall financial and operating performance of the Company and the Board's assessment of each executive's individual performance and contribution toward meeting corporate objectives.

The Board will assume responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company. The Board will determine the type and amount of compensation for the executive officers. The Board also reviews the compensation of the Company's senior executives and reviews the strategic objectives of the Company's share option plan and sets stock based compensation, and considers any other matters which in its judgment should be taken into account in reaching conclusions concerning the compensation levels of the Company's executive officers.

Philosophy and Objectives

The compensation program for the Company's senior management will be designed to ensure that the level and form of compensation achieves certain objectives, including:

(a) attracting and retaining talented, qualified and effective executives;

(b) motivating the short and long-term performance of these executives; and

(c) better aligning their interests with those of the Company's shareholders.

Elements of the Compensation Program

In compensating its senior management, the Company intends to employ a combination of base salary and equity participation through its Share Option Plan.

Base Salary

In the Board's view, paying base salaries competitive in the markets in which the Company operates, is a first step to attracting and retaining talented, qualified and effective executives.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation will be accomplished through the Company's Share Option Plan. Share options will be granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and competitive factors. The amounts and terms of options granted will be determined by the Board.

Given the evolving nature of the Company's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Summary Compensation Table

The Company did not pay any compensation to the NEOs during the years ended March 31, 2018 or March 31, 2017.

Stock Options and Other Compensation Securities

The Company did not grant any Options or compensation securities during the years ended March 31, 2018 and March 31, 2017.

On August 13, 2018, the Company granted an aggregate of 5,400,000 Options to the directors and officers of the Company, as follows:

- Scott Dowty (CEO and director) – 2,500,000 Options
- Campbell Birge (CFO) – 200,000 Options
- Arlene Dickinson (Director) – 900,000 Options
- John Dover (Director) – 900,000 Options
- Roger Swainson (Director) – 900,000 Options

All of such Options are exercisable at $0.20 per Share at any time prior to August 13, 2023, with 1/3 of such Options vesting each year after the date of grant

Share Option Plan and Other Incentive Plans

The Board has approved the Share Option Plan. The Board will administer the Share Option Plan and will have the authority to determine the terms and conditions of any grant of Options.

As of the date hereof, there are 7,200,000 Options outstanding under our Share Option Plan, all of which are exercisable at $0.20 per Share at any time prior to August 13, 2023. In addition, the Company expects to grant an aggregate of 420,000 Options to new consultants prior to the completion of the Distribution, which will be exercisable at $0.20 per Share for a period of five years from the date of grant.

See "Options to Purchase Securities" for a summary of the material terms of each of the Share Option Plan.

Employment, Consulting and Management Agreements

The Company is not party to any formal employment, consulting or management agreements with respect to any NEOs or directors.

Compensation of Directors

The Company did not pay any compensation to its directors during the years ended March 31, 2018 and March 31, 2017 and does not currently pay any compensation to its directors other than the grant of Options.

Each director is entitled to participate in any security-based compensation arrangement or other plan adopted by us from time to time with the approval of our Board. As described above under "Stock Options and Other Compensation Securities", each of the Company's non-executive directors received a grant of 900,000 Options on August 13, 2018. See "Options to Purchase Securities" for further details on the Share Option Plan.

The directors will be reimbursed for expenses incurred on our behalf. Director compensation will be subject to review and possible change.

Oversight and Description of Director and NEO Compensation

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives. Compensation for director and NEO services will be based on a negotiated salary, with Options, and bonuses potentially being issued and paid as an incentive for performance.

The Company has established a Compensation and Corporate Governance Committee which is responsible for providing oversight of executive compensation, management development and succession planning, board compensation and compensation and benefit programs. The Compensation and Corporate Governance Committee makes recommendations to the Board with respect to compensation policies related to executive management.

The Compensation and Corporate Governance Committee is also responsible for recommending grants of Options under the Company's Share Option Plan. A determination to make such a grant may take into account the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company, as well as the number of Options, if any, previously granted to each executive officer, to align the interests of the executive officers with the interests of the Company's shareholders.

The Board has not adopted any specific policies or practices to determine the compensation for the Company's directors and officers, other than as disclosed above.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director, executive officer, employee, former director, former executive officer or former employee of the Company is or has within 30 days before the date of this Prospectus been indebted to the Company or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or similar agreement provided by the Company, except for routine indebtedness.

AUDIT COMMITTEE

Audit Committee

The Audit Committee Charter

The full text of the charter of the Audit Committee is attached as Appendix "A" to this Prospectus.

Composition of the Audit Committee

The Audit Committee is currently composed of John Dover, Roger Swainson and Arlene Dickinson. All of the members of the Audit Committee are independent as defined in NI 52-110. Each of the members of the Audit Committee is considered financially literate as that term is used in NI 52-110.

Relevant Education and Experience

For details regarding the experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member refer to "Directors and Executive Officers".

Reliance on Certain Exemptions

The Company has not, since the commencement of its most recently completed financial year, relied on (a) the exemption in section 2.4 of NI 52-110 (De Minimis Non-audit Services), or (b) an exemption, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

Pre-Approval Policies and Procedures

We have not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

Exemption

The Company is relying on the exemption in section 6.1 of NI 52-110 from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*).

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

General

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the corporation. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Constitution and Independence of the Board

A majority of the current members of the Board are independent directors. The Board is currently comprised of four persons, three of whom are independent directors. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The following table outlines the Company's current independent and non-independent directors, and the basis for a determination that a director is non-independent:

Director	Independent / Non-Independent
Scott Dowty	Non-Independent (CEO)
Arlene Dickinson	Independent
John Dover	Independent
Roger Swainson	Independent

The Board will focus on developing its independence from management. The independent members of the Board expect to meet without management after every quarterly Board meeting. Furthermore, individual directors may engage an outside advisor at the expense of the Company in appropriate circumstances.

The following director of the Company also serves as a director of other reporting issuers, as set out below:

Name of Director	Name of Reporting Company and Exchange	Position with Reporting Company
Arlene Dickinson	AutoCanada Inc. (TSX)	Director
	Cargojet Inc. (TSX)	Director

Board Mandate

The Board has not adopted a formal mandate. However, the Board delineates its role and responsibilities by monitoring its business decisions, identifying principal risks and opportunities for the Company's business and ensuring the implementation of appropriate systems to manage any risks.

The Board encourages continued education requirements for its directors on policies dealing with the issuance of news releases and disclosure documents.

The Board will perform its functions through quarterly and special meetings and has delegated certain of its responsibilities to the Audit Committee. In addition, the Board has established policies and procedures that limit the ability of management to carry out certain specific activities without the prior approval of the Board.

The Board, through the Audit Committee, has the responsibility to identify the principal risks of the Company's business. The Board expects to work with management to implement policies to identify the risks and to establish systems and procedures to ensure that these risks are monitored.

The Board will review and discuss succession planning for senior management positions as part of the Company's planning process. All appointments of senior management are approved by the Board.

Inquiries by shareholders will be directed to and dealt with by senior management. The Board and Audit Committee will have responsibility for the integrity of internal controls and management information systems. The Company's external auditors will report directly to the Audit Committee. In its regular meetings with the external auditors, the Audit Committee will discuss, among other things, the Company's financial statements and the adequacy and effectiveness of the Company's internal controls and management information systems.

Orientation and Continuing Education

When new directors are appointed, they will receive orientation, commensurate with their previous experience, on the Company's business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Board believes that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest are sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions will be performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board, with the oversight of the Compensation and Corporate Governance Committee, is responsible for determining compensation for the officers, employees and non-executive directors of the Company. The Compensation and Corporate Governance Committee will annually review all forms of compensation paid to officers, employees and non-executive directors and make recommendations to the Board, both with regards to the expertise and experience of each individual and in relation to industry peers. See "Executive Compensation".

Other Committees of the Board of Directors

In addition to the Audit Committee, the Board also has a Compensation and Corporate Governance Committee consisting of Arlene Dickinson (Chair), John Dover and Roger Swainson. The recommendations of the Compensation and Corporate Governance Committee will be considered by the Board in determining comepnsation and the adoption, implementation and management of policies and codes of practice with respect to standards of professional and ethical conduct.

Assessments

The Board will monitor the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

DESCRIPTION OF SECURITIES DISTRIBUTED

Authorized and Issued Share Capital

The Company is authorized to issue an unlimited number of common shares without par value. As at the date hereof, 111,802,364 Shares are issued and outstanding as fully paid and non-assessable, 26,802,364 Warrants and 7,200,000 Options are outstanding.

Common Shares

The holders of Shares are entitled to one vote per Share at meetings of the shareholders of the Company. Holders of Shares are entitled to dividends, if, as and when declared by the Board and, upon liquidation, to participate equally in such assets of the Company as are distributed to the holders of Shares.

Warrants

The Warrants will be governed by the terms of the Warrant Indenture. See "Material Contracts". The following summary of certain anticipated provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which will be filed by the Company under its corporate profile on SEDAR following the closing of the Offering. A register of holders will be maintained at the principal offices of Computershare in Vancouver, British Columbia.

Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of $0.25 per Warrant Share on or prior to 4:00 p.m. (Eastern Time) on the date that is one year from the date of the Distribution.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- the issuance of Shares or securities exchangeable for or convertible into Shares to all or substantially all of the holders of the Shares as a stock dividend or other distribution (other than a distribution of Shares upon the exercise of Warrants);
- the subdivision, redivision or change of the Shares into a greater number of shares;
- the reduction, combination or consolidation of the Shares into a lesser number of shares;
- the issuance to all or substantially all of the holders of the Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Shares, or securities exchangeable for or convertible into Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the

"current market price", as defined in the Warrant Indenture, for the Common Shares on such record date; and

- the issuance or distribution to all or substantially all of the holders of the Shares of shares of any class other than the Shares, rights, options or warrants to acquire Shares or securities exchangeable or convertible into Shares, of evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (a) reclassifications of the Shares or a capital reorganization of the Company, (b) consolidations, amalgamations, arrangements, mergers or other business combination of the Company with or into another entity, or (c) any sale, lease, exchange or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another entity, in which case each holder of a Warrant which is thereafter exercised will receive, in lieu of Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants prior to the record date or effective date, as the case may be, of such events.

No fractional Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Shares.

The Warrant Indenture will provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of Computershare, relying on counsel, the rights of the holders of Warrants are not prejudiced, as a group. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, will be subject to approval by an "Extraordinary Resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 662⁄3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 662⁄3% of the number of all of the then outstanding Warrants.

The principal transfer office of Computershare in Vancouver, British Columbia is the location at which Warrants may be surrendered for exercise or transfer.

CAPITALIZATION

The following table sets forth our capitalization as at the dates indicated**,** before and after giving effect to the Reorganization. This table should be read in conjunction with our MD&A and our audited financial statements (including the notes thereto) contained in this Prospectus.

	Outstanding as at March 31, 2018	Outstanding as at March 31, 2018, after giving effect to the Reorganization and the Private Placement
Indebtedness		
Total debt	$3,173,423	$38,619
Equity Securities		
Shares (common shares authorized: unlimited)	100	113,012,745[(1)]
Options	-	7,620,000[(2)]
Warrants	-	28,012,745[(1)(3)]
Restricted Back-in Right	-	45,205,098[(4)]

Notes:

(1) The number of Shares and Warrants is based on 952,433,322 Aurora Shares outstanding as of the Record Date.

(2) For a description of the terms of the Options see "Options to Purchase Securities".

(3) For a description of the terms of the Warrants see "Description of Securities Distributed – Warrants".

(4) Based on 113,012,745 Shares outstanding upon completion of the Reorganization and Private Placement. For a description of the terms of the Restricted Back-in Right see "Reorganization and Distribution – Funding Agreement and Restricted Back-in Right".

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OPTIONS TO PURCHASE SECURITIES

Share Option Plan

The Company has adopted a Share Option Plan to assist the Company in attracting, retaining and motivating directors, officer, employees, consultants and contractors of the Company and of its affiliates and to closely align the personal interests of such service providers with the interests of the Company and its shareholders. The Share Option Plan is administered by the Board of Directors of the Company, which has full and final authority with respect to the granting of all options thereunder.

The Share Option Plan provides that the aggregate number of securities reserved for issuance will be 10% of the number of Shares issued and outstanding from time to time on a non-diluted basis.

Options may be granted under the Share Option Plan to such service providers of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The exercise prices will be determined by the Board of Directors, but will, in no event, be less than the market value of Shares or the lowest price permitted by the policies of any stock exchange on which the Shares may be listed. All options granted under the Share Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options granted under the Share Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

Options to Purchase Securities

The Company has 7,200,000 Options outstanding under the Share Option Plan as of the date of this Prospectus, as follows:

Optionee	Number of Options	Exercise Price	Expiry Date
All executive officers and past executive officers as a group (two persons)	2,700,000	$0.20	August 13, 2023
All directors and past directors as a group (three persons)	2,700,000	$0.20	August 13, 2023
All consultants as a group	1,800,000	$0.20	August 13, 2023

Prior to the date of the Distribution, the Company intends to grant an additional 420,000 Options to new consultants, each exercisable at an exercise price of $0.20 per Share for a period of five years from the date of grant.

PRIOR SALES

The following table summarizes the sales of securities by the Company within the 12 months prior to the date of this Prospectus.

Date of issuance	Type of security issued	Number of securities issued	Price per security
June 13, 2018	Units	26,802,364[(1)]	$0.17
July 5, 2018	Common Shares	30,860,000	$0.20
August 3, 2018	Common Shares	54,140,000	$0.20

Notes:

(1) Issued to Aurora as settlement of an intercorporate debt. Each Unit consists of one Unit Share and one Warrant. See "Reorganization and Distribution – Preliminary Steps of the Reorganization".

ESCROWED SECURITIES

None of the Company's issued shares are currently held in escrow or are subject to a contractual restriction on transfer.

The following securities are expected to be held in escrow pursuant to escrow agreements to be executed in connection with the listing of the Shares on the CSE. Each escrow agreement will provide for a timed escrow release consistent with the escrow provisions of National Policy 46-201. Under the timed escrow release: (i) 10% of the escrowed securities will be release on the listing date; (ii) 1/6 of the remaining escrow securities will be released six months after the listing date; (iii) 1/5 of the remaining escrow securities will be released 12 months after the listing date; (iv) 1/4 of the remaining escrow securities will be released 18 months after the listing date; (v) 1/3 of

the remaining escrow securities will be released 24 months after the listing date; (vi) 1/2 of the remaining escrow securities will be released 30 months after the listing date; and (vii) the remaining escrow securities will be released 36 months after the listing date:

Name	Designation of Class	Securities Held in Escrow	Percentage of Class as of the Date of this Prospectus
Scott Dowty	Common Shares	1,125,000	1.0%
Arlene Dickinson	Common Shares	1,625,000	1.5%
John Dover	Common Shares	1,125,000	1.0%
Campbell Birge	Common Shares	1,125,000	1.0%

Notes:

(1) It is anticipated that the escrow agent under the escrow agreement will be Computershare Trust Company of Canada.
(2) Percentage is based on 111,802,364 Shares issued and outstanding as of the date of this Prospectus.

PRINCIPAL SHAREHOLDERS

The following table presents information regarding the beneficial ownership of Shares before and immediately after completion of the Reorganization by each person or entity that we know beneficially owns or will beneficially own 10% or more of the outstanding Shares.

	Shares Outstanding as of the Date of this Prospectus		Shares Outstanding Immediately After the Reorganization	
Name	Shares Owned	Percentage	Shares Owned	Percentage
Aurora Cannabis Inc.[1]	26,802,364[2][3]	24.0%	Nil[3]	Nil

Notes:

(1) Pursuant to the Funding Agreement, Aurora will fund the Company's transaction costs in connection with the Reorganization in the amount of $200,000 in consideration for the issuance by the Company of 1,176,470 Units to Aurora at a price of $0.17 per Unit and will purchase from the Company, at a price of $0.17 per Unit, such additional number of Units that would result in Aurora holding a sufficient number of Units to pay out the Distribution on the basis of one Unit for every 34 Aurora Shares which are outstanding on the Record Date. All of the Units held by Aurora will be distributed to the shareholders of Aurora pursuant to the Distribution. See "Reorganization and Distribution".
(2) In addition, Aurora holds 26,802,364 Warrants, being 100% of the outstanding Warrants.
(3) Pursuant to the Funding Agreement, Aurora will acquire the Restricted Back-in Right as described under the heading "Reorganization and Distribution – Funding Agreement and Restricted Back-in Right". Based on 113,012,745 Shares outstanding upon completion of the Reorganization, Aurora will hold the right to acquire up to 45,205,098 Shares subject to the terms of the Restricted Back-in Right. Aurora will hold no Shares and, other than the Restricted Back-in Right, no securities convertible into Shares following completion of the Reorganization.

TRADING PRICE AND VOLUME

Neither the Unit Shares nor the Warrants were previously traded on any market or exchange.

RISK FACTORS

Investing in the Shares or Warrants involves a high degree of risk. Prospective investors of Shares or Warrants should carefully consider the following risks, as well as the other information contained in this Prospectus before investing in the Shares or Warrants. If any of the following risks actually occurs, the Company's business could be materially harmed. The risks and uncertainties described below are not the only ones that we face. Additional risks and uncertainties, including those of which we are currently unaware or that we deem immaterial, may also adversely affect our business. The risks and uncertainties described below assume completion of the Reorganization.

Risk Factors Relating to Investments in the U.S. Cannabis Industry

The businesses in which the Company invests may violate U.S. federal laws and regulations.

The Company intends to invest in businesses in the cannabis industry in the United States ("**U.S. Investees**"). While the Company will only invest in businesses that comply with applicable U.S. state law and local law, certain activities of such businesses may be illegal under U.S. federal law.

The concepts of "medical cannabis" and "retail cannabis" do not exist under U.S. federal law. The *Controlled Substances Act* (the "**CSA**") 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 the United States, and a lack of safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. Strict compliance with state and local laws with respect to cannabis may neither absolve a business entity of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against a business entity in which the Company holds an investment. Any such proceedings brought against such a U.S. Investee may adversely affect the Company's operations and financial performance.

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on U.S. Investees, and as a result the Company, including their reputation and ability to conduct business, their holdings (directly or indirectly) of medical cannabis licenses in the United States, and the listing of their securities on various stock exchanges, their financial position, operating results, profitability or liquidity or the market price of their publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

U.S. federal trademark and patent protection may not be available for the intellectual property of the Company's U.S. Investees due to the current classification of cannabis as a Schedule I controlled substance.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available. As a result, intellectual property of the Company's U.S. Investees may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that the businesses in which it invests will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

U.S. Investees' contracts may not be legally enforceable in the United States.

Because the U.S. Investees' contracts may involve cannabis and other activities that are not legal under U.S. federal law, they may face difficulties in enforcing their contracts in U.S. federal and certain state courts.

The Company's investments in the United States will be subject to applicable anti-money laundering laws and regulations.

The Company and its U.S. Investees are subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. 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), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In February 2014, the Financial Crimes Enforcement Network of the U.S. Department of the Treasury issued the FinCEN Memorandum. The FinCEN Memorandum 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 that Deputy Attorney General Cole issued to federal prosecutors 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 FinCEN Memorandum.

If any of the Company'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 Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Reliance on third-party suppliers, manufacturers and contractors

Due to the uncertain regulatory landscape for regulating cannabis in Canada and the United States, third party suppliers, manufacturers and contractors of the Company or its U.S. Investees may elect, at any time, to decline or withdraw services necessary for the Company's operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Company's and its U.S. Investees' businesses and operational results.

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

As previously stated, the United States 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 appropriations 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.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business and invest in the cannabis industry in the United States. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Laws and regulations affecting the cannabis industry are constantly changing.

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect the U.S. Investees', and subsequently the Company's, operations. U.S. local, state and federal cannabis laws and regulations, along with Canadian securities laws, are broad in scope and subject to changing interpretations. These changes may require the Company's U.S. Investees to incur substantial costs associated with legal and compliance fees and ultimately require the Company to alter its business plan. Furthermore, violations of these laws, or alleged violations, could disrupt its business and result in a material adverse effect on its 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 its U.S. Investees' businesses.

The Company's directors, officers and employees may be considered inadmissible to enter the United States

A traveller to the United States may be considered an "illicit trafficker" under U.S. law and therefore could be considered inadmissible if they are involved in the cannabis industry. There have been reports in 2018 of business travelers working in the cannabis industry who have been denied entry and in some cases received lifetime bans from the United States. While a majority of the Company's directors, officers and employees are resident and located in Canada, the Company's business and investments are located in the United States. If any of the Company's directors, officers and employees are determined to be inadmissible to enter the United States, this could have a negative impact on the Company's ability to operate in the United States. In addition, the perception that involvement in the cannabis industry could lead to inadmissibility to the United States could make it more difficult for the Company to continue to retain and engage qualified directors, officers and employees in the future.

Risks Relating to the Company's Business

There may be a possible failure to realize expected returns on the Company's investments.

The aggregate return of the Company may be materially and adversely affected by the unfavourable performance of its investments. While the Company intends to seek other investment opportunities, there can be no assurance that the Company will acquire favourable investment opportunities or that any such investments will generate revenues or profits. Failure to realize a return on the investments could harm the Company's business, strategy and operating results in a material way.

The Market Price of the Shares and Warrants is volatile and may not accurately reflect the long-term value of the Company.

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Shares or Warrants to sell their securities at an advantageous price. Market price fluctuations in the Shares and Warrants may be due to the Company's operating results or its U.S. Investees' operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Shares and Warrants.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares and Warrants may decline even if the Company's investment results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Shares and Warrants may be materially adversely affected.

The Company's businesses require compliance with regulatory or agency proceedings, investigations and audits.

The Company's business, and the businesses in which it invests, require compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company or the businesses in which it invests to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

The Company faces liquidity and funding risks.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

The Company has a limited operating history.

The Company does not have a record of achievement to be relied upon. The Company's operations are subject to all the risks inherent in the establishment of a new business enterprise, including a lack of operating history. The Company cannot be certain that its investment strategy or development of the Company's business will be successful. The likelihood of the Company's success must be considered considering the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Company fails to address any of those risks or difficulties adequately, business will likely suffer.

The Company may require additional financing.

The Company may require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

If the Company's ability to raise equity and/or debt financing in public markets in Canada was no longer available in the public markets in Canada due to changes in applicable law relating to cannabis-related activities, then the Company expects that it may have to raise equity and/or debt financing privately. However, commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date.

Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to businesses engaged in cannabis-related activities. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

There is no assurance that the Company will turn a profit or generate immediate revenues.

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its investments and business.

The payment and amount of any future dividends will depend upon, among other things, the Company's results of investments, operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

The Company may incur significant tax liabilities if the Internal Revenue Service ("IRS") continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the Internal Revenue Code of 1986, as amended (the "Tax Code").

Section 280E of the Tax Code 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.

The Company's insurance coverage may not be adequate to cover all risks and hazards.

The Company has insurance to protect its assets, operations, directors and employees. While the Company believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, 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, there could be a material adverse effect on the Company's business, financial condition and results of operation.

The Company and its U.S. Investees may become party to litigation from time to time.

The Company and its U.S. Investees may become party to litigation from time to time in the ordinary course of business which could adversely affect their businesses. Should any litigation in which the Company or a U.S. Investee becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the Shares and Warrants and could use significant resources. Even if the Company or its U.S. Investees is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

The Company's investments are exposed to currency fluctuations.

The Company's investments are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the US dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial condition and

operating results. The Company may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

The Company's management may have conflicts of interest.

Certain directors of the Company may also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) U.S. federal fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

There are risks inherent in an agricultural business.

The businesses of the Company's U.S. Investees may involve the growing of medical marijuana, an agricultural product. As such, the Company is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects that the U.S. Investees' products will be grown indoors under climate-controlled conditions, carefully monitored by trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of those products.

The Company is vulnerable to rising energy costs.

Cannabis growing operations consume considerable energy, making the Company's U.S. Investees, and thus the Company, potentially vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to receive profitable investments.

The Company may be vulnerable to unfavorable publicity or consumer perception.

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis 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 favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis 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 hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use cannabis industry. Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general).

The Company may modify its Investment Policy.

Although the Company will adopt the Investment Policy regarding the types of interests that it seeks to acquire or invest in, the Company may modify such policy in the future or make exceptions to such policy for valid business reasons, subject to shareholder approval in some circumstances as set forth in the Investment Policy. If the Company modifies its Investment Policy or makes exceptions to it, that may have the effect of materially increasing the risk profile of an investment in the Company. In addition, the Company's investment portfolio may be highly concentrated in a small number of investments, which may result in significant losses to and materially adversely affect the Company's financial position if any of those investments do not perform as anticipated.

The Company has a small investment portfolio

The Company's investment portfolio currently consists of its interests in Australis Holdings and the SubTerra Assets, while the majority of the Company's assets consists of cash which has not been allocated to specific investments. Although the Company has voluntarily adopted certain investor protection features, as described under the heading "General Development of the Business of the Company – Voluntarily Adopted Investment Measures" shareholders will not have the right to pre-approve any investments except as may be required under applicable stock exchange requirements or pursuant to the Investment Restrictions, and there may be no mechanism for the Company to return funds to shareholders, including purchasers in the Company's Private Placement, in the event that any of the Restricted Funds are not deployed in accordance with the Investment Policy.

Risks Relating to the Distribution

The Company's assumptions relating to the tax treatment of the Distribution may prove to be incorrect.

The achievement of the intended tax treatment for the Distribution depends on a determination of the fair market value of the Units, the PUC of Aurora Shares, and on a number of other important assumptions, including those referenced in this Prospectus under "Certain Canadian Federal Income Tax Considerations – Assumptions Regarding Return of Capital", one or more of which assumptions could prove to be incorrect. No third-party determination of such fair market value or PUC has been sought or obtained, and no legal opinion or advance tax ruling has been sought or obtained with respect to the various assumptions or intended tax treatment. There is a risk that the actual Canadian tax treatment of the Distribution could be different from the intended tax treatment, which could result, for example, in a taxable dividend or deemed dividend or taxable shareholder benefit arising, and/or a requirement that Aurora withhold tax under Part XIII of the Tax Act in respect of Aurora Shareholders who are non-residents of Canada for purposes of the Tax Act. No other summary of such potential tax consequences is provided in this summary or in this Prospectus. All Shareholders are advised to review the discussion in this Prospectus under "Certain Canadian Federal Income Tax Considerations" with their own tax advisors in light of their particular circumstances.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain of the Canadian federal income tax considerations arising in respect of the receipt, holding and disposition of the Shares and Warrants by an Aurora Shareholder who, as beneficial owner, receives such Shares and Warrants as components of the Units under the Distribution and who, for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder (the "**Regulations**") and at all relevant times, (i) deals at arm's length with the Company and Aurora, (ii) is not affiliated with the Company or Aurora, and (iii) holds Aurora Shares, Warrants, Shares and Warrant Shares as capital property. Shares and Warrant Shares are sometimes collectively referenced as "Shares" in this summary. A holder who meets all of the foregoing requirements is referred to as a "**Holder**" in this summary, and this summary only addresses such Holders.

This summary is based on the provisions of the Tax Act and the Regulations thereunder in force on the date hereof and our understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act or the Regulations announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all such Proposed Amendments will be enacted in their present form. No assurance can be given that any Proposed Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or changes in the administrative policies and assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ materially from those described in this summary.

This summary is not applicable to (i) a Holder that is a "specified financial institution", (ii) a Holder an interest in which is a "tax shelter investment", (iii) a Holder that is for purposes of certain rules in the Tax Act (referred to as the mark-to-market rules) a "financial institution", (iv) a Holder that reports its "Canadian tax results" in a currency other than Canadian currency, or (v) a Holder that has entered into or will enter into a "derivative forward agreement" with respect to the relevant securities, in each case as such terms are defined in the Tax Act. This summary is also not applicable to any other Holder of special status or in special circumstances. All such foregoing Holders should consult their own tax advisors.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes, controlled by a non-resident corporation for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should also consult their own tax advisors.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. It does not take into account or consider the tax laws of any province or territory or of any jurisdiction outside Canada. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder (including a Holder as defined above), and no representations concerning the tax consequences to any particular Holder are made. Holders should consult their own tax advisers regarding the income tax considerations applicable to them having regard to their own particular circumstances.

The Distribution is a taxable event to Aurora, the tax effect to Aurora of which depends on the fair market value of the Units at the time the Distribution is effected, Aurora's adjusted cost base of the constituent components of such Units, relevant tax shelter available to Aurora, if any, and other relevant factors. There can be no guarantee that the Distribution will not result in a net cash tax liability to Aurora, and the potential tax consequences to Aurora are not further discussed in this summary.

Assumptions Regarding Return of Capital

The achievement of the intended tax treatment of the Distribution depends on the fair market value of the Units, the "paid-up capital" of Aurora shares as defined below, and on a number of other important assumptions, including those referenced below. No third-party determination of such fair market value or paid-up capital has been sought or obtained, and no legal opinion or advance tax ruling has been sought or obtained with respect to the various assumptions or the tax treatment of the Distribution. Accordingly, there is a risk that the actual tax treatment under the Tax Act could be different from the intended tax treatment. All Holders are advised to consult with their own tax advisors in this regard in light of their particular circumstances.

Distributions made by corporations that are "public corporations" for purposes of the Tax Act, such as Aurora, are generally characterized as taxable dividends for the purposes of the Tax Act, unless a specific exemption applies. Subsection 84(2) of the Tax Act provides, in effect, that a distribution made to shareholders on a "winding up, discontinuance or reorganization of its [Aurora's] business", will not be taxed as a dividend so long as the amount or value of the funds or property distributed does not exceed the amount by which the "paid-up capital", as defined for the purposes of the Tax Act (the "**PUC**"), of the relevant shares is reduced on the distribution.

It is noted that the Distribution is being made by Aurora as part of a number of intended business changes comprising the Reorganization that are contemplated in order to divest Aurora of certain non-core U.S. assets and maximize the overall value of the Aurora assets for Aurora Shareholders. Other changes include the transfer of Prairie Plant's interests in the SubTerra Assets to the Company, the disposition by Aurora of certain intercompany

debt owed by Aurora Marijuana, the related transfer of Units to Aurora by Aurora Marijuana, the Funding Agreement between Aurora and the Company, the application to list the Shares and Warrants on the CSE, and the related transactions described in the Prospectus Summary under the heading "The Reorganization and Distribution". Management believes that the Distribution is effectively being made on the reorganization of Aurora's business, although this determination is not free from doubt under the Tax Act or CRA policy, and no legal opinion or advance tax ruling has been sought or obtained in this regard.

Subsection 84(4.1) of the Tax Act applies in certain circumstances to deem a return of PUC by a public corporation (such as Aurora) to be a dividend. However, subsection 84(4.1) of the Tax Act should not apply to the Distribution provided that: (i) the Distribution can reasonably be considered to have been derived from proceeds of disposition realized by Aurora from a transaction that occurred outside the ordinary course of the business of Aurora and within the period that commenced 24 months before the Distribution; and (ii) no other amount that may reasonably be considered to have been derived from such proceeds was paid by Aurora as a reduction of PUC prior to the Distribution. Management of Aurora believes that within the context of the Reorganization, the Units can reasonably be considered to represent proceeds of disposition realized by Aurora from a transaction that occurred outside the ordinary course of Aurora's business (and that no amount that may reasonably be considered to have been derived from such proceeds will have been paid by Aurora on a reduction of PUC prior to the Distribution), although this determination is not free from doubt under the Tax Act or CRA policy, and no legal opinion or advance tax ruling has been sought or obtained in this regard.

PUC is computed according to the relevant provisions of the Tax Act. The general starting point for computing PUC is the stated capital of the Aurora Shares for corporate law purposes, which amount is then subject to adjustment according to detailed rules contained in the Tax Act. Aurora management believes that the PUC of the Aurora Shares will exceed the fair market value of the Units on the date the Distribution is effected, and it is therefore assumed that no dividend will be considered or deemed to arise for purposes of the Tax Act with respect to the Distribution.

The summary of tax consequences set out below assumes that:

- the Distribution is made on a "winding up, discontinuance or reorganization" of Aurora's business;
- the Distribution can reasonably be considered to have been derived from proceeds of disposition realized by Aurora from a transaction that occurred outside the ordinary course of the business of Aurora and within the period that commenced 24 months before the Distribution; and no other amount that may reasonably be considered to have derived from such proceeds was paid by Aurora on a reduction of PUC prior to the Distribution; and
- the PUC of the Aurora Shares will exceed the fair market value of the Units on the date the Distribution is effected.

Therefore, the summary of tax consequences set out below assumes that the Distribution should be treated as a return of PUC under subsection 84(2) of the Tax Act and not be deemed to give rise to a dividend (or a taxable shareholder benefit) under the Tax Act. However, the validity of these assumptions is not free from doubt under the Tax Act or CRA policy, and no legal opinion or advance tax ruling has been sought or obtained in this regard or with respect to any of the assumptions made in this summary.

If the Distribution is treated as a dividend (including a deemed dividend) or taxable shareholder benefit under the Tax Act, the tax results to Holders would be materially different, and likely materially adverse, compared to those set out in the summary of tax consequences below. Such potentially different and adverse tax treatment is not further referenced or discussed in this summary, and Holders should consult their own tax advisors in this regard.

Resident Holders

The following is a discussion of the consequences under the Tax Act to Holders who, for the purposes of the Tax Act and at all relevant times, are resident or deemed to be resident in Canada ("**Resident Holders**").

The Distribution

The Distribution of the Units as a return of PUC will reduce the adjusted cost base of a Resident Holder's Aurora Shares by an amount equal to the fair market value, on the date the Distribution is effected, of the Units that are issued to or for the benefit of such Holder. For this purpose, the CRA is not bound by any determination of fair market value made by Aurora. If the amount so required to be deducted from the adjusted cost base of the Aurora Shares to a particular Resident Holder exceeds the Resident Holder's adjusted cost base of such Aurora Shares for purposes of the Tax Act, the excess will be deemed to be a capital gain realized by such Resident Holder from a disposition of Aurora Shares. Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**"). A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on certain investment income, including taxable capital gains. Capital gains realized by an individual or certain trusts may give rise to a liability for alternative minimum tax.

Shares and Warrants received by a Resident Holder should have a cost to the Resident Holder for tax purposes equal to their respective fair market values at the time of such receipt. In computing the adjusted cost base of the Shares at any time, the adjusted cost base of a Resident Holder's Shares will be averaged with the respective adjusted cost base of all of the Shares held by the Resident Holder as capital property at that particular time.

Aurora has not currently determined, for its own purposes, the fair market value of the Units nor the breakdown of such fair market value as between Shares and Warrants, but Aurora has engaged third-party valuation specialists to make such determination for its own purposes in due course following the Distribution and intends to communicate such determination on its website when available. Any such determination will be made by Aurora for its own purposes, and will not be binding on a Holder or on the CRA. Resident Holders should consult their own tax advisors in this regard.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder should generally realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is generally as discussed with respect to a disposition of Shares under "Disposition of Shares or Warrants" below.

Exercise of Warrants

No gain or loss will be realized by a Resident Holder on the exercise of a Warrant to acquire additional Shares. When a Warrant is exercised, the Resident Holder's cost of the Share so acquired will be equal to the adjusted cost base of the Warrant to the Resident Holder, plus the amount paid on the exercise of the Warrant. For the purpose of computing the adjusted cost base of each Share acquired on the exercise of Warrants, the cost of such Share must be averaged with the adjusted cost base to such Resident Holder of all other Shares held as capital property immediately before the exercise of the Warrant.

Disposition of Shares or Warrants

On a disposition or deemed disposition of a Share or a Warrant (other than on the exercise thereof), a Resident Holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition for the Share (or Warrant) exceed (or are less than) the aggregate of any reasonable costs of disposition and the adjusted cost base to the Resident Holder of the Share (or Warrant) immediately before the disposition or deemed disposition.

A Resident Holder of Shares or Warrants who disposes or is deemed to dispose of such Shares or Warrants will generally be required to include in such Resident Holder's income the amount of any taxable capital gain, and may deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized by the Holder in the year of the disposition. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

In the case of a Resident Holder that is a corporation, the amount of any capital loss otherwise determined resulting from the disposition of a Share may be reduced by the amount of dividends previously received or deemed to have been received by it on such Share, to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Affected Resident Holders should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional tax (refundable in certain circumstances) on any taxable capital gains.

Capital gains realized by an individual or certain trusts may give rise to a liability for alternative minimum tax.

Dividends

In the case of a Resident Holder that is an individual (other than certain trusts), dividends received or deemed to be received on the Shares, if any, will be included in computing the Resident Holder's income and will be subject to the normal gross-up and dividend tax credit rules applicable to dividends paid by taxable Canadian corporations under the Tax Act, including the potentially enhanced gross-up and dividend tax credit applicable to any dividend designated by the Company as an "eligible dividend" in accordance with the provisions of the Tax Act. There may be limitations on the Company's ability to designate dividends as "eligible dividends" and the Company has made no commitments in this regard.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Shares, and generally will be entitled to deduct an equivalent amount in computing its taxable income subject to all restrictions under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

"Private corporations" (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a special tax (refundable in certain circumstances) under Part IV of the Tax Act on dividends to the extent such dividends are deductible in computing the corporation's taxable income.

Non-Resident Holders

The following portion of the summary is relevant to a Holder who, for purposes of the Tax Act and any applicable tax treaty or convention, and at all relevant times, is a non-resident or is deemed to be a non-resident of Canada and does not beneficially own, acquire or hold and is not deemed to beneficially own, acquire or hold Aurora Shares, Shares or Warrants in the course of carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed below, may apply to a non-resident that is an insurer which carries on business in Canada and elsewhere. Such non-residents should consult their own tax advisors.

As referenced in the Prospectus under "Notice Regarding Declaration of Residency", Units will not be delivered to Non-Residents, and instead, such Units will be sold by the Custodian through the Selling Agent on behalf of the Non-Residents. This portion of the summary assumes that for all purposes of the Tax Act, the Distribution will be considered as having been made to the Non-Residents, who shall be treated as the owners of the Shares and Warrants held by the Custodian on their behalf, and that the sales of the Shares and Warrants (and related transactions) will effectively be considered as a sale by such Non-Residents, although these assumptions are not free from doubt under the Tax Act or CRA policy and no legal opinion or advance tax ruling has been sought or obtained in this regard.

The Distribution

The distribution of the Units as a return of PUC will reduce the adjusted cost base of a Non-Resident Holder's Aurora Shares by an amount equal to the fair market value, on the date the Distribution is effected, of the Units that are issued for the benefit of such Holder. For this purpose, the CRA is not bound by any determination of

fair market value made by Aurora. If the amount so required to be deducted from the adjusted cost base of the Aurora Shares to a particular Non-Resident Holder exceeds the Non-Resident Holder's adjusted cost base of such Aurora Shares, the excess will be deemed to be a capital gain realized by such Non-Resident Holder from a disposition of Aurora Shares. Any capital gain so realized will, in general terms, be subject to considerations similar to those discussed below in respect of the Shares under "Disposition of Shares or Warrants".

Shares and Warrants distributed in respect of a Non-Resident Holder should have a cost to the Non-Resident Holder for tax purposes equal to their respective fair market values at the time of such receipt. In computing the adjusted cost base of the Shares at any time, the adjusted cost base of a Non-Resident Holder's Shares will be averaged with the respective adjusted cost base of all of the Shares owned by the Non-Resident Holder as capital property at that particular time.

Aurora has not currently determined, for its own purposes, the fair market value of the Units nor the breakdown of such fair market value as between Shares and Warrants, but Aurora has engaged third-party valuation specialists to make such determination for its own purposes in due course following the Distribution and intends to communicate such determination on its website when available. Any such determination will be made by Aurora for its own purposes, and will not be binding on a Holder or on the CRA. Non-Resident Holders should consult their own tax advisors in this regard.

Disposition of Shares or Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share or Warrant constitutes "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act and the gain is not exempt from tax pursuant to the terms of an applicable income tax treaty or convention.

Provided the Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE) at the time of their disposition, the Shares and Warrants generally will not constitute "taxable Canadian property" of a Non-Resident Holder at that time, unless, at any time during the 60 month period immediately preceding the disposition, the following two conditions are met concurrently: (a) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length holds a membership interest directly or indirectly through one or more partnerships, or the Non-Resident Holder together with all such foregoing persons, owned 25% or more of the issued shares of any class or series of shares of the Company; and (b) more than 50% of the fair market value of the Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act) or an option, an interest or right in respect of such property, whether or not such property exists. Notwithstanding the foregoing, a Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder in other circumstances for purposes of the Tax Act.

Generally, a Non-Resident Holder who realizes a capital gain on a disposition of Shares or Warrants that constitute or are deemed to constitute "taxable Canadian property" of the Non-Resident Holder and that is not exempt from tax under an applicable income tax treaty or convention will be subject to the tax treatment in respect of capital gains described above under the heading "Resident Holders - Disposition of Shares or Warrants".

Non-Resident Holders in respect of whom Shares may constitute "taxable Canadian property" should consult their own tax advisors with respect to the tax considerations relevant in their particular circumstances and any applicable Canadian tax compliance requirements.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR U.S. HOLDERS

The following is a summary of certain anticipated U.S. federal income tax consequences to U.S. Holders (as defined below) arising from and relating to the receipt, holding and disposition of Shares and Warrants received by the Custodian for the benefit of such U.S. Holders pursuant to the Distribution. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended, referred to as the "**Code**," U.S. Treasury Regulations promulgated under the Code, administrative rulings of the U.S. Internal Revenue Service, referred to as the "**IRS**," judicial

decisions of the U.S. courts, and the Canada-United States Income Tax Convention (1980), as amended, referred to as the "**Canada-U.S. Tax Convention**," in each case as in effect on the date hereof. Changes in the laws may alter the U.S. federal income tax treatment of the tax consequences discussed in this summary, possibly with retroactive effect.

This summary is based on certain assumptions and is subject to the limitations and qualifications set forth in this summary. The assumptions on which the summary is based include that there are no changes in existing facts and law, and that the Distribution is completed in the manner contemplated in this Prospectus. If any of these assumptions is not correct, this summary cannot be relied upon and the U.S. federal income tax consequences to U.S. Holders discussed herein could differ significantly and adversely from those described in this summary.

This summary does not address aspects of U.S. taxation other than U.S. federal income taxation, nor does it address any aspects of state, local or non-U.S. tax law. In addition, this summary does not address all U.S. federal income tax consequences that may be relevant to the particular circumstances of a U.S. Holder of Aurora Shares, nor to a U.S. Holder of Aurora Shares with a special status, such as:

- a person that owns, has owned, or will own 5% or more (by voting power or value, and taking into account certain attribution rules) of the issued and outstanding Aurora Shares or Shares;
- a broker, dealer or trader in securities or currencies, or any person who owns Aurora Shares, Shares, or Warrants other than as capital assets within the meaning of Section 1221 of the Code;
- a bank, mutual fund, life insurance company or other financial institution;
- a tax-exempt organization;
- a real estate investment trust or regulated investment company;
- a qualified retirement plan or individual retirement account;
- a person that holds or will hold the Aurora Shares, Shares, or Warrants as part of a straddle, hedge, constructive sale or other integrated transaction for tax purposes;
- a partnership, S corporation or other "pass-through" entity, as determined for U.S. federal income tax purposes;
- an investor in a partnership, S corporation or other "pass-through" entity, as determined for U.S. federal income tax purposes;
- a person whose functional currency for tax purposes is not the U.S. dollar;
- U.S. expatriates;
- a person who is not a U.S. Holder;
- a person required to accelerate the recognition of any item of gross income with respect to Aurora Shares, Shares, or Warrants as a result of such income being recognized on an applicable financial statement; or
- a person liable for alternative minimum tax.

Unless otherwise specifically indicated, this summary does not address the U.S. federal income tax consequences of transactions effectuated prior or subsequent to, or concurrently with, the Distribution including, without limitation, the exercise, sale, or holding of the options, convertible securities or other rights to acquire Aurora Shares or Shares. In addition, except as discussed below, this summary does not address tax reporting requirements.

THIS SUMMARY IS OF A GENERAL NATURE ONLY, IS NOT EXHAUSTIVE OF ALL POSSIBLE U.S. FEDERAL TAX CONSIDERATIONS AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED TO BE, LEGAL, BUSINESS OR TAX ADVICE TO ANY PARTICULAR U.S. HOLDER OF AURORA SHARES. EACH U.S. HOLDER OF AURORA SHARES SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO IT OF THE RECEIPT OF SHARES AND WARRANTS BY THE CUSTODIAN FOR THE BENEFIT OF U.S. HOLDERS PURSUANT TO THE DISTRIBUTION AND THE HOLDING AND DISPOSITION BY THE CUSTODIAN FOR THE BENEFIT OF THE U.S. HOLDERS OF THE SHARES AND WARRANTS RECEIVED, INCLUDING THE EFFECTS OF APPLICABLE U.S. FEDERAL, STATE AND LOCAL TAX LAWS AND NON-U.S. TAX LAWS AND POSSIBLE CHANGES IN TAX LAWS.

For purposes of this discussion, a "**U.S. Holder**" means a beneficial owner of an Aurora Share, Share or Warrant, as the case may be, who is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation or other entity classified as a corporation created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if: (i) a court within the United States can exercise primary supervision over it, and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If a "pass-through" entity holds Aurora Shares, Shares or Warrants, the tax treatment of an owner of such "pass-through" entity generally will depend upon the status of such owner and upon the activities of the "pass-through" entity. An owner of a "pass-through" entity which holds or Aurora Shares or Shares should consult such owner's tax advisor regarding the specific tax consequences of receiving the Shares and Warrants through the Custodian in the Distribution and the disposition of such Shares and Warrants by the Custodian.

Pre-April July 1, 2015 Shareholders Not Addressed

Aurora believes that it was not a "passive foreign investment company" under Section 1297 of the Code ("**PFIC**") for tax years ending on June 30, 2016 and June 30, 2017, and based on current business plans and financial expectations, Aurora does not expect to be a PFIC for its current tax year ending June 30, 2018 and does not expect to become a PFIC in subsequent tax years. No opinion of legal counsel or ruling from the IRS concerning the status of the Aurora as a PFIC has been obtained or is currently planned to be requested. A non-U.S. corporation is classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of its subsidiaries, either: (i) 50% or more of the value of the corporation's assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets; or (ii) at least 75% of the corporation's gross income is passive income.

Aurora has not made and has no plans to make a formal determination as to whether it was a PFIC for tax years prior to July 1, 2015. U.S. Holders should be aware that Aurora may have been PFIC for tax years prior to July 1, 2015. If Aurora was a PFIC at any time during a U.S. Holder's holding period for Aurora Shares, then (absent certain elections) it would continue to be a PFIC as to that U.S. Holder and as to those Aurora Shares. The tax consequences to U.S. Holders for whom Aurora may be a PFIC are beyond the scope of this discussion. Therefore, this discussion addresses only the U.S. federal income tax consequences of U.S. Holders who purchased their Aurora Shares after June 30, 2015.

The determination of whether any corporation was, or will be, a PFIC for a tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any tax year depends on the assets and income of such corporation over the course of each such tax year and, as a result, cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge any determination made by Aurora

concerning its PFIC status. Each U.S. Holder should consult its own tax advisors regarding the PFIC status of Aurora.

U.S. Holders who acquired Aurora Shares before July 1, 2015, or after that date by gift or inheritance, should consult their own tax advisors regarding the PFIC rules.

Tax Consequences of the Distribution

The Distribution will be effected under applicable provisions of Canadian corporate law, which are technically different from analogous provisions of U.S. corporate law. Therefore, the U.S. federal income tax consequences of certain aspects of the Distribution are not certain. This summary assumes that: (a) the transfer of the Shares and Warrants to the Custodian by Aurora shall be treated as a distribution to its shareholders; and (b) that the U.S. Holders shall be treated as the owners of the Shares and Warrants held by the Custodian for their benefit. Under such characterization, the U.S. Holders will be treated as receiving a taxable distribution equal to the fair market value of the Shares and Warrants distributed to the Custodian for their benefit in the Distribution (determined as of the date of the Distribution and without reduction for any Canadian tax withheld) under section 301 of the Code. There can be no assurance that the IRS will not challenge this characterization of the Distribution or that, if challenged, a U.S. court would not agree with the IRS. Each U.S. Holder should consult its own tax advisor regarding the proper treatment of the Distribution for U.S. federal income tax purposes.

A U.S. Holder would be required to include the fair market value of the Shares and Warrants received by the Custodian for the benefit of such U.S. holder pursuant to the Distribution (without reduction for any Canadian income tax withheld) in gross income as a dividend to the extent of the current or accumulated "earnings and profits" of Aurora. To the extent the fair market value of the Shares and Warrants distributed pursuant to the Distribution exceeds Aurora's adjusted tax basis in such shares (as calculated for U.S. federal income tax purposes), the Distribution can be expected to generate additional earnings and profits for Aurora. To the extent that the fair market value of the Shares and Warrants exceeds the current and accumulated "earnings and profits" of Aurora, the distribution of the Shares and Warrants pursuant to the Distribution will be treated: (a) first, as a tax free return of capital to the extent of a U.S. Holder's tax basis in the Aurora Shares; and (b) thereafter, as gain from the sale or exchange of such Aurora Shares. Aurora may not calculate its earnings and profits in accordance with U.S. federal income tax principles and as a result, each U.S. Holder may have to assume that the Distribution by Aurora constitutes ordinary dividend income. Dividends received on Aurora Shares by corporate U.S. Holders generally will not be eligible for the "dividends received deduction." Subject to applicable limitations and provided the Aurora is eligible for the benefits of the Canada-U.S. Tax Convention or the Aurora Shares are readily tradable on a United States securities market, dividends paid by Aurora to non-corporate U.S. Holders, including individuals, generally will be eligible for the preferential tax rates applicable to long-term capital gains for dividends, provided certain holding period and other conditions are satisfied, including that Aurora not be classified as a PFIC in the tax year of distribution or in the preceding tax year.

A U.S. Holder's initial tax basis in the Shares received will equal the fair market value of such Shares at the time of the Distribution. A U.S. Holder's initial tax basis in the Warrants received will equal the fair market value of such Warrants at the time of the Distribution. The holding period for such Shares and Warrants should begin on the day after the date of the Distribution.

Preferential tax rates apply to long term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long term capital gains of a U.S. Holder that is a corporation. The distribution rules are complex, and each U.S. Holder should consult its own tax advisors regarding the receipt of the Shares and Warrants.

Sale of Shares and Warrants by the Custodian

Subject to the PFIC rules, discussed below, upon the sale or other taxable disposition by the Custodian of Shares and Warrants beneficially held for a U.S. Holder, such U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash plus the fair market value of any property received by the Custodian, less expenses, and such U.S. Holder's tax basis in such Shares and Warrants sold or otherwise disposed of. Subject to the PFIC rules, gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the Shares and Warrants have been held for more than one year. Preferential tax rates apply to long-term capital gain of a U.S. Holder that is an

individual, estate, or trust. There are currently no preferential tax rates for long-term capital gain of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Special, generally adverse, U.S. federal income tax consequences apply to U.S. taxpayers who hold interests in a PFIC, unless certain elections are available and timely and effectively made. As discussed below, the Company may be a PFIC for its current tax year and may be PFIC for future tax years.

If the Company is classified as a PFIC, a U.S. Holder may be subject to increased tax liability and an interest charge in respect of gain, if any, realized on the sale of Shares and Warrants by the Custodian and receipt of certain "excess distributions" as discussed below. Other adverse U.S. tax consequences may result. The adverse tax consequences of the PFIC rules with respect to the Shares can be mitigated in some circumstances if a timely and effective QEF Election is made by a U.S. Holder. However, U.S. Holders should be aware that the Company does not provide any assurances that it will satisfy the record keeping requirements that apply to a QEF and that the Company does not provide any assurances that it will supply U.S. Holders with information that such U.S. Holders require to report under the QEF rules, in the event that the Company is a PFIC. Thus, U.S. Holders may not be able to make a QEF Election with respect to their Shares. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a QEF Election.

If the value of the Shares and Warrants declines significantly while such Shares and Warrants are held by the Custodian, it is possible for the proceeds from the sale of the Shares and Warrants to be exceeded by the combined U.S. federal income and state taxes on the arising from the Distribution. In general, the magnitude of this adverse effect is likely to increase to the extent the fair market value of the Shares and Warrants at the time of the Distribution exceeds the proceeds from the sale of the Shares and Warrants by the Custodian.

Passive Foreign Investment Company Rules

If the Company is considered a PFIC at any time during a U.S. Holder's holding period, the following sections will generally describe the potentially adverse U.S. federal income tax consequences to U.S. Holders of the ownership and disposition of Shares or Warrants.

The Company may be a PFIC for its current tax year and may be a PFIC in future tax years. No opinion of legal counsel or ruling from the IRS concerning the status of the Company as a PFIC has been obtained or is currently planned to be requested. The determination of whether any corporation was, or will be, a PFIC for a tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any tax year depends on the assets and income of such corporation over the course of each such tax year and, as a result, the Company's PFIC status for the current year and future years cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge any PFIC determination made by the Company (or by one of the Company's subsidiaries). Each U.S. Holder should consult its own tax advisor regarding the Company's status as a PFIC and the PFIC status of each non-U.S. subsidiary of the Company.

In any year in which the Company is classified as a PFIC, a U.S. Holder will be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require. In addition to penalties, a failure to satisfy such reporting requirements may result in an extension of the time period during which the IRS can assess a tax. U.S. Holders should consult their own tax advisors regarding the requirements of filing such information returns under these rules, including the requirement to file an IRS Form 8621.

The Company generally will be a PFIC for any tax year in which (a) 75% or more of the gross income of the Company for such tax year is passive income (the "PFIC income test") or (b) 50% or more of the value of the assets of the Company either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets (the "PFIC asset test"). "Gross income" generally includes sales revenues less the cost of goods sold, plus income from investments and from incidental or outside operations or sources, and "passive income" generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Active business gains arising from the sale of commodities generally are excluded from passive income if substantially all of a foreign corporation's commodities are stock in trade or inventory, depreciable property used in a trade or business,

or supplies regularly used or consumed in the ordinary course of its trade or business, and certain other requirements are satisfied.

For purposes of the PFIC income test and PFIC asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and PFIC asset test described above, "passive income" does not include any interest, dividends, rents, or royalties that are received or accrued by the Company from a "related person" (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

Under certain attribution rules, if the Company is a PFIC, U.S. Holders will be deemed to own their proportionate share of any of the Company's subsidiaries which is also a PFIC (a "**Subsidiary PFIC**"), and will generally be subject to U.S. federal income tax under the "Default PFIC Rules Under Section 1291 of the Code" discussed below on their proportionate share of any (i) distribution on the shares of a Subsidiary PFIC and (ii) disposition or deemed disposition of shares of a Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC. Accordingly, U.S. Holders should be aware that they could be subject to tax under the PFIC rules even if no distributions are received and no redemptions or other dispositions of Shares or Warrants are made. In addition, U.S. Holders may be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC on the sale or disposition of Shares or Warrants.

Default PFIC Rules Under Section 1291 of the Code

If the Company is a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the receipt of Shares and Warrants and the acquisition, ownership, and disposition of Shares and Warrants will depend on whether such U.S. Holder makes a "qualified electing fund" or "QEF" election (a "**QEF Election**") or makes a mark-to-market election under Section 1296 of the Code (a "**Mark-to-Market Election**") with respect to Shares. A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election (a "**Non-Electing U.S. Holder**") will be taxable as described below.

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain recognized on the sale or other taxable disposition of Shares and Warrants and (b) any excess distribution received on the Shares. A distribution generally will be an "excess distribution" to the extent that such distribution (together with all other distributions received in the current tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a U.S. Holder's holding period for the Shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of Shares and Warrants of a PFIC (including an indirect disposition of shares of a Subsidiary PFIC), and any excess distribution received on such Shares (or a distribution by a Subsidiary PFIC to its shareholder that is deemed to be received by a U.S. Holder) must be rateably allocated to each day in a Non-Electing U.S. Holder's holding period for the Shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and two years before the entity became a PFIC, if any, would be taxed as ordinary income (and not eligible for certain preferential tax rates, as discussed below). The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as "personal interest," which is not deductible.

If the Company is a PFIC for any tax year during which a Non-Electing U.S. Holder holds Shares or Warrants, it will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether it ceases to be a PFIC in one or more subsequent tax years. If the Company ceases to be a PFIC, a Non-Electing U.S. Holder may terminate this deemed PFIC status with respect to Shares by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code as discussed above) as if such Shares were sold on the last day of the last tax year for which the Company was a PFIC. No such election, however, may be made with respect to the Warrants.

QEF Election

A U.S. Holder that makes a QEF Election for the first tax year in which its holding period of its Shares begins generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to its Shares. However, a U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such U.S. Holder's pro rata share of (a) the Company's net capital gain, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the Company's ordinary earnings, which will be taxed as ordinary income to such U.S. Holder. Generally, "net capital gain" is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and "ordinary earnings" are the excess of (a) "earnings and profits" over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each tax year in which the Company is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by the Company. However, for any tax year in which the Company is a PFIC and has no net income or gain, U.S. Holders that have made a QEF Election would not have any income inclusions as a result of the QEF Election. If a U.S. Holder that made a QEF Election has an income inclusion, such a U.S. Holder may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as "personal interest," which is not deductible.

A U.S. Holder that makes a timely QEF Election generally (a) may receive a tax-free distribution from the Company to the extent that such distribution represents "earnings and profits" that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder's tax basis in the Shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Shares.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as "timely" for purposes of avoiding the default PFIC rules discussed above if such QEF Election is made for the first year in the U.S. Holder's holding period for the Shares in which the Company was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such year.

A QEF Election will apply to the tax year for which such QEF Election is made and to all subsequent tax years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent tax year, the Company ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those tax years in which the Company is not a PFIC. Accordingly, if the Company becomes a PFIC in another subsequent tax year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any subsequent tax year in which the Company qualifies as a PFIC.

As discussed above, under proposed Treasury Regulations, if a U.S. holder has an option, warrant or other right to acquire stock of a PFIC (such as the Warrants), such option, warrant or right is considered to be PFIC stock subject to the default rules of Section 1291 of the Code. However, a U.S. Holder of an option, warrant or other right to acquire stock of a PFIC may not make a QEF Election that will apply to the option, warrant or other right to acquire PFIC stock. In addition, under proposed Treasury Regulations, if a U.S. Holder holds an option, warrant or other right to acquire stock of a PFIC, the holding period with respect to shares of stock of the PFIC acquired upon exercise of such option, warrant or other right will include the period that the option, warrant or other right was held.

U.S. Holders should be aware that there can be no assurances that the Company will satisfy the record keeping requirements that apply to a QEF, or that the Company will supply U.S. Holders with a PFIC Annual Information Statement or other information that such U.S. Holders are required to report under the QEF rules, in the event that the Company is a PFIC. Thus, U.S. Holders may not be able to make a QEF Election with respect to their Shares. Each U.S. Holder should consult its own tax advisors regarding the availability of, and procedure for making, a QEF Election.

A U.S. Holder makes a QEF Election by attaching a completed IRS Form 8621, including a PFIC Annual Information Statement, to a timely filed U.S. federal income tax return. However, if the Company does not provide the required information with regard to the Company or any of its Subsidiary PFICs, U.S. Holders will not be able to make a QEF Election for such entity and will continue to be subject to the rules of Section 1291 of the Code

discussed above that apply to Non-Electing U.S. Holders with respect to the taxation of gains and excess distributions.

Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election with respect to Shares only if the Shares are marketable stock. The Shares generally will be "marketable stock" if the Shares are regularly traded on (a) a national securities exchange that is registered with the SEC, (b) the national market system established pursuant to Section 11A of the U.S. Exchange Act or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, and other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced and (ii) the rules of such foreign exchange ensure active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be considered "regularly traded" for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Provided that the Shares are "regularly traded" as described in the preceding sentence, the Shares are expected to be marketable stock.

A U.S. Holder that makes a Mark-to-Market Election with respect to its Shares generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to such Shares. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first tax year of such U.S. Holder's holding period for the Shares and such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, the Shares.

A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each tax year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Shares, as of the close of such tax year over (b) such U.S. Holder's tax basis in the Shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (i) such U.S. Holder's adjusted tax basis in the Shares, over (ii) the fair market value of such Shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior tax years).

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder's tax basis in the Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or ordinary loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior tax years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior tax years).

A U.S. Holder makes a Mark-to-Market Election by attaching a completed IRS Form 8621 to a timely filed U.S. federal income tax return. A timely Mark-to-Market Election applies to the tax year in which such Mark-to-Market Election is made and to each subsequent tax year, unless the Shares cease to be "marketable stock" or the IRS consents to revocation of such election. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to the Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning because such stock is not marketable. Hence, the Mark-to-Market Election will not be effective to eliminate the interest charge and other income inclusion rules described above with respect to deemed dispositions of Subsidiary PFIC stock or distributions from a Subsidiary PFIC to its shareholder.

Other PFIC Rules

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which Shares or Warrants are transferred.

If finalized in their current form, the proposed Treasury Regulations applicable to PFICs would be effective for transactions occurring on or after April 1, 1992. Because the proposed Treasury Regulations have not yet been adopted in final form, they are not currently effective, and there is no assurance that they will be adopted in the form and with the effective date proposed. Nevertheless, the IRS has announced that, in the absence of final Treasury Regulations, taxpayers may apply reasonable interpretations of the Code provisions applicable to PFICs and that it considers the rules set forth in the proposed Treasury Regulations to be reasonable interpretations of those Code provisions. The PFIC rules are complex, and the implementation of certain aspects of the PFIC rules requires the issuance of Treasury Regulations which in many instances have not been promulgated and which, when promulgated, may have retroactive effect. U.S. Holders should consult their own tax advisors about the potential applicability of the proposed Treasury Regulations.

Certain additional adverse rules will apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example under Section 1298(b)(6) of the Code, a U.S. Holder that uses Shares or Warrants as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Shares or Warrants.

In addition, a U.S. Holder who acquires Shares or Warrants from a decedent will not receive a "step up" in tax basis of such Shares or Warrant to fair market value.

Special rules also apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. Subject to such special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a U.S. Holder should consult with their own tax advisor regarding the availability of the foreign tax credit with respect to distributions by a PFIC.

The PFIC rules are complex, and each U.S. Holder should consult its own tax advisor regarding the PFIC rules (including the applicability and advisability of a QEF Election and Mark-to-Market Election) and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Shares and Warrants.

Distributions on Shares

The following discussion is subject in its entirety to the special rules described below under the heading "Passive Foreign Investment Company Rules."

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a Share (as well as any constructive distribution on a Warrant as described below) will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the Company's current and accumulated "earnings and profits", as computed under U.S. federal income tax principles. A dividend generally will be taxed to a U.S. Holder at ordinary income tax rates if the Company is a PFIC for the tax year of such distribution or the preceding tax year. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Shares and thereafter as gain from the sale or exchange of such Shares. However, the Company may not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder may be required to assume that any distribution by the Company with respect to the Shares will constitute ordinary dividend income. Dividends received on Shares generally will not be eligible for the "dividends received deduction" generally applicable to corporations. Subject to applicable limitations and provided the Company is eligible for the benefits of the Canada-U.S. Tax Convention or the Shares are readily tradable on a United States securities market, dividends paid by the Company to non-corporate U.S. Holders, including individuals, generally will be eligible for the preferential tax rates applicable to long-term capital gains for dividends, provided certain holding period and other conditions are satisfied, including that the Company not be classified as a PFIC in the tax year of distribution or in the preceding tax year. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Under Section 305 of the Code, an adjustment to the number of Warrant Shares that will be issued on the exercise of the Warrants, or an adjustment to the exercise price of the Warrants, may be treated as a constructive distribution to a U.S. Holder of the Warrants if, and to the extent that, such adjustment has the effect of increasing

such U.S. Holder's proportionate interest in the "earnings and profits" or the Company's assets, depending on the circumstances of such adjustment (for example, if such adjustment is to compensate for a distribution of cash or other property to the shareholders). Adjustments to the exercise price of Warrants made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing dilution of the interest of the holders of the Warrants should generally not be considered to result in a constructive distribution. Any such constructive distribution would be taxable whether or not there is an actual distribution of cash or other property. (See more detailed discussion of the rules applicable to distributions discussed above).

Additional Tax Considerations

Receipt of Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency or on the sale, exchange or other taxable disposition of Shares or Warrants generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). If the foreign currency received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in foreign currency and engages in a subsequent conversion or other disposition of the foreign currency may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Foreign Tax Credit

Subject to the PFIC rules discussed above, a U.S. Holder that pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on the Shares (or with respect to any constructive dividend on the Warrants) generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid or accrued (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Generally, dividends paid by a foreign corporation (including constructive dividends) should be treated as foreign source for this purpose, and gains recognized on the sale of stock of a foreign corporation by a U.S. Holder should be treated as U.S. source for this purpose, except as otherwise provided in an applicable income tax treaty, and if an election is properly made under the Code. However, the amount of a distribution with respect to the Shares or Warrants that is treated as a "dividend" may be lower for U.S. federal income tax purposes than it is for Canadian federal income tax purposes, resulting in a reduced foreign tax credit allowance to a U.S. Holder. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisor regarding the foreign tax credit rules.

Additional Tax on Passive Income

Certain U.S. Holders that are individuals, estates or trusts (other than trusts that are exempt from tax) will be subject to a 3.8% tax on all or a portion of their "net investment income," which includes dividends on the Shares and net gains from the disposition of the Shares or Warrants. Further, excess distributions treated as dividends, gains treated as excess distributions, and mark-to-market inclusions and deductions under the PFIC rules discussed above are all included in the calculation of net investment income.

Treasury Regulations provide, subject to the election described in the following paragraph, that solely for purposes of this additional tax, distributions of previously taxed income will be treated as dividends and included in net investment income subject to the additional 3.8% tax. Additionally, to determine the amount of any capital gain

from the sale or other taxable disposition of Shares that will be subject to the additional tax on net investment income, a U.S. Holder who has made a QEF Election will be required to recalculate its basis in the Shares by excluding QEF basis adjustments.

Alternatively, a U.S. Holder may make an election which will be effective with respect to all interests in a PFIC for which a QEF Election has been made and which is held in that year or acquired in future years. Under this election, a U.S. Holder pays the additional 3.8% tax on QEF income inclusions and on gains calculated after giving effect to related tax basis adjustments. U.S. Holders that are individuals, estates or such trusts should consult their own tax advisors regarding the applicability of this tax to any of their income or gains in respect of the Shares and Warrants and the advisability of making this election.

Information Reporting; Backup Withholding Tax

Under U.S. federal income tax laws certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, U.S. return disclosure obligations (and related penalties) are imposed on U.S. Holders that hold certain specified foreign financial assets in excess of certain threshold amounts. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person. U. S. Holders may be subject to these reporting requirements unless their Shares and Warrants are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult their own tax advisors regarding the requirements of filing information returns, including the requirement to file IRS Form 8938.

Payments made within the U.S., or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from the sale or other taxable disposition of the Shares and Warrants generally may be subject to information reporting and backup withholding tax, currently at the rate of 24%, if a U.S. Holder (a) fails to furnish its correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that it has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons, such as U.S. Holders that are corporations, generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner.

The discussion of reporting requirements set forth above is not intended to constitute a complete description of all reporting requirements that may apply to a U.S. Holder. A failure to satisfy certain reporting requirements may result in an extension of the time period during which the IRS can assess a tax and, under certain circumstances, such an extension may apply to assessments of amounts unrelated to any unsatisfied reporting requirement. Each U.S. Holder should consult its own tax advisors regarding the information reporting and backup withholding rules.

THIS SUMMARY IS OF A GENERAL NATURE ONLY, IS NOT EXHAUSTIVE OF ALL POSSIBLE U.S. FEDERAL TAX CONSIDERATIONS AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED TO BE, LEGAL, BUSINESS OR TAX ADVICE TO ANY PARTICULAR U.S. HOLDER OF AURORA SHARES. EACH U.S. HOLDER OF AURORA SHARES SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO IT OF THE RECEIPT OF SHARES AND WARRANTS RECEIVED BY THE CUSTODIAN FOR THE BENEFIT OF THE SHAREHOLDERS PURSUANT TO THE DISTRIBUTION AND THE OWNERSHIP AND DISPOSITION OF THE SHARES AND WARRANTS RECEIVED BY THE CUSTODIAN FOR THE BENEFIT OF THE SHAREHOLDERS PURSUANT TO THE DISTRIBUTION, INCLUDING THE EFFECTS OF APPLICABLE U.S. FEDERAL, STATE AND LOCAL TAX LAWS AND NON-U.S. TAX LAWS AND POSSIBLE CHANGES IN TAX LAWS.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best of our knowledge, the Company has not been subject to any material legal proceedings since incorporation, nor are we a party to or the subject of any such proceedings, and no such proceedings are known to be

contemplated. We may be involved in routine, non-material litigation arising in the ordinary course of our business, from time to time.

To the best of our knowledge, there have not been any penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since our incorporation, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and we have not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Directors and officers of the Company purchased Shares of the Company at $0.20 per Share pursuant to the Private Placement, as follows:

- Scott Dowty – 1,125,000 Shares;
- Arlene Dickinson – 1,625,000 Shares;
- John Dover – 1,125,000 Shares;
- Roger Swainson – 500,000 Shares; and
- Campbell Birge – 1,125,000 Shares.

Other than as disclosed above and elsewhere in this Prospectus, and in particular in relation to the Reorganization, none of our directors, senior officers, or any shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the issued Shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with us in the year preceding the date of this Prospectus or in any proposed transaction which has materially affected us or would materially affect us.

EXPERTS

The matters referred to under "Eligibility for Investment" have been passed upon on behalf of the Company by McMillan LLP. Certain other legal matters related to the Reorganization have been passed upon on behalf of the Company by McMillan LLP. As at the date hereof, McMillan LLP and its designated professionals (as such term is defined in Form 51-102F2 – *Annual Information Form*) beneficially own, directly or indirectly, in the aggregate, less than 1% of the outstanding securities of the Company.

The independent auditors of the Company are MNP LLP. MNP LLP has informed the Company that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

PROMOTER

Aurora has taken the initiative in founding and organizing the business of the Company and, accordingly, may be considered to be a promoter of the Company within the meaning of applicable securities legislation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's independent auditors are MNP LLP, located at Suite 2200, MNP Tower, 1021 West Hastings Street, Vancouver, BC V6E 0C3. The Company's transfer agent and registrar is Computershare Investor Services Inc. located at 510 Burrard St, 3rd Floor, Vancouver, BC V6C 3B9.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which we have entered into since the beginning of the last financial year before the date of this Prospectus, entered into prior to such date but which contract is still in effect, or to which we are or will become a party to on or prior to the completion of the Reorganization:

1. the Funding Agreement, as described under "Spin-Out – Funding Agreement and Back-in Right";

2. the Warrant Indenture, as described under "Description of the Securities Distributed";

3. the Partnership Interest Purchase Agreement dated effective July 17, 2018 pursuant to which the Company acquired AJR's 50% joint venture interest in Australis Holdings, as described under "General Development and Business of the Company – Initial Investments – Australis Holdings LLP; and

4. the SubTerra Purchase Agreement, assigned to the Company on June 13, 2018, as described under "General Development and Business of the Company – Initial Investments – SubTerra Assets".

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a Prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial securities legislation, to the price at which the Warrant is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

However, in light of the fact that the Units are being distributed pursuant to the Distribution, we believe that these remedies are not available in the circumstances of this distribution.

APPENDIX A

AUDIT COMMITTEE CHARTER

1. PURPOSE AND PRIMARY RESPONSIBILITY

1.1 This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**") of Australis Capital Inc. (the "**Company**"), annual evaluation and compliance with this charter.

1.2 The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

2. MEMBERSHIP

2.1 At least a majority of the Audit Committee must be comprised of independent directors of the Company as defined in sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), provided that should the Company become listed on a senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange.

2.2 The Audit Committee will consist of at least two members, all of whom shall be financially literate, provided that an Audit Committee member who is not financially literate may be appointed to the Audit Committee if such member becomes financially literate within a reasonable period of time following his or her appointment. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, the Audit Committee will consist of at least three members, all of whom shall meet the experience and financial literacy requirements of such exchange and of NI 52-110.

2.3 The members of the Audit Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Audit Committee) by the Board. An Audit Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Audit Committee on ceasing to be an independent director.

2.4 The Chair of the Audit Committee will be appointed by the Board.

3. AUTHORITY

3.1 In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

(a) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;

(b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and

(c) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

4. DUTIES AND RESPONSIBILITIES

4.1 The duties and responsibilities of the Audit Committee include:

(a) recommending to the Board the external auditor to be nominated by the Board;

(b) recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;

(c) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);

(d) overseeing the work of the external auditor;

(e) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to the Company;

(f) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;

(g) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;

(h) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("**MD&A**"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;

(i) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;

(j) reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;

(k) reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;

(l) reviewing the external auditor's report to the shareholders on the Company's annual financial statements;

(m) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;

(n) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's

disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;

(o) overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;

(p) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;

(q) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;

(r) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;

(s) resolving disputes between management and the external auditor regarding financial reporting;

(t) establishing procedures for:

(i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and

(ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(u) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

(v) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;

(w) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;

(x) establishing procedures for:

(i) reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;

(ii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("**CFO**") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;

(iii) obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("**CEO**") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;

(iv) reviewing fraud prevention policies and programs, and monitoring their implementation;

(v) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:

(A) Tax and financial reporting laws and regulations;

(B) Legal withholding requirements;

(C) Environmental protection laws and regulations; and

(D) Other laws and regulations which expose directors to liability.

4.2 A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

4.3 On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

5. MEETINGS

5.1 The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.

5.2 The Chair of the Audit Committee shall be responsible for leadership of the Audit Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Audit Committee will also maintain regular liaison with the CEO, CFO, and the lead external audit partner.

5.3 The Audit Committee will meet in camera separately with each of the CEO and the CFO of the Company at least annually to review the financial affairs of the Company.

5.4 The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.5 The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.

5.6 Each of the Chair of the Audit Committee, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

6. REPORTS

6.1 The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

6.2 The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

7. MINUTES

7.1 The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

8. ANNUAL PERFORMANCE EVALUATION

8.1 The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the Charter, to determine the effectiveness of the Committee.

APPENDIX B

INVESTMENT POLICY

Investment Objective

Australis Capital Inc. (the "**Company**") is an investment company that carries on business with the objective of enhancing shareholder value. The Company will seek to accomplish this objective by making use of the experience, expertise and opportunity flow of its management and board of directors ("**Board**") to opportunistically make investments in the legal cannabis and real estate sectors in situations that the Company believes will provide superior returns. Such investments may include the acquisition of equity, debt or other securities of publicly traded or private companies or other entities, financing in exchange for pre-determined royalties or distributions and the acquisition of all or part of one or more businesses, portfolios or other assets, in each case that the Company believes will enhance value for the shareholders of the Company in the long term.

The Company does not anticipate the declaration of dividends to shareholders during its initial stages and plans to reinvest any profits of its investments to further the growth and development of the Company's investment portfolio.

Investment Strategy

The following will be the guidelines for the Company's investment strategy:

- The Company will make investments in the legal cannabis and real estate sectors. The Company will invest with a preference for opportunities in the United States, but may from time to time also pursue opportunities in Canada or other countries.

- The Company may invest in securities of both public and private companies or other entities that the Company believes have the potential for superior investment returns. The Company may provide financing of a private or public company in exchange for pre-determined royalties or distributions ("**royalty securities**"), and also acquire all or part of one or more businesses, portfolios or other assets, in each case that the Company believes will enhance value for the shareholders of the Company.

- The Company will invest opportunistically in securities, with a preference for securities in equity, equity-related securities and royalty securities. The Company may also invest in a wide range of other instruments including, without limitation, preferred shares, warrants, convertible debentures, secured or unsecured debt, and bridge financing or other short term capital.

- Subject to the Investment Restrictions described below, there are no restrictions on the size or market capitalization of companies or other entities in which the Company may invest, subject to the provisions hereof.

- The Company has no specific policy with respect to investment diversification. Each investment will be assessed on its own merits and based upon its potential to generate above market gains for the Company.

- Immediate liquidity will not be a requirement of any investment, but each investment will be evaluated in terms of a clear exit strategy.

- The Company intends to generally take an active role in regards to investment situations and investee companies. This may involve the Company, either alone or jointly with other shareholders, acquiring control positions, seeking to influence the governance of public or private issuers by seeking board seats, launching proxy contests or taking other actions to enhance shareholder value, or becoming actively involved in the management or board oversight of investee companies.

- The Company may also make investments in special situations, including event-driven situations such as corporate restructurings, mergers, spin offs, friendly or hostile take-overs, bankruptcies or leveraged buyouts. Such special situations may include, without limitation, investments in one or more public companies, by take-over bid or otherwise, where there is an opportunity to invest to gain control over the strategic direction of such public companies, whether using the shares of the Company as currency or otherwise. Such situations may also involve the Company lending money, directly or indirectly.

- Depending upon market conditions and applicable laws, the Company may seek to sell any or all of its investments when it concludes that those investments no longer offer the potential to generate appropriate gains for the Company, or when other investment opportunities reasonably available to the Company are expected to offer superior returns. This may include the disposition of any or all of the Company's investments in a particular sector or of a particular nature, or any or all of the Company's investments more generally, without prior notice to the Company's shareholders.

- Subject to applicable laws and regulatory requirements, the Company may also from time to time seek to utilize its capital to repurchase shares of the Company.

- The Company may, from time to time, use borrowed funds to purchase or make investments or to fund working capital requirements, or may make investments jointly with third parties.

- Depending upon the Company's assessment of market conditions and investment opportunities, the Company may, from time to time, be fully invested, partially invested or entirely uninvested such that the Company is holding only cash or cash-equivalent balances while the Company actively seeks to redeploy such cash or cash-equivalent balances in suitable investment opportunities. Funds that are not invested or expected to be invested in the near-term, while the Company actively seeks to redeploy such funds in one or more suitable investment opportunities, may, from time to time as appropriate, be placed into high quality money market investments, each with a term to maturity of less than one year.

- All investments will be made in compliance with applicable laws in relevant jurisdictions, and will be made in accordance with the rules and policies of any applicable regulatory authorities.

From time to time, and subject to the Investment Restrictions described below, the Board may authorize such additional or other investments outside of the guidelines described herein as it sees fit for the benefit of the Company and its shareholders.

Investment Restrictions

The Company's investments will be subject to the following investment restrictions, and any changes to such investment restrictions will require approval of the Company's shareholders by way of an "ordinary resolution" as such term is defined in the *Business Corporations Act* (Alberta) or a written consent of shareholders of the Company representing a majority of the Shares:

- the Company will invest at least $9,000,000 in a minimum of three different investments made in accordance with this Investment Policy on or before August 14, 2021, except where the Board determines, acting reasonably and in good faith, that satisfying such a commitment would result in a breach of the Board's fiduciary duties as directors under applicable corporate law,

- the Company's investments will be subject to a concentration restriction that prohibits the Company from making an investment if, after giving effect to such investment, such investment would exceed 33 $^{1}/_{3}$% of the Company's total assets; provided, however, that the Company will nonetheless be permitted to complete up to one investment where, after giving effect to each such investment, the total amount of such investment would be equal to no more than 50% of the Company's total assets, and provided further that the foregoing restriction will cease to apply in the event that the total value of the Company's investments exceeds $50,000,000,

- the Company may not purchase securities other than those described in this Investment Policy, and

- the Company may not invest in cannabis-related assets or securities of issuers involved in the U.S. cannabis industry that are in breach of applicable state or local cannabis regulatory framework,

(collectively, the "**Investment Restrictions**");

provided, however, that these Investment Restrictions will cease to apply once either (A) $12,000,000 has been deployed by the Company in eligible investments made in accordance with this Investment Policy, or (B) the Company obtains approval of the Company's shareholders to remove the Investment Restrictions by way of an "ordinary resolution" as such term is defined in the *Business Corporations Act* (Alberta) or a written consent of shareholders of the Company representing a majority of the Shares.

Implementation

The management and Board will work jointly to uncover appropriate investment opportunities that meet the Company's investment strategy as outlined above and the Company's objective of enhancing shareholder value. These individuals have a broad range of business and investing experience and networks through which potential investments are expected to be identified.

Prospective investments will be channelled through an advisory committee, which may included members of management, the Board and external advisors (the "**Advisory Committee**"). The Advisory Committee will make an assessment of whether the proposal fits with the investment and corporate strategy of the Company in accordance with the investment evaluation process below, and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of detailed due diligence.

This process may involve the participation of outside professional consultants. Once a decision has been reached to invest in a particular situation, a short summary of the rationale behind the investment decision should be prepared by the Advisory Committee and submitted to the Board. This summary should include guidelines against which future progress can be measured. The summary should also highlight any finder's or agent's fees payable.

All investments will be submitted to the Board for final approval. The Advisory Committee will select all investments for submission to the Board and monitor the Company's investment portfolio on an ongoing basis, and will be subject to the direction of the Board. One member of the Advisory Committee may be designated and authorized to handle the day-to-day trading decisions in keeping with the directions of the Board and the Advisory Committee.

Negotiation of terms of participation is a key determinant of the ultimate value of any opportunity to the Company. Negotiations may be on-going before and after the performance of due diligence. The representative(s) of the Company involved in these negotiations will be determined in each case by the circumstances.

Investment Evaluation Process

In selecting securities for the investment portfolio of the Company, the Advisory Committee will consider various factors in relation to any particular issuer, including:

- inherent value of its assets;
- proven management, clearly-defined management objectives and strong technical and professional support;
- future capital requirements to develop the full potential of its business and the expected ability to raise the necessary capital;
- anticipated rate of return and the level of risk;
- financial performance;
- exit strategies and criteria; and
- the Investment Restrictions.

Conflicts of Interest

The Company has no restrictions with respect to investing in companies or other entities in which a member of the Company's management or Board may already have an interest or involvement. However, prior to the Company making an investment, all members of senior management and the Board will be obligated to disclose any such other interest or involvement. In the event that a conflict is determined to exist, the Company may only proceed after receiving approval from disinterested members of the Board.

The Company is also subject to the requirements of Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions*, which mandates minority shareholder approval for certain transactions.

The management and directors of the Company may be involved in other activities which may on occasion cause a conflict of interest with his or her duties to the Company. These include serving as directors, officers, promoters, advisors or agents of other public and private companies, including of companies in which the Company may invest, or being shareholders or having an involvement or financial interest in one or more shareholders of existing or prospective investee companies of the Company. The management and directors of the Company may also engage from time to time in transactions with the Company where any one or more of such persons is acting in his or her capacity as financial or other advisor, broker, intermediary, principal or counterparty.

The management and directors of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunities and requiring disclosure of conflicts of interest, and the Company will rely upon such laws in respect of any conflict of interest. Further, to the extent that management or directors of the Company engage in any transactions with the Company, such transactions will be carried out on customary and arm's-length commercial terms.

Monitoring and Reporting

The Company's Chief Financial Officer will be primarily responsible for the reporting process whereby the performance of each of the Company's investments is monitored. Quarterly financial and other progress reports will be gathered from each corporate entity, and these will form the basis for a quarterly review of the Company's investment portfolio by the Advisory Committee. Any deviations from expectation are to be investigated by the Advisory Committee and, if deemed to be significant, reported to the Board.

With public company investments, the Company is not likely to have any difficulty accessing financial information relevant to its investment. With private company investments, it will endeavour in each case to obtain a contractual right to be provided with timely access to all books and records it considers necessary to monitor and protect its investment in such private enterprises.

A full report of the status and performance of the Company's investments is to be prepared by the Advisory Committee and presented to the Board at the end of each fiscal year.

Amendment

This investment policy may be amended from time to time with the prior approval of the Board, and where required under this Investment Policy, the prior approval of the Company's shareholders.

APPENDIX C

FINANCIAL STATEMENTS

AUSTRALIS CAPITAL INC.

Financial Statements

For the years ended March 31, 2018 and 2017
(In Canadian Dollars)

Management's Responsibility

To the Shareholders of Australis Capital Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

June 18, 2018

"Scott Dowty"

Scott Dowty
Chief Executive Officer

"Campbell Birge"

Campbell Birge
Chief Financial Officer

Independent Auditors' Report

To the Directors of Australis Capital Inc.:

We have audited the accompanying financial statements of Australis Capital Inc., which comprise the statements of financial position as at March 31, 2018 and March 31, 2017, and the statements of comprehensive loss, statements of changes in equity and cash flows for the years then ended, and a summary of significant accounting policies.

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 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 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 in our audits 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 Australis Capital Inc. as at March 31, 2018, March 31, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Vancouver, British Columbia

June 18, 2018

MNP LLP
Chartered Professional Accountants

AUSTRALIS CAPITAL INC.
Statements of Financial Position
March 31, 2018 and 2017

	Notes	2018	2017
		$	$
Assets			
Current			
Cash		-	552
Prepaid expenses		1,845	-
Loans receivable	3	3,008,556	1,726,171
		3,010,401	1,726,723
Due from a shareholder	7	100	100
Investment in a joint venture	3	-	-
		3,010,501	1,726,823
Liabilities			
Current			
Bank indebtedness		67	-
Accounts payable and accrued liabilities	7	36,295	35,751
Loans payable	4	3,137,061	1,811,297
		3,173,423	1,847,048
Shareholders' equity (deficit)			
Share capital	5	100	100
Deficit		(163,022)	(120,325)
		(162,922)	(120,225)
		3,010,501	1,726,823

Nature of Operations (Note 1)
Subsequent events (Notes 4 and 10)

Approved on June 18, 2018

"Scott Dowty"
Director

"Roger Swainson"
Director

The accompanying notes are an integral part of these Financial Statements.

AUSTRALIS CAPITAL INC.

Statements of Comprehensive Loss
Years ended March 31 2018 and 2017

	Notes	2018	2017
		$	$
Expenses			
Bank charges		1	164
Interest expense	7	90,543	86,252
Professional fees		1,040	5,337
		(91,584)	(91,753)
Other items			
Other income		1,723	-
Interest income	7	47,164	41,233
		48,887	41,233
Net loss for the year		(42,697)	(50,520)
Net loss per share			
Basic and diluted		(427)	(505)
Weighted average number of shares outstanding			
Basic and diluted		100	100

The accompanying notes are an integral part of these Financial Statements.

AUSTRALIS CAPITAL INC.

Statements of Changes in Equity
Years ended March 31, 2018 and 2017

	Number of common shares	Share capital	Deficit	Total
		$	$	$
Balance, March 31, 2016	100	100	(69,805)	(69,705)
Net loss for the year	-	-	(50,520)	(50,520)
Balance, March 31, 2017	100	100	(120,325)	(120,225)
Net loss for the year	-	-	(42,697)	(42,697)
Balance, March 31, 2018	100	100	(163,022)	(162,922)

The accompanying notes are an integral part of these Financial Statements.

AUSTRALIS CAPITAL INC.

Statements of Cash Flows

Years ended March 31, 2018 and 2017

	2018	2017
	$	$
Cash provided by (used in)		
Operating activities		
Net loss for the year	(42,697)	(50,520)
Changes in non-cash working capital		
Prepaid expenses	(1,845)	-
Interest receivable	(47,164)	(41,233)
Accounts payable and accrued liabilities	544	6,053
Interest payable	90,543	86,252
	(619)	552
Financing activities		
Bank indebtedness	67	-
Increase (decrease) in cash and cash equivalents	(552)	552
Cash, beginning of year	552	-
Cash, end of year	-	552

The accompanying notes are an integral part of these Financial Statements.

1. Nature of Operations

Australis Capital Inc. (the "Company" or "ACI") was incorporated under the *Business Corporations Act* (Alberta).

The head office and principal address of the Company is Suite 900 – 510 Seymour Street, Vancouver, BC, Canada, V6B 1V5. The Company's registered and records office address is Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7.

On April 7, 2015, the Company entered into a joint venture with Australis Holdings LLP, a Washington Limited Liability Partnership. Note 3

On June 13, 2018, ACI's parent company, Aurora Cannabis Inc. ("ACB"), filed a prospectus for the spin-out of the Company and applied for ACI's listing on the Canadian Stock Exchange ("CSE"). Note 10

2. Basis of Presentation and Significant Accounting Policies

(a) Basis of presentation

The 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") and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the years ended March 31, 2018 and 2017.

These financial statements were approved and authorized for issue by the Board of Directors of the Company on June 18, 2018.

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

(b) Functional and presentation of foreign currency

All amounts on the financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

(c) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized in the statements of comprehensive loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2. Significant Accounting Policies (Continued)

(d) Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in a joint venture are accounted for using the equity method and are initially recognized at cost. The entire carrying amount of the investment is tested for impairment annually.

(e) Income taxes

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity.

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

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

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

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

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the statements of financial position at the time the Company becomes a party to the contractual provisions of the financial instrument.

Financial instruments are initially measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale, held-to-maturity, and other financial liabilities.

Financial assets

(i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets and liabilities at FVTPL are either held for trading or designated at FVTPL. Derivatives and embedded derivatives not held for hedging purposes are also classified as "held for trading". These financial assets are subsequently recorded at fair value and changes in fair value are recognized in profit or loss for the period. Directly attributable transaction costs on acquisition are expensed as incurred.

The Company does not have any financial assets at fair value through profit or loss.

2. Significant Accounting Policies (Continued)

(f) Financial instruments (continued)

Financial assets (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value and subsequently on an amortized cost basis using the effective interest method, less any impairment losses. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

The Company has designated its cash, loans receivable and due from shareholder as loans and receivables.

(iii) Available for sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any other financial asset categories. They are initially and subsequently measured at fair value and the changes in fair value, other than impairment losses are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are reclassified to profit or loss.

The Company has no available-for-sale financial assets.

(iv) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are initially recorded at fair value and subsequently measured at amortized cost.

The Company does not have any held-to-maturity financial assets.

Financial liabilities

(i) Other financial liabilities

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs on the date at which the Company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, the Company's financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit and loss. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

The Company's non-derivative financial liabilities include its accounts payable and accrued liabilities, bank indebtedness, and loans payable, which are designated as other liabilities.,

2. Significant Accounting Policies (Continued)

(g) Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

(h) Recent accounting pronouncements

There were no new standards effective April 1, 2017 that had an impact on the Company's consolidated financial statements. The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 7 Financial instruments: Disclosure

IFRS 7 *Financial instruments: Disclosure*, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

(ii) IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

3. Investment in a Joint Venture

On April 7, 2015, the Company entered into a Limited Liability Partnership Agreement ("LLP Agreement") with AJR Builders Group LLC and formed Australis Holdings LLP ("AHL"), a Washington Limited Liability Partnership. Each of the Company and AJR holds a 50% interest in AHL. Pursuant to the LLP Agreement, the Company contributed US$500 to AHL as its initial capital contribution offset by the Company's share of AHL's loss. As of March 31, 2018, the investment balance in AHL was $nil (2017 - $nil).

AHL purchased two parcels of land in 2015 totaling approximately 24.5 acres (the "Property") in Whatcom county, Washington for USD$2,300,000, with the initial intention to construct a new cannabis production and processing facility. The Company subsequently decided not to move forward with US cannabis production and listed the land for sale.

3. Investment in a Joint Venture (Continued)

Pursuant to a promissory note dated April 10, 2015, the Company loaned $1,644,831 to AHL to fund the purchase of the Property. The note bears interest at a rate of 5% per annum and matures on October 31, 2018. In the event of a default, interest will be charged at 12% per annum. The note is secured by a first mortgage on one parcel of land purchased by AHL and a second mortgage on the other title as well as a general security agreement granting the Company security over all present and after-acquired property of AHL.

On October 31, 2017, the Company further loaned $1,235,221 to AHL. The loan is due on demand, unsecured and bears no interest. The loan proceeds were used by AHL to fully repay the remaining loan on the Property.

During the year ended March 31, 2018, the Company accrued interest of $47,164 (2017 - $41,233) related to this loan.

The following table summarizes the financial information of AHL:

Australis Holdings LLP

Statement of Financial Position:

	March 31, 2018	March 31, 2017
	US$	US$
Current assets	1,341	11,137
Non-current assets	2,300,000	2,300,000
Current liabilities	(2,769,624)	(173,566)
Non-current liabilities	-	(2,415,475)
Net liability (100%)	(468,283)	(277,904)

Statement of Loss and Comprehensive Loss

Net loss and comprehensive loss (100%)	190,374	160,278

4. Loans Payable

On April 10, 2015, the Company entered into a promissory note with ACB, in the principal amount of $1,644,831. The note bears interest at 5% per annum and matures on October 31, 2018. The note is secured by a general security agreement granting ACB security over all present and after-acquired property of the Company.

On October 31, 2017, the Company received a further $1,235,221 loan from ACB. The loan is due on demand, unsecured and bears no interest.

During the year ended March 31, 2018, the Company accrued $90,543 (2017 - $86,252) in interest expense.

Subsequent to March 31, 2018, ACB assigned its interest in these loans to its wholly-owned subsidiary, Aurora Marijuana Inc. (“AMI”). Note 10(b)(i)

5. Share Capital

(a) Authorized

Unlimited number of common voting shares without par value; and
Unlimited number of preferred non-voting shares without par value.

(b) Issued and outstanding

As at March 31, 2018 and 2017, there were 100 issued and outstanding common shares.

6. Income Taxes

The following table reconciles the expected income tax expense at the Canadian statutory income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended March 31, 2018 and 2017:

	2018	2017
	$	$
Loss before tax	(42,697)	(50,520)
Combined federal and provincial rate	26.25%	27%
Expected tax recovery	(11,208)	(13,640)
Change in estimates from prior year	(7,596)	-
Non-deductible expenses	(452)	-
Effect of change in tax rates	(628)	505
Changes in deferred tax benefits not recognized	19,884	13,135
Income tax recovery	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at March 31, 2018 and 2017 are comprised of the following:

	2018	2017
	$	$
Non capital loss carry forwards	57,314	23,856
Notes receivable	(34,696)	(21,148)
Total unrecognized deductible temporary differences	22,618	2,707

As at March 31, 2018, the Company has non-capital loss carryforwards for Canadian tax purposes of approximately $208,828 (2017: $120,690) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiration	Total
	$
2037	120,690
2038	91,584
	212,274

7. Related Party Transactions

(a) Transactions

The Company incurred the following transactions with related parties during the year ended March 31, 2018:

	2018	2017
	$	$
Interest income from a 50% owned company (Note 3)	47,164	41,233
Interest expense accrued to a company with common directors and officers (Note 4)	90,543	86,252

(b) Related party balances

The following related party amounts were included in (i) due from a shareholder, (ii) note receivable, (iii) & (v) accounts payable and accrued liabilities and (iv) note payable:

		2018	2017
		$	$
(i)	Due from a shareholder	100	100
(ii)	Loan to AHL (Note 3)	3,008,556	1,726,171
(iii)	Payable to AHL [(1)]	624	624
(iv)	Loan from ACB (Note 4)	3,137,061	1,811,297
(v)	Advances from companies with common directors and officers [(1)]	35,684	33,101

[(1)] The amount is unsecured, non-interest-bearing and has no fixed repayment terms.

8. Financial Instruments and Risk Management

(a) Fair value of financial instruments

The Company's financial instruments consist of cash, loans receivable, due from shareholder, accounts payable and accrued liabilities, bank indebtedness and loans payable. The carrying values of these financial instruments approximate their fair values as at March 31, 2018.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the year.

8. Financial Instruments and Risk Management (Continued)

(a) Fair value of financial instruments (continued)

The following table summarizes the Company's financial instruments as at March 31, 2018:

	Available-for-sale financial assets	Loans and receivables	Financial assets at FVPTL	Other financial liabilities	Total
	$	$	$	$	$
Financial Assets					
Loans receivable	-	3,008,556	-	-	3,008,556
Due from shareholder	-	100	-	-	100
Financial Liabilities	-	-	-		
Bank indebtedness	-	-	-	67	67
Accounts payable and accrued liabilities	-	-	-	36,295	36,295
Loans payable	-	-	-	3,137,061	3,137,061

(b) Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(i) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its note receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. Credit risk from the note receivable arises from the possibility that principal and/or interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationships.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

As at March 31, 2018, the Company has the following contractual obligations:

	Total	<1 year	1 - 3 years	3 - 5 years
	$	$	$	$
Bank indebtedness	67	67	-	-
Accounts payable and accrued liabilities	36,295	36,295	-	-
Loans payable	3,137,061	3,137,061	-	-
	3,173,423	3,173,423	-	-

8. Financial Instruments and Risk Management (Continued)

(b) Financial instruments risk (continued)

(iii) Market risk

a) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risks.

At March 31, 2018, the Company has loans receivable, due from a shareholder, bank indebtedness, accounts payables and accrued liabilities and loans payable in Canadian dollars. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans receivable and loans payable have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

9. Capital Management

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in shareholders' equity and debt, net of cash. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities.

As at March 31, 2018, the Company is not subject to externally imposed capital requirements.

10. Subsequent Events

(a) On June 19, 2018, ACB filed a prospectus with the securities regulatory authorities in each of the provinces and territories in Canada for the spin-out of the Company ("SpinCo") and applied for its listing on the CSE. The proposed transaction will be carried out by way of a return of capital pursuant to which ACB will be distributing to holders of its common shares as of the record date, units of the Company (the "Distribution"). The Distribution will be paid on the basis of one unit for every twenty shares of ACB. Each unit will consist of one common share and one warrant, with each warrant exercisable for a period of one year at a price of $0.25 per share.

(b) In connection with the Distribution, the Company completed the following transactions on June 13, 2018:

(i) The Company issued 18,567,070 units to AMI at a deemed price of $0.17 per unit in settlement of the outstanding loans of $3,156,402 as of June 13, 2018 (Note 4).

10. Subsequent Events (Continued)

(ii) SpinCo repurchased the 100 issued and outstanding shares of the Company for $0.17 which were cancelled and returned to treasury.

(iii) The Company acquired certain assets ("SubTerra Assets") from Prairie Plant Systems Inc. ("PPS"), a wholly-owned subsidiary of ACB. Included in the SubTerra assets are a 5% royalty on gross revenues of SubTerra earned annually from the sale of cannabis and cannabis-based products during the period commencing June 1, 2018 and ending May 31, 2028, a $150,000 annual payment receivable from SubTerra during the period commencing June 1, 2018 and ending May 31, 2028, and a two-year option to purchase a parcel of land in Michigan for US$3,000. In consideration for the acquisition, the Company issued a promissory note of $1,400,000 payable to PPS.

(iv) The Company issued 8,235,294 units at a deemed price of $0.17 per unit in settlement of the $1,400,000 promissory note.

All of the units issued above consist of one common share and one warrant. Each warrant will entitle the holder to purchase one additional common share of SpinCo at a price of $0.25 per share for a period of one year from the date of SpinCo's listing on the CSE.

(c) On June 14, 2018, the Company entered into a Funding Agreement with ACB pursuant to which ACB has advanced $500,000 to the Company in consideration for which the Company will provide ACB with a Restricted Back-in Right, by issuing to ACB:

- a warrant to purchase 20% of the issued and outstanding shares of the Company as of the date on which its shares commence trading on the CSE, exercisable at a price of $0.20 per share for a period of ten years; and

- a warrant to purchase 20% of the issued and outstanding shares of the Company as of the date of exercise, exercisable for a period of ten years at a price equal to the five-day volume weighted average trading price of the Company's shares on the CSE, or if the shares are not then listed on a stock exchange, at the fair market value of the shares at the time of exercise.

The exercise of the Restricted Back-in Right is subject to all of SpinCo's business operations in the U.S. being legal under applicable federal and state laws and approval of the TSX and other exchanges where ACB may be listed.

Pursuant to the terms of the Funding Agreement, ACB will also fund the Company's spin-out transaction costs of $200,000 in consideration for the Company issuing 1,176,470 units to ACB at a price of $0.17 per unit. ACB will also purchase additional units of the Company, at a price of $0.17 per unit, which would result in Aurora holding a sufficient number of shares to pay out the Distribution. Each unit consists of one common share and one warrant. Each warrant will entitle the holder to purchase one additional common share of SpinCo at a price of $0.25 per share for a period of one year from the date of SpinCo's listing on the CSE.

(d) Prior to the completion of the Distribution, SpinCo intends to complete a private placement of 75,000,000 common shares at $0.20 per share for gross proceeds of $15,000,000.

CERTIFICATE OF THE COMPANY

Date: August 14, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of each of the provinces and territories in Canada.

(Signed) Scott Dowty
Chief Executive Officer

(Signed) Campbell Birge
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) John Dover
Director

(Signed) Roger Swainson
Director

CERTIFICATE OF THE PROMOTER

Date: August 14, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of each of the provinces and territories in Canada.

AURORA CANNABIS INC.

By: *(Signed) Terry Booth*
Chief Executive Officer